

ORIGINAL

**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

IN THE MATTER OF:

DOCKET NO.

INVESTIGATIVE INTERVIEW

JOHN CRNICH

(CLOSED)

LOCATION: New York, New York

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EXHIBIT 1
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1 1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION
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3 INVESTIGATIVE INTERVIEW OF:

4 JOHN CRNICH
-----x

5 Ebasco Services Incorporated

6 Two World Trade Center
7 New York, N.Y. 10048
8 Wed., Feb. 10, 1988

9 The above-entitled matter came on for
10 investigation at 10:22 a.m.

11 APPEARANCES:

12 On behalf of the NRC:

13 LARRY L. ROBINSON, Investigator
14 E.L. WILLIAMSON, JR, Investigator

15 On behalf of the witness, John Crnich:

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WITNESS

PAGE NO.

J. Crnich

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1 we are going to clarify for the record the nature
2 and scope of the representation by Ms. Bouser and
3 Mr. Wells as it pertains to Mr. Crnich personally
4 and any other parties of interest to the matter
5 under investigation.

6 Mr. Crnich, will you please stand and
7 raise your right hand?

8 JOHN CRNICH,

9 having been first duly sworn, was examined and
10 testified as follows:

11

12 EXAMINATION BY MR. ROBINSON:

13 Q. Mr. Crnich, would you give us a brief
14 resume of your experience in the nuclear industry to
15 include the period of time you did work at the
16 Tennessee Valley Authority?

17 A. I was brought into the Tennessee Valley
18 Authority as a member of a task force on June 1,
19 1986.

20 MS. BOUSER: Excuse me. Were you
21 asking about his history--

22 MR. ROBINSON: His nuclear experience.

23 Q. When you first got involved with
24 nuclear and then including that.

25 A. Sorry.

1 I first became involved in nuclear
2 industry in 1953. I was working for Knowles Atomic
3 Power Lab in a navy nuclear program. I started up
4 and operated four navy prototype plants, land-based
5 prototype plants, and I was in that business for 13
6 years.

7 From there I went to--worked for the
8 General Atomic Company, where I served as a number
9 of positions, managerial positions, including the
10 project manager of the Fort Saint Vrain nuclear
11 plant.

12 Q. This was from when to when?

13 A. 1966 through '76.

14 To continue, I served as a project
15 manager in the final year of construction of that
16 plant and loaded fuel and went through the start-up
17 of that plant.

18 Following that I went to work for
19 General Electric Company in the nuclear power
20 division in San Jose as a design manager for a
21 period of two years.

22 After that I was hired by Ebasco as the
23 construction manager of the Waterford 3 nuclear
24 plant.

25 Q. Is this in approximately 1978?

1 A. This is in '78, yes, early '78. As the
2 construction manager of the Waterford 3 plant in
3 Louisiana. Since then I have held positions as a
4 manager of the South Texas project, construction
5 manager of the South Texas project for a period of
6 about three years; project manager of the WPPS 3 and
7 5 nuclear projects for about a year just prior to my
8 assignment to the TVA task force.

9 Q. Again, what was the period of time you
10 were assigned to the TVA task force?

11 A. One and a half years, from June 1, '86,
12 through December 31, '87.

13 Q. Thank you.

14 Now regarding the representation, Mr.
15 Crnich, to your knowledge, is Ms. Bouser your
16 personal representative at this interview?

17 A. Yes, she is.

18 Q. Did you select her on your own or was
19 she selected for you?

20 A. I selected her purely on my own.

21 Q. Briefly describe how that selection
22 process took place, if you would?

23 A. Well, I announced or--I discussed this
24 situation of my being interviewed with our Ebasco
25 attorneys, and in discussing who should represent me

1 I had the choice of choosing the Ebasco attorney, a
2 private attorney somewhere else, and Ms. Bouser.

3 I selected Ms. Bouser purely on the
4 reason that she was very familiar with this whole
5 situation, knew most about it, and I felt very
6 comfortable with her--I had worked with her at TVA,
7 knew of her, felt very comfortable having her
8 represent me.

9 Q. Is Ms. Bouser being paid for her
10 service as your personal representative by anyone
11 other than yourself?

12 A. No, she is not, to my knowledge.

13 Q. You are paying her yourself?

14 A. We have not discussed the matter of
15 reimbursement at this point.

16 Q. Do you anticipate paying her yourself?

17 A. Yes.

18 Q. And you have no knowledge of her being
19 paid, as your representative, by any other--

20 A. Not as my representative.

21 Q. To your knowledge, does Ms. Bouser
22 represent any other party of interest in this
23 interview?

24 A. I don't know that.

25 Q. Are you aware that Ms. Bouser

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1 represents the Tennessee Valley Authority?

2 A. Yes, I am.

3 Q. The Tennessee Valley Authority is
4 another party of interest in this interview.

5 A. I don't know specifically what this
6 relationship has to do with the Tennessee Valley,
7 so...

8 Q. Okay.

9 Are you currently doing any work under
10 a TVA contract?

11 A. I am not.

12 Q. Do you envision any potential conflict
13 of interest regarding your testimony here today
14 between Ms. Bouser's representation of you,
15 personally, and her representation of TVA?

16 A. I am not aware of any.

17 Q. I have no idea what your testimony
18 would be here today, but if your testimony should
19 contain information that you would either know or
20 think would be derogatory to TVA or would indicate
21 criminal activity by TVA but this information was in
22 no way derogatory or incriminating of yourself,
23 would you feel free to testify, knowing that Ms.
24 Bouser represents TVA?

25 A. Certainly.

1 Q. If Ms. Bouser were to advise you not to
2 testify regarding such derogatory information, would
3 you feel compelled to follow that advice?

4 A. I guess I am not sure that I could
5 recognize such derogatory information.

6 Q. But if, for example, the situation came
7 up--and like I say, I don't know whether you have
8 any such information or not. If that situation came
9 up and Ms. Bouser were to advise you not to testify
10 regarding that information, would you feel compelled
11 to follow that advice?

12 A. I would feel compelled to follow Ms.
13 Bouser's advice if she advised me not to testify,
14 but I am not so sure I could recognize it was for
15 that reason. But as my attorney, I will follow her
16 advice.

17 Q. Is it your understanding that Ms.
18 Bouser will be your personal legal representative
19 during the entire course of this investigation, to
20 include potential subsequent enforcement or criminal
21 action against TVA if such action is taken, or do
22 you understand that she will represent you only at
23 this interview?

24 A. I don't think I understand what you
25 have asked. Would you, please, repeat that.

1 Q. Is it your understanding that Ms.
2 Bouser is going to be your personal representation
3 throughout the course of this investigation and any
4 subsequent enforcement or criminal action against
5 TVA if such happens? Is it your understanding that
6 she is going to be your representative throughout
7 that, or is it your understanding that she is just
8 going to represent you at this interview?

9 A. She is going to represent me at this
10 interview. I don't know of any further
11 investigation that I will be involved in.

12 Q. Well, you may not be--

13 A. So I can't make that judgment. I guess
14 I don't really understand what you are saying.

15 Q. At this point, it is just your
16 understanding that she is representing you at this
17 interview?

18 A. Yes.

19 MS. BOUSER: Objection. You are asking
20 him to hypothesize about would he have a need for
21 counsel subsequently and, if so, would I be the
22 right one, and his answer was he can't answer that
23 in the abstract. Then you said, well, his answer is
24 so it is only this interview, which was not his
25 answer.

J.C.

1 MR. ROBINSON: I guess my next question
 2 is why can't he, if he has selected you for
 3 individual counsel, why can't he answer that
 4 question in the abstract?

5 MS. BOUSER: Because we don't really
 6 understand why you need to interview him at all now
 7 much less at any time in the future. So we are into
 8 the hypothetical to such an extreme degree that it
 9 is not a question that is possible to answer.

10 MR. ROBINSON: A couple of questions of
 11 you, Ms. Bouser. Are you acting as Mr. Crnich's
 12 personal representative?

13 MS. BOUSER: Yes, I am.

14 MR. ROBINSON: Is Mr. Crnich paying you
 15 from his own funds from his personal representation?

16 MS. BOUSER: I do not expect him to.
 17 We haven't discussed the issue of money.

18 MR. ROBINSON: If he does not, where
 19 would--who would pay you?

20 MS. BOUSER: Normally, for my time, TVA
 21 would be paying me. That is the way we have handled
 22 this matter with respect to all of the contractor
 23 personnel who have been involved in this
 24 investigation.

25 MR. ROBINSON: Do you represent any

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1 other party of interest to this interview?

2 MS. BOUSER: Many. You mentioned TVA
3 but I have also individually represented, as you
4 know, a number of individuals. Admiral White is
5 one, and there are many others.

6 MR. ROBINSON: In view of this
7 additional representation, do you believe that a
8 possible conflict of your interest could arise
9 during this interview?

10 MS. BOUSER: As I have stated to you on
11 several occasions, I am unaware of any issue
12 whatsoever that would be the basis for even a
13 potential conflict in the case of Mr. Crnich, much
14 less an actual conflict.

15 MR. ROBINSON: Should such a conflict
16 of interest arise, what would be your action?

17 MS. BOUSER: My action would be an
18 action that I think lawyers anticipate or are aware
19 that they may have to deal with in many situations,
20 and that is, when--it is very rare for a lawyer to
21 represent only one client and therefore there is
22 always the possibility in various transactions or in
23 any kind of context that you want to talk about, for
24 conflicts between interests of various clients.

25 It is a lawyer's responsibility, part

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1 of his ethical responsibility, to insure that in any
 2 given transaction or litigation or whatever the
 3 context may be, that there is no actual conflict.
 4 To the extent that there may be a potential for
 5 conflict, that that matter is explored with both
 6 clients and that both clients continue to want to
 7 maintain the representation and feel that it is
 8 important to have you as their counsel.

9 Now, in this particular case, I have
 10 discussed with both TVA and Mr. Crnich the issue of
 11 whether there is any possible conflict because I,
 12 myself, was not aware of any. Neither party,
 13 neither client in this case, to my knowledge, is
 14 aware of any.

15 Now, should such a situation arise it
 16 would be my responsibility, upon my identification
 17 of that conflict, to adjourn and do just as I have
 18 described--that is, to discuss the matter with both
 19 clients. If there is an actual conflict, it is my
 20 understanding of the law on this issue that the
 21 representation cannot continue. However, if there
 22 is a potential conflict, once again it is the choice
 23 of the clients as to whether to continue.

24 Frankly, even in situations where there
 25 are actual conflicts, I believe clients can waive

1 any objection to that if they are really determined
 2 to have somebody as their lawyer. On the other hand
 3 the lawyer needs to be very careful that he can
 4 fully represent the interests of that client, and
 5 that is the issue.

6 So, I would have the responsibility, if
 7 such a thing came up during the course of this
 8 interview or any interview or any situation in which
 9 I am involved in as a lawyer, to identify the matter
 10 and discuss it fully with the clients that are
 11 involved.

12 MR. ROBINSON: A couple of questions
 13 also, Ms. Bouser, that pertain not specifically to
 14 your representation of TVA and Mr. Crnich, with
 15 regard to the possibility of your exercising the
 16 protection of certain documents and testimony that
 17 directly involve Mr. Crnich under the attorney work
 18 product privilege, as we have discussed prior to the
 19 interview. Has your client--has your TVA client
 20 been advised of the possibility of your exercising
 21 this privilege?

22 MS. BOUSER: If I understand your
 23 question, you are well aware, I believe, that Mr.
 24 Crnich, who is the client you are presently
 25 interviewing, was asked for documents and he does

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1 not have any documents in his possession other than,
2 I believe, some time records of some sort, which I
3 understand you are not interested in.

4 You subsequently asked me whether TVA,
5 who is another of my clients, has certain documents.
6 Obviously, I had to discuss with TVA, since you were
7 asking me on behalf of TVA, about documents, whether
8 they had the documents and about the documents and
9 other related matters. So, the short answer to your
10 question is yes, I have talked to TVA. But I think
11 the nature of your question was such that I had no
12 alternative. The question was not directed to Mr.
13 Crnich, it was directed to TVA.

5

14 MR. ROBINSON: Right.

15 Did your TVA client agree that you
16 could go ahead and exercise this privilege if you
17 deemed it necessary?

18 MS. BOUSER: I can't give you a short
19 answer to that question. I have prepared a
20 statement which, if you are continuing to make your
21 request--there are several matters that I
22 would--procedural matters I would like to get
23 resolved. Perhaps we can go ahead and do it on the
24 record.

25 First of all, what we have done in the

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1 past, and I would like your agreement now, that we
2 can have a copy of this transcript on behalf of Mr.
3 Crnich.

4 MR. ROBINSON: We will provide the
5 transcript to Mr. Crnich within--

6 MS. BOUSER: As you have done in the
7 past?

8 MR. ROBINSON: As we receive it.

9 MS. BOUSER: Second, there is an
10 outstanding subpoena which we have honored by
11 appearing here today. I wanted to clear up the
12 issue of the document request that is contained in
13 that subpoena. I don't want there to be any
14 question about our not complying with the terms of
15 your subpoena. I would like your statement on the
16 record that you had rescinded the document request
17 that was contained in the subpoena.

18 MR. ROBINSON: For the calendar year
19 1986, that's correct.

20 MS. BOUSER: Which is what the subpoena
21 addresses.

22 MR. ROBINSON: Right.

23 MS. BOUSER: Off the record.

24 MR. ROBINSON: It is now 10:40. We are
25 off the record.

1 (Discussion held off the record.)
2 MR. ROBINSON: It is now 10:46 and we
3 are back on the record.

4 MS. BOUSER: I would like to make a
5 statement on the record which reflects my
6 understanding of the position of the Office of
7 Investigations in this matter and what my position
8 is on behalf of TVA.

9 This is with respect to the request by
10 O.I. for a draft document that is actually a
11 privileged document and subject to the work product
12 privilege. Before I address that, though, I would
13 like to make a couple of points on some questions
14 you have been asking me and Mr. Crnich.

15 First of all, I want to say again that
16 I am aware of absolutely no conflict between Mr.
17 Crnich's interest and that of any other client that
18 I represent, including TVA. I will say that I am a
19 little frustrated at this stage of the interview
20 process because we did not get into this issue when
21 we discussed, before this interview, what was going
22 to come up at this interview. You did inform me
23 that we would talk about representation but I had no
24 idea that O.I. was going to pose any objection to my
25 representation of Mr. Crnich.

1 I do not understand the basis for the
 2 objection. Mr. Crnich has expressed both to you and
 3 to me his personal desire and his strong desire to
 4 have me represent him in this interview. I cannot
 5 fulfill or execute my responsibilities as an
 6 attorney if I were to agree, as you requested me
 7 before the interview began, to leave the room during
 8 Mr. Crnich's interview. That would simply be in
 9 derogation of my responsibilities as counsel and I
 10 am not permitted to do that.

11 So, I want to make it absolutely clear
 12 that I want to facilitate your process, Mr. Crnich
 13 wants to cooperate with your process, but we cannot
 14 do so in a manner which does not provide Mr. Crnich
 15 with adequate representation.

16 Now, let me address separately a
 17 question that you asked before. Over the course of
 18 1987 NRC's Office of Investigations pursued very
 19 systematically its investigation of whether the
 20 March 20, 1986 letter from the Tennessee Valley
 21 Authority to the NRC staff was materially false and
 22 whether there was any culpable intent by TVA in
 23 making the representations that are made in the
 24 March 20 letter.

25 Although O.I. has been unwilling to

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1 share most of its investigative interviews with TVA
 2 it is TVA understanding that some 65 to ~~seven~~⁷⁰~~07~~
 3 formal interviews took place in 1987. The
 4 individuals interviewed were, to TVA's knowledge,
 5 individuals who were involved in some way in the
 6 circumstances surrounding the March 20 letter or the
 7 preparation of the March 20 letter, such as the
 8 individual who signed the letter, Admiral White,
 9 TVA's manager of nuclear power; the individual who
 10 participated in the drafting of the letter, for
 11 example Mr. Dick Kelly and Mr. Jim Huston of Stone
 12 and Webster; the individuals within the licensing
 13 organization who were involved in insuring that the
 14 letter was generated and was responsive to NRC's
 15 request, for example TVA's nuclear licensing manager
 16 Dick Gridley; and the individuals who were involved
 17 in the events which led to the NRC's staff's request
 18 for the information contained in the March 20
 19 letter, for example members of TVA's Nuclear Safety
 20 Review Staff or NSRS

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21 Most of O.I.'s interviews in this
 22 investigation took place during the first half of
 23 1987. One belated interview of a member of the TVA
 24 licensing organization took place on November 13,
 25 1987. In September 1987, O.I. had progressed in

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1 this investigation to the point where it was
2 prepared to and did issue a report to the Commission
3 on its findings, a report that it did not share with
4 TVA or with the public. That report apparently
5 formed the basis for O.I.'s formal referral of the
6 case to the Department of Justice for consideration
7 of potential criminal enforcement and at the present
8 time the matter is pending before the Department of
9 Justice.

10 Throughout the extensive investigation
11 on which O.I. embarked in this case, TVA and Admiral
12 White have made every effort to cooperate with O.I.
13 both in terms of making TVA and contractor personnel
14 available to O.I. and in providing O.I. with
15 extensive documentation. Our cooperation included,
16 for example, Admiral White's waiver of
17 attorney-client privilege so that O.I. could
18 interview the individual who was Admiral White's
19 personal attorney at the time the March 20 letter
20 was written.

21 It has been and continues to be TVA's
22 policy to be as cooperative as possible in this
23 matter. It also has been and continues to be TVA's
24 earnest wish that this investigation be resolved as
25 expeditiously as possible so that all of those

1 concerned can focus their attention on other
2 pressing matters.

3 About three weeks ago, on January 21,
4 1988, one of the O.I. investigators in this case
5 directly contacted an employee of Ebasco, Mr. John
6 Crnich, and asked to interview him in connection
7 with this investigation. Mr. Crnich's schedule
8 prevented his being interviewed on the day he was
9 called, as requested by O.I, but he expressed to
10 O.I. his willingness to fully cooperate.

11 Mr. Crnich subsequently contacted his
12 management, who in turn contacted TVA. At Mr.
13 Crnich's request, counsel for TVA is working with
14 Ebasco counsel in personally representing Mr. Crnich
15 in this interview.

16 Mr. Crnich, who is an expert in
17 construction managment with Ebasco, worked at TVA
18 from June 1, 1986, through December 31, 1987. At
19 TVA Mr. Crnich was assigned to the Watts Bar task
20 force, a group of primarily non-TVA mid-level
21 managers who devoted their attention in the 1986 and
22 1987 time frame to gathering and organizing
23 information that would be used by TVA to ready Watts
24 Bar for construction, completion and operation.

25 Mr. Crnich was not involved in any way

J.C.

2
1 in the preparation of the March 20 letter. In fact,
2 he had not even arrived at TVA at the time the
3 letter was prepared and issued. Neither was Mr.
4 Crnich involved in any manner in the circumstances
5 that led to the issuance of the March 20 letter,
6 such as the NSRS perceptions about Watts Bar or any
7 other related matter.

8 Mr. Crnich has worked at Watts Bar but
9 Mr. Crnich has never focused his attention on the
10 issue of Appendix B compliance at Watts Bar, the
11 subject of the March 20 letter. And as previously
12 stated, Mr. Crnich's expertise is in construction
13 management. He is not an expert on quality
14 assurance or Appendix B. In short, Mr. Crnich would
15 appear to have no relevance whatsoever to the issues
16 that are the subject of investigation here.

17 Mr. Crnich's appearance today reflects
18 his willingness, along with that of his employer,
19 Ebasco, and of TVA to continue to fully cooperate in
20 this investigation. It should not be understood to
21 reflect any understanding on the part of any of the
22 three parties referenced as to the relevance of any
23 testimony Mr. Crnich might give to the matters that
24 are the subject of O.I.'s investigation.

25 Mr. Crnich's counsel has tried without

1 success to gain an appreciation from O.I. as to the
 2 possible relevance of Mr. Crnich's testimony. No
 3 explanation has been forthcoming. In contrast,
 4 counsel has endeavored to obviate the need for O.I.
 5 to make this trip to New York from region two in
 6 Atlanta because of our skepticism about the value of
 7 this interview. In view of O.I.'s continued request
 8 for this interview now, Mr. Crnich canceled a
 9 business trip to California and is here today to
 10 answer O.I.'s questions.

11 When O.I. initially sought to interview
 12 Mr. Crnich it indicated an interest in seeing "any
 13 documents, notes, telephone logs or reports
 14 pertaining to any projects in which Mr. Crnich was
 15 involved at TVA during the period January 1, 1986 to
 16 December 31st, 1986, that pertained to TVA's nuclear
 17 quality assurance program, TVA compliance with 10
 18 CFR part 50, Appendix B, or TVA's Corrective Action
 19 Program. "

20 After determining Mr. Crnich was not
 21 involved in activities at Watts Bar in 1986 other
 22 than the Watts Bar task force, O.I. determined that
 23 it no longer was interested in the documents in
 24 which it had initially indicated an interest.
 25 Instead, however, O.I. has asked TVA to provide a

1 copy of a draft report that was initiated by TVA's
 2 counsel in April 1987, an effort on which several
 3 members of the Watts Bar task force, including Mr.
 4 Crnich, have provided assistance to counsel.

5 The subject report, not yet finalized
 6 and not even seen by TVA senior management, is an
 7 effort by counsel in furtherance of counsel's
 8 responsibilities to anticipate potential legal
 9 issues that could arise in connection with
 10 congressional hearings and perhaps litigation
 11 matters. Specifically, TVA counsel is aware of a
 12 December 1986 report prepared by staff members of
 13 the House Committees on Energy and Commerce and
 14 Interior and Insular affairs entitled "Staff Review
 15 of NRC Response to Quality Assurance Breakdown
 16 within TVA's Nuclear Program."

17 That report essentially recited a long
 18 list of allegations about activities at TVA which,
 19 in the view of the authors, supported the
 20 proposition that there had been a quality assurance
 21 breakdown at Watts Bar.

22 TVA considers it very important and
 23 intends to be fully responsive to safety allegations
 24 raised by congressional staff members, even when
 25 those allegations are no more than categorizations

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1 of allegations raised by others.
2 In a letter to the NRC dated August 8,
3 1986, TVA committed to insuring that the technical
4 matters raised in the central document on which the
5 congressional staff committee report is based would
6 be resolved by TVA. In fact, most of the technical
7 allegations in these reports came from TVA employee
8 concerns, which were the subject of a major TVA
9 program that already was in place and functioning
10 effectively at TVA.

11 This program was one among the many new
12 programs underway at TVA to resolve outstanding
13 organizational, procedural and technical issues.
14 All of these programs have been the subject of many
15 TVA reports to and meetings with the NRC and have
16 been amply documented.

17 In contrast, the effort of counsel
18 about which O.I. is now interested is purely a legal
19 effort to prepare counsel, in anticipation of
20 possible congressional staff inquiries and perhaps
21 litigation matters. Counsel's effort in no way
22 addresses what might be termed the merits of the
23 congressional staff report; that is, that any of
24 these individual allegations is or is not an
25 Appendix B issue or has any implications at all with

1 respect to Appendix B. Counsel's effort does not
2 address Appendix B at all.

3 Moreover, most of the issues referenced
4 in the congressional staff report have not been
5 substantiated or refuted to date because TVA's
6 resources have not been focused on Watts Bar. This
7 fact is of no concern with respect to counsel's
8 report, although it is obviously central to
9 substantive consideration of the issues in question
10 with respect to your investigation. This is because
11 counsel's draft report is simply intended to
12 indicate to counsel where in the TVA system
13 responsibility for each allegation now lies.

14 The report in question is not yet
15 complete. It is a draft document. As such, it may
16 well contain errors. It is a document whose
17 preparation began in mid 1987, well after the time
18 frame that is relevant to O.I.'s investigation.
19 Nothing in that report, for example, will tell you
20 anything about the state of mind of anybody who
21 wrote anything connected with the March 20 letter.

22 The draft is subject to attorney-client
23 privilege as information communicated between client
24 and lawyer. Moreover, it is absolutely classic
25 attorney work product, prepared by and under the

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1 direction of counsel, information that is not
2 ordinarily discoverable in a civil context.

3 Finally, there is absolutely no
4 relevance whatsoever of this attorney work product
5 to the subject of O.I.'s investigation, the accuracy
6 of the March 20, 1986 letter and its representations
7 concerning Watts Bar's compliance with Appendix B.
8 Counsel's effort does not address Appendix B in any
9 manner.

10 Notwithstanding the document's interim
11 and protected status and its total irrelevancy, in
12 the interest of facilitating O.I.'s investigation,
13 being cooperative and not resisting any request by
14 O.I., however unreasonable the request might be, TVA
15 offered to waive its privilege and to show counsel's
16 draft document to the O.I. investigators. This
17 would certainly establish that the document is as
18 counsel has described. It also would insure that
19 while the draft would be seen by O.I. and certainly
20 not hidden for O.I.'s investigative purposes, it
21 would remain confidential and consequently would not
22 be used by other parties for any inappropriate
23 purpose.

24 In this regard, documents have been
25 issued in the NRC's public document room pursuant to

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1 Freedom of Information Act requests that make it
 2 clear that in the past O.I. apparently has made
 3 available to third parties various information and
 4 documents, including, for example, draft O.I.
 5 reports that have not yet gone to the Commission,
 6 transcripts of closed NRC meetings that are
 7 unavailable to the public or, for that matter, to
 8 the licensee or individuals who may be the subject
 9 of the matter, and oral information concerning the
 10 status of pending investigations. This information
 11 is subsequently leaked to the press by unknown
 12 sources.

13 Setting aside the question of the
 14 possible role third parties might be having on O.I.
 15 matters, no consideration is made, at least on the
 16 record released to the PDR by the NRC, of any
 17 countervailing interest that might weigh against
 18 release of information and apparently no showing is
 19 required by third parties of the purpose for which
 20 the information sought will be used.

21 It has not escaped the attention of TVA
 22 that O.I.'s sudden interest in counsel's work
 23 product postdates the completion of all but one of
 24 O.I.'s interviews in this case by close to half a
 25 year and the timing of the one belated interview

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1 that took place in November was clearly explainable
 2 by the late discovery of a participant in the
 3 preparation of the March 20 letter whose minor role
 4 had, until that time, been unappreciated by all
 5 concerned.

6 Notably, O.I.'s current request comes
 7 after this matter has been sufficiently resolved by
 8 O.I. for it to precipitate a Department of Justice
 9 investigation. It also comes at a time TVA seeks to
 10 seeks to restart the Sequoyah nuclear plant.

11 In this regard, within the next two
 12 weeks, there may be a congressional committee
 13 hearing that is rumored to be on Sequoyah restart
 14 and the March 20 letter on Appendix B

15 Let me reiterate that TVA wishes to in
 16 no way ^{BLOCK} ~~be~~ any effort by O.I. or the NRC to attend
 17 to its responsibilities. It is TVA's ardent desire
 18 to facilitate O.I.'s completion of the investigation
 19 of the March 20 letter, to in any other appropriate
 20 way both support the NRC and fulfill TVA's
 21 responsibilities as an NRC licensee, to protect the
 22 public health and safety. This is evident from
 23 TVA's effort in this investigation to be totally
 24 cooperative, even in situations where a request made
 25 of TVA by O.I. may have seemed unreasonable or

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1 unnecessary.

2 At this juncture, however, TVA does
3 object to the general release of its attorney work
4 product, which is apparently the conditions under
5 which O.I. is insisting that it receive this draft
6 document. TVA has received no explanation of why
7 the draft in question is in any way relevant to
8 O.I.'s investigation. TVA has received no
9 explanation of why O.I. cannot maintain the
10 document's confidentiality in view of its status not
11 only as a draft, which may contain errors and
12 otherwise be misleading to its readers, but also
13 which is designed for counsel's purposes and is not
14 a document which contains information not otherwise
15 available to the NRC.

16 Such explanations are routine in
17 ordinary business and legal matters. TVA is not
18 hiding behind any legal principles. It has agreed
19 to share its work product with O.I., But at the same
20 time O.I.'s unreasonableness in this matter only
21 suggests some other agenda which this draft document
22 will serve, an agenda that is unknown to TVA.

23 MR. ROBINSON: Let me assure you that I
24 am aware of no other hidden agenda for the obtaining
25 of this draft document. Also let me assure you that

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1 we certainly do not intend to let Mr. Crnich testify
2 without, quote, adequate representation, as was
3 indicated in your statement.

4 We feel that O.I. does not owe TVA an
5 explanation of why we think this particular
6 information is relevant in the course of this
7 investigation. And at this point, unless you have
8 further comments regarding your prepared statement,
9 Ms. Bouser, I would suggest that we continue the
10 questioning with regard to representation of Mr.
11 Crnich in the interview.

12 Do you have anything you want to add,
13 Mr. Williamson?

14 MR. WILLIAMSON: No.

15 Q. Mr. Crnich, I think I know the answer
16 to this question but I want to--you understand that
17 Ms. Bouser also represents TVA in this investigative
18 matter?

19 A. Yes, I do.

20 Q. Mr. Crnich, regarding Mr. Wells, in
21 what capacity is Mr. Wells here at the interview
22 today?

23 A. He is here to assist Ms. Bouser in
24 representing me. And also as a responsible Ebasco
25 employee, I feel that he should be here to protect

1 Ebasco's interest.

2 Q. Do I understand that, then, he is
3 not--he is an advisor to Ms. Bouser in that capacity
4 as opposed to being an additional personal
5 representative of you?

6 A. I would include him as an additional
7 personal representative.

8 Q. Does Ebasco require that you have a
9 corporate attorney present with you when you are
10 interviewed by the NRC?

11 A. I am not aware that they do.

12 Q. Did you ask to be represented by an
13 Ebasco corporate attorney or was such representation
14 suggested or made a requirement by your employer?

15 A. No. I asked to be represented.

16 Q. Did you select Mr. Wells, or did Ebasco
17 select Mr. Wells?

18 A. Ebasco selected Mr. Wells.

19 Q. Were you involved at all in that
20 selection process of Mr. Wells?

21 A. Well, I guess I'd have to say no. I
22 was advised of it and I had no problem with any of
23 the Ebasco attorneys representing me or Ebasco in
24 this case. Mr. Wells, I think, happens to be
25 currently available.

1 MR. ROBINSON: Mr. Wells, is Mr.
2 Crnich's description of your representation at this
3 interview a fair description?

4 MR. WELLS: Yes.

5 MR. ROBINSON: In your capacity as an
6 Ebasco counsel, Mr. Wells, if Mr. Crnich were to
7 testify adversely against TVA without any indication
8 of self-incrimination against himself or liability
9 on the part of Ebasco, would you feel any compulsion
10 to object to such testimony?

11 MR. WELLS: No.

12 Q. Mr. Crnich, with Mr. Wells present as
13 an Ebasco corporate representative, would you feel
14 any pressure to downplay or perhaps not to reveal at
15 all any adverse testimony you might give against TVA
16 if there was any? Would you feel any pressure to
17 downplay or not give that information because of Mr.
18 Wells' presence?

19 A. No.

20 Q. At this point, I would like to go off
21 the record. It is 11:10. I want to consult with
22 Mr. Williamson.

23 (Discussion held off the record.)

24 MR. ROBINSON: Back on the record at
25 11:13.

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