

ORIGINAL

UNITED STATES NUCLEAR REGULATORY COMMISSION

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In the Matter of:)
)
 INVESTIGATIVE INTERVIEW:)
)
 MICHAEL R. MATTHEWS)
)
 (CLOSED))

OFFICE OF INSPECTION
FIELD OFFICE, REGION II

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EXHIBIT 3-49
 Page 1 of 49 Pages

1 UNITED STATES NUCLEAR REGULATORY COMMISSION
2 OFFICE OF INVESTIGATION

3 In the Matter of:)
4 INVESTIGATIVE INTERVIEW:)
5 MICHAEL R. MATTHEWS)
6 (CLOSED))

7 Thursday,
8 July 14, 1988

9 Stone & Webster Engineering
10 245 Summer Street
11 Boston, Massachusetts

12 The above-entitled matter came on for hearing,
13 pursuant to notice, at 12:07 p.m.

14 APPEARANCES:

15 On behalf of the Interviewee:

16 DEBORAH B. CHARNOFF, ESQ.
17 Shaw, Pittman, Potts & Trowbridge
18 2300 N Street, NW
19 Washington, D.C. 20037

20 On behalf of Stone & Webster Engineering:

21 WILLIAM G. MESERVE, ESQ.
22 Ropes & Gray
23 225 Franklin Street
24 Boston, Massachusetts 02110

25 On behalf of Nuclear Regulatory Commission:

E. L. WILLIAMSON, SENIOR INVESTIGATOR
Office of Investigations, Region II
DANIEL D. MURPHY, OPERATIONS OFFICER
Office of Investigations, Headquarters
C. SEBASTIAN ALOOT, ESQ.
Office of General Counsel
CAROLE F. KAGAN, ESQ.
Office of General Counsel

11/10/88

C O N T E N T S

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WITNESS

EXAMINATION

Michael R. Matthews

Page 4

E X H I B I T S

None

1/12/11

P R O C E E D I N G S

(12:07 p.m.)

1
2
3 MR. WILLIAMSON: For the record, this is an
4 interview of Mr. Michael Matthews, Superintendent of Field
5 Quality Control for Stone and Webster Engineering
6 Corporation, as conducted by the Office of Investigations
7 for the Nuclear Regulatory Commission.

8 This is Thursday, July 14, 1988. The time is
9 12:10 p.m. The interview is being conducted in the offices
10 of Stone and Webster Engineering Corporation, 245 Summer
11 Street, Boston, Massachusetts.

12 The nature of the interview pertains to the facts
13 and circumstances surrounding the submittal of a letter from
14 TVA to the NRC, dated March 20, 1986, regarding TVA's
15 compliance with 10 CFR 50, Appendix B, at the Watts Bar
16 Nuclear Plant.

17 Currently present at the interview are Mr.
18 Matthews; Attorney Deborah Charnoff of the law firm of Shaw,
19 Pittman, Potts and Trowbridge; Attorney William Meserve of
20 the law firm of Ropes and Gray; Attorneys Sebastian Aloom
21 and Carole Kagan of the Office of General Counsel for the
22 Nuclear Regulatory Commission; Investigators Daniel D.
23 Murphy and E. L. Williamson.

24 This interview is being transcribed by a court
25 reporter.

1 Mr. Matthews, do you have any objection to being
2 sworn in and put under oath?

3 THE WITNESS: No, I do not.

4 Whereupon,

5 MICHAEL R. MATTHEWS,
6 having been first duly sworn, was called as a witness
7 herein, and was examined and testified as follows..

8 EXAMINATION

9 BY MR. WILLIAMSON:

10 Q Mr. Matthews, could you provide us with some
11 background information regarding your education and your
12 work experience? A chronology, if you will, of your
13 background and work experience.

14 A After graduation from high school in '63, I spent
15 a couple of years in construction. Inspection, primarily --
16 with a testing lab and a pressure vessel fabricator.

17 I spent two years at Clemson University, and in
18 November of '70, joined Stone and Webster. I spent some
19 time at Surry, and that was approximately two years.

20 From there I went to Pittsburgh, Beaver Valley
21 Unit 1. From there to Oswego, New York, Nine Mile Unit 2.

22 From there to Millstone Unit 3. And from there to
23 TVA. And from TVA to Texas Utilities at Comanche Peak.

24 For the entire time, I have been quality control
25 and quality assurance. I started out at Surry in inspection

11/11

1 and have gone through supervision and management positions.

2 Q Okay. Is your current position with Texas
3 Utilities?

4 A I am presently with Stone and Webster, assigned to
5 Texas Utilities.

6 Q And this is ^{your} ~~our~~ position with them? A
7 Superintendent of Field Quality Control?

8 A That is my title with Stone and Webster. My title
9 at Comanche Peak is Project QA Program Manager.

10 Q Okay. If you will, I want to ask you some
11 questions with regard to Mrs. Charnoff and Mr. Meserve and
12 their representation of you.

13 Mr. Matthews, is Mrs. Charnoff your personal
14 representative at this interview?

15 A Yes, she is.

16 Q Okay. Did you select her on your own or was she
17 selected for you?

18 A I selected her purely on my own.

19 Q Okay. How did this selection process take place?

20 A I felt she was most knowledgeable in the subject
21 matter and could best represent me.

22 Q Okay. Is Mrs. Charnoff being paid for her
23 services as your personal representative by any other than
24 yourself?

25 A Not to my knowledge.

1 Q So you are going to be compensating Mrs. Charnoff
2 for her services?

3 A We haven't talked about that.

4 Q Are you aware of any other arrangements that have
5 been made for payment of Mrs. Charnoff's services if you
6 don't pay for them?

7 A I am aware of a program that Stone and Webster has
8 to take care of those expenses.

9 Q To your knowledge, does Mrs. Charnoff represent
10 any other party of interest to this interview?

11 A I am not real sure -- I am sure she has other
12 people that she represents, but I am not aware of anyone
13 else in this room that she represents, no.

14 Q Okay. When was your selection made for Mrs.
15 Charnoff to represent you?

16 A I have got to give you an approximate -- and it
17 was sometime after I received the subpoena.

18 Q Okay. Are you currently doing any work on the TVA
19 contract?

20 A No, I am not.

21 Q Are you consulting for TVA in any capacity or
22 being paid by TVA for the performance of any engineering
23 services?

24 A Not at this point.

25 Q Let me ask you, do you envision any potential

1 conflict of interest regarding your testimony here today
2 between Mrs. Charnoff's representation of both you and
3 members of TVA?

4 A We have discussed that issue and, no, I don't
5 perceive any issue of conflict.

6 Q Okay.

7 A Not understanding totally what we may discuss so
8 far.

9 Q If your testimony should contain information that
10 you either know or think would be derogatory to TVA, or
11 would indicate any criminal activity by TVA, but was in no
12 way derogatory or incriminating to yourself -- okay? --
13 would you feel free to testify knowing that Mrs. Charnoff
14 represents individuals from TVA?

15 A Yes. If I have got something that I know or think
16 and have to say, her presence and representation of TVA
17 wouldn't slow me down at all.

18 Q Okay. If Mrs. Charnoff were to advise you not to
19 testify regarding such information, would you feel compelled
20 to follow that advice?

21 A I would feel compelled to understand that advice,
22 and deal with it as the case presented. I can't say yes I
23 would, or no I wouldn't. It would depend on the case at
24 hand.

25 Q Okay. Is it ^(your) understanding that Mrs. Charnoff will

1 be your personal legal representative during the entire
2 course of this investigation to include any subsequent
3 enforcement or criminal actions against TVA, if such actions
4 were taken?

5 A We have only discussed this interview and if there
6 is subsequent need, I will have to deal with that at the
7 time.

8 Q I guess, one other question regarding Mrs.
9 Charnoff. How did you become aware of Mrs. Charnoff's
10 willingness to represent you? Was this something that you
11 initiated?

12 A I became aware when I called her and asked her if
13 she would represent me, and she said she would.

14 Q Okay. This was after you had gotten the subpoena.

15 A Yes.

16 Q Okay. Were you aware of Mrs. Charnoff
17 representing anyone else at that time during the conduct of
18 the OI investigation?

19 A Well, I guess I assumed she has other clients and
20 I am not aware of who they are or what their relationship
21 is.

22 MR. WILLIAMSON: Mrs. Charnoff, are you ^{Acting} asking as
23 Mr. Matthews' personal representative?

24 MRS. CHARNOFF: Yes.

25 MR. WILLIAMSON: Is Mr. Matthews paying you from

1 his own funds for your personal representation?

2 MRS. CHARNOFF: Mr. Matthews testified correctly.
3 We haven't discussed funds, although I do not anticipate him
4 to be paying me.

5 MR. WILLIAMSON: Okay. Who would you anticipate
6 paying you?

7 MRS. CHARNOFF: I would anticipate being paid by
8 TVA because TVA in this entire investigation has paid for
9 all of those people who are acting as agents for TVA that
10 are related to the March 20 letter, basically. And I won't
11 expect Mr. Matthews to be treated any differently than any
12 of the other witnesses.

13 MR. WILLIAMSON: I think you might have answered
14 my next question which was, do you represent any other
15 parties of interest to this interview?

16 MRS. CHARNOFF: I think where we trip up is
17 parties of interest to the interview. I clearly, as you
18 know, represent other people who have been interviewed
19 during this investigation.

20 MR. WILLIAMSON: Another question. In view of your
21 representation, do you believe that a possible conflict of
22 your client's interest could arise during this interview?

23 MRS. CHARNOFF: No. I do not expect a conflict to
24 arise during this interview.

25 MR. WILLIAMSON: If a conflict of interest arises,

1 what will you do?

2 MRS. CHARNOFF: Well, I would do the same thing
3 that I would have the responsibility to do under any
4 circumstances. Which is to discuss the issue with both
5 clients and the law is complicated in this area, and there
6 is a distinction between a potential conflict and an actual
7 conflict.

8 If both clients want you to continue to represent
9 them notwithstanding the potential or actual conflict, I
10 believe the law is that you can do so unless you don't feel
11 that you can adequately represent them.

12 So, it is a case-by-case analysis, and what I
13 would have to do would be discuss the matter with the
14 clients that were involved.

15 BY MR. WILLIAMSON:

16 Q Mr. Matthews, I want to change the focus to Mr.
17 Meserve's presence here today.

18 And regarding Mr. Meserve, is he your personal
19 representative here?

20 A No. He does not represent me personally.

21 Q Okay. Does Stone and Webster require that you
22 have a corporate attorney present with you when you are
23 being interviewed by the NRC.

24 A I am not aware of a requirement by Stone and
25 Webster, but I certainly have no objection to his presence.

1 Q Did you ask to be represented by Stone and
2 Webster corporate attorney, or was such representation
3 suggested to you? Or made by them as a requirement?

4 A It is not a requirement. I was aware that it was
5 available and freely chose that that representation be here.

6 Q Okay. So you did not select Mr. Meserve. Stone
7 and Webster has selected him.

8 A I made no selection process in regard to his
9 representation. I certainly don't object to his presence.

10 Q Are you aware of how Stone and Webster selected
11 Mr. Meserve?

12 A I certainly am not.

13 MR. WILLIAMSON: Maybe I can ask Mr. Meserve how
14 he became a representative of Stone and Webster in this
15 interview process?

16 MR. MESERVE: I have represented Stone and Webster
17 in a variety of matters over a good many years, probably
18 spanning more than a decade. And when this matter first
19 came up many months ^(AGO), I was asked by the company to become
20 familiar with it, and I have.

21 MR. WILLIAMSON: Let me ask you a specific
22 question. In your capacity as a Stone and Webster, I guess
23 retained counsel, would that be the proper term?

24 MR. MESERVE: That is correct.

25 MR. WILLIAMSON: If Mr. Matthews were to testify

1 adversely against TVA, without any adverse testimony against
2 himself or Stone and Webster, would you object to any such
3 testimony?

4 MR. MESERVE: Would you repeat the question?

5 MR. WILLIAMSON: If Mr. Matthews were to testify
6 adversely against TVA, without any adverse testimony against
7 himself or Stone and Webster, would you object to any such
8 testimony?

9 MR. MESERVE: I don't think I would have standing
10 to object.

11 BY MR. WILLIAMSON:

12 Q Mr. Matthews, with Mr. Meserve present as Stone
13 and Webster representative, would you feel any pressure to
14 downplay or minimize or not reveal at all any adverse
15 testimony you might give against TVA? If such a situation
16 were to arise?

17 A His presence will have no bearing on the facts
18 that I understand or know or present.

19 Q Okay.

20 MR. WILLIAMSON: Do you have any questions?

21 MR. MURPHY: Let me just pursue one thing.

22 BY MR. MURPHY:

23 Q Prior to contact, did you make contact with Mrs.
24 Charnoff? Is that correct?

25 A In regards to this --

1 Q Representing you?

2 A Absolutely.

3 Q Did anyone from Stone and Webster or TVA contact
4 you prior to your making contact with Mrs. Charnoff?

5 A I am not sure I understand that. I have discussed
6 several issues with TVA people, primarily personal issues.

7 Q Did anyone at TVA suggest to you that you should
8 make contact with Mrs. Charnoff to represent you as your
9 personal attorney?

10 A I don't remember any such suggestion. I can say
11 that the suggestion had no bearing on my decision, if such a
12 suggestion existed.

13 Q Let me be a little bit more specific. Did anyone
14 from TVA -- you said that you could not recall -- but did
15 anyone from TVA's Office of General Counsel contact you
16 regarding this?

17 A No. I haven't talked to anyone with TVA General
18 Counsel.

19 Q I guess I got to ask the magic question. Did the
20 light just pop on when you got the subpoena, and you said,
21 "Jiminy, I ought to have Mrs. Charnoff represent me during
22 this thing."

23 What is the thought process that went into that?

24 A I guess the thought process was, when this effort
25 was an informal effort, the first time around, I did not

1 feel the need. When it became a formal process with the
2 subpoena, I didn't understand the implications and thought
3 it would be best if I were represented with legal counsel.

4 Since I had worked with her in the past in
5 association with TVA and am personally aware that she is
6 knowledgeable on the situation, I felt she could represent
7 me the best.

8 MR. MURPHY: Do you have any questions?

9 MR. ALOOT: Yes.

10 BY MR. ALOOT:

11 Q You say you contacted Mrs. Charnoff subsequent to
12 receipt of the subpoena. Could you be more specific in
13 terms of when? Was it within the last week, the last month?

14 The subpoena has been outstanding for a while, has
15 it not?

16 A I really don't remember the date. I may be able
17 to chase through my notes and remember, but --

18 MRS. CHARNOFF: It was not in the last week. It
19 was within days of the time that he became aware of the
20 subpoena.

21 What I am not sure of is how long after their
22 subpoena was issued he actually got it.

23 But, it was before I went away and I went away
24 June 27th. So it was the prior week.

25

1 BY MR. ALOOT:

2 Q Were you not scheduled for an interview with the
3 Office of Investigations on a prior occasion?

4 A Yeah. As I understand, there was a request to
5 Stone and Webster's counsel that I be interviewed. And my
6 recollection is, there was a date set up and a time set up
7 and a trip made to fulfill that agreement.

8 Q And I believe you just testified that at that
9 point you did not believe you needed independent counsel.

10 A During that time frame, I did not feel the need
11 for independent counsel.

12 Q And you have testified that you chose Mrs.
13 Charnoff because you believe that she could best represent
14 your interests, and you independently made that choice,

15 A Absolutely.

16 Q Okay. But as of the date of this interview, you
17 have not discussed payment with Mrs. Charnoff.

18 A That is correct.

19 MR. ALOOT: Okay. I do not have any more
20 questions.

21 MRS. CHARNOFF: I have a question.

22 BY MRS. CHARNOFF:

23 Q Is it correct, Mr. Matthews, that if you are, as I
24 understand the Stone and Webster policy, if you need counsel
25 because of work that you have done as a Stone and Webster

1 employee that there is a Stone and Webster policy that will
2 cover the cost of private counsel?

3 A Yes. I am aware of the program that reimburses me
4 for those legal expenses.

5 MRS. CHARNOFF: Okay.

6 MR. ALOOT: Well, I will follow up on that.

7 BY MR. ALOOT:

8 Q But you apparently just indicated that corporate
9 counsel -- I assume Mr. Meserve -- his services or another
10 member of the firm that he is a member of, would have been
11 made available to you? Is that what you stated, or --

12 MR. MESERVE: Maybe I can respond to that.

13 At all times, we have made it clear to Mr.
14 Matthews as we have to previous witnesses interviewed that
15 we, meaning Ropes and Gray and me, specifically, were
16 counsel to the company. Not to the individual.

17 And I have always scrupulously made it a point to
18 explain to the individuals that we were representing the
19 company and that we could not, in our view, represent both
20 the company and the individual. And that if they felt
21 uncomfortable with that arrangement, they were entitled to
22 individual counsel. And if they were not uncomfortable with
23 it, then I would sit in with them in the interview.

24 And in this instance, as Mr. Matthews has stated,
25 there have been informal arrangements made back in February,

1 I believe. Mr. Matthews flew to Boston from Texas for an
2 interview which was cancelled at the very last moment by the
3 NRC.

4 And when the subpoena was served, we thought it
5 was then a dead letter. When the subpoena was served, we
6 again had the discussion with Mr. Matthews and I again
7 repeated to him that he was entitled to his own counsel, if
8 he wanted it.

9 That we were making no recommendation one way or
10 the other, that that was his decision. And we were informed
11 by Mr. Matthews a few days later that he had decided that he
12 would select his own counsel and that he had selected Ms.
13 Bauser, as she then was, Mrs. Charnoff now.

14 MR. ALOOT: And you did not make any suggestions
15 or recommendations regarding who he might want to consider?

16 MR. MESERVE: We told him that there was a variety
17 of -- that he was free to make some selections, but that we
18 would not be representing him personally.

19 MR. WILLIAMSON: Just a point of correction. I
20 think the first interview with Mr. Matthews was scheduled
21 for April.

22 MR. MESERVE: That may be. Whatever you say. I
23 am not going to argue with you on that.

24 MR. MURPHY: Just one more question.

25 BY MR. MURPHY:

1 Q Did any other person who you are associated with
2 at TVA, work with at TVA, suggest to you that you might
3 contact Mrs. Charnoff?

4 A No. I cannot sit here and remember any
5 recommendation from any TVA individual or any suggestion
6 from a TVA employee that said you should use Debbie Bauser
7 Charnoff for this. Again, that was my own decision based on
8 my understanding of the conditions and my understanding of
9 the individual abilities. And my decision on who I thought
10 could do the best job for me.

11 Q Okay. Let me correct one thing. When I say TVA,
12 I don't mean TVA employees exclusively. I mean it might
13 have been another contract employee who you had worked with.

14 A I guess I was trying to include those people in as
15 TVA employees.

16 Q Okay, fine. That's fine.

17 A There is no TVA association with any
18 recommendation to have Debbie represent me.

19 BY MR. WILLIAMSON:

20 Q Mr. Matthews, I have some questions I would like
21 to ask you. And some of it involves possibly some
22 background information.

23 And I don't recall in the part where you gave your
24 background -- when you were working at TVA as a contract
25 employee?

1 A Let's see, I went to TVA in March of -- it must
2 have been '86. As I remember, my first day with TVA was
3 March 17th.

4 Q 1986.

5 A Yes.

6 Q In what capacity did you go to TVA?

7 A I went to TVA as a -- well, shortly after reaching
8 TVA, I was assigned as a member of the ~~Sequoia~~ Restart Task
9 Force. *Sequoia*

10 Q What were your responsibilities as a member of
11 this Restart Task Force?

12 A There was a document that established the
13 responsibilities and they are well documented. I guess I
14 can give you my recollection.

15 And it was primarily to understand and oversee the
16 activities at ~~Sequoia~~ with the ultimate goal of producing
17 the ~~Sequoia~~-version of the nuclear performance plan.
Sequoia

18 That was the responsibility assigned to the Task
19 Force, not any individual of that Task Force.

20 Q Were you a loaned manager? Or a contract
21 employee? Or an advisor?

22 A As I remember, I came under the heading of
23 Advisor. And we went through those understandings and
24 requirements for, as I remember, loaned advisor.

25 Q How long did you work on the ~~Sequoia~~ Restart Task
Sequoia

1 Force?

2 A Let's see. I was at ^{Sequoia} ~~Sequoia~~ from roughly late
3 March, early April, until as I remember, it was mid-January
4 when the memo was issued that assigned me to Watts Bar.

5 MR. MESERVE: January of '87?

6 THE WITNESS: January of '87, yes.

7 BY MR. WILLIAMSON:

8 Q While a member of the ^{Sequoia} ~~Sequoia~~ Restart Task Force,
9 did you have the responsibility of briefing TVA senior
10 management?

11 A That was one of the assigned responsibilities for
12 the Task Force, yes.

13 Q And who would you be briefing?

14 A Routinely, we briefed Steve White. And in his
15 absence, it was whoever stood in for him.

16 And for some period of time, that was Chuck Mason.

17 Q So that would also include a period of time Mr.
18 White was absent from TVA?

19 A Right.

20 Q From October through --

21 A Yes. During that period, primarily the updates
22 were for Chuck Mason who was standing in for him.

23 Q What was the purpose of you going to Watts Bar in
24 January of '87?

25 A The purpose was -- that was where I was assigned.

1 And there was a similar letter that gave similar
2 responsibilities for the Watts Bar Task Force. I guess I
3 was assigned to the Watts Bar Task Force when that transfer
4 was made.

5 Q And how long did you work at Watts Bar?

6 A Let's see, I left Watts Bar as I remember in
7 November, mid-November, of '87.

8 Q And you returned to Stone and Webster at that
9 time?

10 A Yes. I was reassigned to Comanche Peak.

11 Q What were your responsibilities as part of the
12 Watts Bar Restart Task Force?

13 A Well, as I remember, the memo that made the
14 assignment paralleled the memo that originally assigned me (Tc)
15 ~~Sequoia~~^{SEQUOYAH} and those responsibilities were if not the same,
16 very similar.

17 Q Did you work exclusively on a Watts Bar Restart
18 Task Force during this 11 months?

19 A Exclusively is a term I can't use. There were
20 issues that I had been involved with at ~~Sequoia~~^{SEQUOYAH}, and part of
21 that time period was to wind up and finish those issues that
22 I had started at ~~Sequoia~~^{SEQUOYAH}. At least some of them.

23 But, yes, primarily my duties and responsibilities
24 were in relation to Watts Bar.

25 Q Were you working with other contract employees and

1 TVA employees on this Task Force? Or were they primarily
2 contract employees?

3 A I am trying to remember the official makeup and
4 the people that were named. And I believe all the named
5 members of the Task Force were contract employees.

6 And I don't know whether they were loaned managers
7 or advisors. But there was a TVA employee who served a
8 prime interface.

9 Q Let me digress a minute, if I can. You said you
10 came aboard with TVA in March of 1986. March of 1986?

11 A That is correct.

12 Q At that time, March-April-May time frame of 1986,
13 did you have an opportunity to review the March 20th letter
14 which was submitted by Mr. White to NRC regarding the TVA's
15 compliance with Appendix B at Watts Bar?

16 A Review. I am not sure what is intended by review.

17 Q Did you see the letter?

18 A I was certainly aware that it existed. I got a
19 copy of it shortly after joining TVA, and I don't know
20 whether that was April, May -- it was in that time frame.

21 Q Would that have included the enclosures to that
22 letter?

23 A The enclosures. As I remember what it included
24 were 11 perceptions and responses to those 11 perceptions,
25 yes.

1 Q And you did review that.

2 A They were part of the document that I received and
3 read and was definitely aware of.

4 Q Was that part of your mission as part of the Watts
5 Bar Restart Task Force to use this document in the restart
6 of Watts Bar?

7 A I am not sure I understand "use the document." I
8 was certainly aware that it existed. It was not a criteria
9 to work to or a rule or a demand or a direction at all.

10 Q Did you happen to see, have an occasion to review,
11 read, visualize any supporting documentation to that letter
12 and its enclosures?

13 A I guess I am aware and was aware that there was
14 documentation that supported it. I am aware of a letter
15 that was generated at some point later that gave some
16 explanation to it.

17 And I am trying to remember. I do not remember
18 any instance of going through any of the support
19 documentation that was used to draw any conclusions that
20 were drawn.

21 Q Were you ever directed to review that letter and
22 determine if in fact that TVA was in compliance with the
23 requirements of Appendix B at Watts Bar?

24 A No, I was not.

25 Q Did you ever have any discussions with any one

1 about that letter whether TVA was meeting requirements of
2 Appendix B at Watts Bar?

3 A Any discussions. There were a number of
4 discussions and it came up periodically in discussions. Its
5 existence.

6 I guess I have to say I know it existed and it
7 came up in discussions, but I certainly participated in no
8 discussions that concluded or didn't conclude whatever it
9 came up with.

10 Q I guess. Were you ever asked to compare or to
11 analyze what was done or said in the March 20th letter with
12 what was being done at TVA with regard to the implementation
13 of corrective actions with regard to the Appendix B program?

14 A I am not real sure I understand.

15 Q Okay. Let me try that again.

16 Were you ever asked or directed to review this
17 letter and the accompanying documentation to determine that
18 what it said was being done to correct problems and
19 deficiencies was in fact being done at TVA?

20 A I have to say directly no. I was not directed to,
21 or participated in activities that either confirmed or
22 denied the Appendix B letter.

23 Some of the things that we did, in particular
24 preparation of Volume 4 certainly had some impact. But, no,
25 there was no direct go do this to verify that.

1 Q Impact, in what way? Because it addressed
2 corrective actions?

3 A Yes. One of the things that Volume 4 was
4 committed to do was make sure that everything that was known
5 was in Volume 4 and what we were doing about it, or planned
6 to do about it, was stated.

7 That was certainly one of the --

8 Q Did you ever discuss this letter, or the response
9 to the NRC, with Mr. White personally?

10 (Pause)

11 A The only reason I am pausing -- I can't say that
12 it did not come up in discussions. I can say that we never
13 had an update as a member of either Task Force that dealt
14 specifically with the Appendix B letter.

15 Q You continued to work on that issue until November
16 of '87?

17 A Which issues?

18 Q The Watts Bar Task Force.

19 A Yeah. I was a member of the Task Force until I
20 left TVA -- it was November of '87.

21 Q Well, did you leave voluntarily? Was it the
22 expiration of your contract? You didn't like Sweetwater?
23 What was the reason you left?

24 A The reason I left was there was an assignment
25 available. I was asked if I would accept it, in a different

1 area of expertise. I said, yes, there is a need and I will
2 accept the assignment.

3 MR. WILLIAMSON: Go ahead.

4 BY MR. MURPHY:

5 Q Were you ever part of a small group, or a group of
6 individuals which included a Mr. Crnich, that did some type
7 of a study at TVA?

8 A There was a Mr. Crnich that was a member of the
9 Task Force. Yes. And there were many issues that we -- all
10 the Task Force issues -- we worked together on.

11 Q Did you do anything other than that specific Task
12 Force issue?

13 A Anything other than a specific Task Force issue.
14 I am not sure I understand.

15 Q I will be more specific. Were you ever doing any
16 work at all for Mrs. Charnoff?

17 A I participated in an effort that was to produce
18 something that she requested. Yes.

19 Q Okay. Do you want to talk about that?

20 MRS. CHARNOFF: Could you be more specific?

21 BY MR. MURPHY:

22 Q What did you do? What did this effort include and
23 what was the member of the group that performed this effort
24 and what did you accomplish?

25 A I guess in response, the group was composed of the

1 existing members of the Watts Bar Task Force. And what our
2 task was, take a list of issues and determine which program
3 in TVA either had covered the issue, was covering the issue,
4 or would cover the issue to make sure that this list of
5 issues were being covered or had been covered or would be
6 covered by a corrective action program or process that we
7 were trying to describe in Volume 4.

8 Q Okay. And you say that this was the entire -- how
9 many people were on that Task Force?

10 A As I remember, there were at this point in time
11 either three or four. The number was not consistent through
12 the whole thing.

13 Q Are you telling me that there was only three or
14 four people involved in the original Watts Bar Task Force?
15 No, you are talking about the specific --

16 Who were the four people?

17 A Let's see. I was a party. John Crnich was a
18 party. Dave Kulisek. And, at one point in time, Bill
19 Gordon was involved.

20 There was another member of the Task Force for a
21 short period of time -- I don't remember whether he worked
22 on this effort or not. And I am trying to remember his
23 name. Pope. Fred Pope.

24 Q Who provided you with this list of items that you
25 were going to look at?

1 A I am trying to remember.

2 Q Take your time.

3 A I guess the first I saw of the list or knew that
4 it existed was in a transmittal that I received from the
5 Employee Concerns Program Effort.

6 MRS. CHARNOFF: Can I ask a question?

7 MR. MURPHY: Sure.

8 BY MRS. CHARNOFF:

9 Q Was the list a list of issues from a congressional
10 staff report?

11 A Yes. It is my understanding the basis of the list
12 was a congressional staff report that existed in TVA.

13 MRS. CHARNOFF: Okay.

14 BY MR. ALOOT:

15 Q While you have indicated that you performed this
16 task for or under the direction of Mrs. Charnoff -- correct
17 me if I am wrong -- Mrs. Charnoff did not give you the
18 issues that you were to be looking at.

19 A I was trying to remember earlier, and I believe
20 the issues we received came from, my first anyway, came from
21 the Employee Concerns effort.

22 BY MR. MURPHY:

23 Q That is the first list. This congressional
24 document didn't come from the Employee Concerns Program.
25 Did it?

1 A No, that was a document that was readily available
2 in TVA. There were a lot of people that knew it existed. I
3 am trying to remember. I am sure that it was a document
4 that we were considering with Volume 4 preparation.

5 Q Did Mrs. Charnoff give you that document? Or was
6 it just something that you were aware of and someone asked
7 you to look into, or --

8 A We were aware that it existed. We were aware that
9 it was opinions of Watts Bar by people that would be
10 involved in Volume 4, and we realized it was something that
11 Volume 4 needed to address.

12 So we were certainly aware of it before the effort
13 that we previously described.

14 Q As you reviewed this documentation on the series
15 of issues, did you brief anybody in TVA as to what your
16 conclusions were? I am talking now that very small group of
17 folks, three, four, five, whatever?

18 A What our conclusions were. At different points,
19 we discussed the issues with TVA and other people associated
20 with the effort. But I can't remember discussing any
21 conclusions. I am not sure we reached conclusions.

22 Q Okay, when you talked about TVA, that is a big
23 organization. Did you talk with Steve White about this?

24 A We never had a direct session with Steve White on
25 this issue, no.

1 Q You or any member of your team?

2 A I never participated in one. And I really can't
3 speak for the other members. I don't know.

4 I am not aware of any.

5 Q How about the Board? TVA's Board members? Did
6 you brief them at all?

7 A On this effort?

8 Q Yes.

9 A No. I never participated in a briefing of TVA
10 Board members on this effort.

11 Q And how about Bill Willis, the General Manager?

12 A Not on this effort.

13 Q Did you brief Mrs. Charnoff as a result --

14 A We had several discussions, not only where we were
15 and what we were doing but we had several discussions on
16 what the expectations were. On what guidelines. On what
17 the ultimate goal. Methodologies on reaching that goal.

18 Suggestions of things we could do that would reach
19 this goal. We had any number of those conversations, yes.

20 Q What was your goal?

21 A Our goal, again, was to take these issues from the
22 staff report and determine whether or not there was a
23 program at TVA that either had, was or would address the
24 issue.

25 And of course we had the goal of making sure that

1 whatever conclusions were there were adequately reflected in
2 Volume 4.

3 Q Okay. Did you prepare any kind of a written
4 report?

5 A There was a tabulation of the information that
6 included the issue and a description of what was being done
7 and where it could be covered.

8 Q What was your overall findings or conclusions
9 based on that work you did on this specific -- I mean, did
10 you determine that TVA did in fact have a program either
11 that was addressing, had addressed, or would at some time in
12 the future address these?

13 A Well as I remember, we never came to that
14 conclusion. We never completed the effort, or it wasn't
15 completed when I left.

16 I am sitting here trying to remember, and I cannot
17 remember an issue that we were unable to assign some
18 corrective action, *program*, or process that was described or
19 would be described in Volume 4.

20 Q You say you didn't complete the effort? And what
21 was the basis for not completing it?

22 A I was reassigned before the effort was completed
23 and I really don't know its status.

24 Q Do you know if it was completed?

25 A I do not know. I understand it has not been

1 completed. But I can't speak to that.

2 Q Have you talked with any of the team members since
3 you were taken off that task?

4 A Absolutely.

5 Q And what was there -- I mean --

6 A On this issue?

7 Q Yes.

8 A I guess the last -- yes, I have had discussions
9 with other people that participated in the effort.

10 Conclusions. My understanding is the document,
11 based on my last discussion, has never been issued.

12 Q Okay. And who did you have these discussions
13 with?

14 A I have seen and talked with John Crnich on that
15 effort. He is now assigned to Texas Utilities, also. And I
16 have talked to Dave Kulisek. I think they are the only
17 ones.

18 Q During your review of these issues and the
19 congressional document that was part of the process, did you
20 ever determine that there was some major problems at TVA?

21 A Major problems at TVA. I guess --

22 Q Let me go beyond that. That had not been
23 addressed. That might be of some, that might be part of a
24 future program to address these issues but had not been
25 addressed in the past?

1 A I guess I tried a few minutes ago to remember if
2 there were any issues that had not been addressed, and I
3 couldn't then and I still can't remember an issue that we
4 came out with that said here is something that nobody is
5 dealing with.

6 Q Let me rephrase it. There is a difference between
7 an issue that you will address. I mean, you have established
8 a corrective action program. We have a problem and at some
9 point in time this corrective program is going to pick up
10 that problem and address it.

11 Did you find any problems that in the past had not
12 been addressed that you have kind of programmed into this
13 future --

14 MRS. CHARNOFF: Let me ask a clarification. Are
15 you asking him whether his effort caused a new corrective
16 action program to come in?

17 Or, what past are you talking about?

18 MR. MURPHY: No.

19 THE WITNESS: If I understand -- and I am not sure
20 I do, yet. But if I understand, what you were really
21 looking for was were there things in these issues that
22 corrective action programs had not been completed on?

23 BY MR. MURPHY:

24 Q Yes.

25 A And if that is the question, the answer is yes.

1 There were any number of issues that corrective action had
2 not even started on yet.

3 Q Okay.

4 A As a matter of fact, many of the programs that we
5 were trying to come up with were to make sure that things
6 were done that would cause those issues to be identified.

7 Q Did this report -- or whatever you prepared -- it
8 has not been issued. I guess we could call it a draft
9 report, if that is satisfactory.

10 Did you include issues like that in a draft report
11 and identify issues that had not been picked up in the past
12 but that there were programs now in place to handle?

13 A I guess I am confused a little bit with issues
14 that had not been picked up in the past.

15 Again, we were trying to take those issues and
16 with our understanding of the preparation of Volume 4 say
17 that these issues were encompassed by the corrective actions
18 in Volume 4.

19 Q Yes.

20 A We made no effort to status the corrective action
21 program. I mean, it just wasn't part of the effort to say
22 and here is where that corrective action stands. We didn't
23 attempt that at all.

24 Nor did we attempt to draw any distinctions on,
25 "This program hasn't started," or, "This program is in mid

1 stream," or "This program is completed."

2 Again, our focus was, "If this is the issue, where
3 is it being covered?"

4 Q Okay. Not whether or not it had been covered in
5 the past.

6 A Not whether or not it had been covered or whether
7 it was completed or what the status was.

8 Q Were any of those issues old issues? By old, I
9 mean several years in the past?

10 Were there non-conformance reports that were
11 several years old that were being addressed by your program?

12 A As I remember, the issues were not that level of
13 detail. They were not, "Where is this NCR," Or, "Where is
14 that NCR being covered." Although some of those issues may
15 have been involved.

16 It was more of a generic type. This weld, or
17 those welds, or that type of an issue.

18 And I guess I would really have to look at the
19 staff report again or the summation of the issues to get
20 into that level of detail.

21 Q Okay. And you haven't had a chance to look at
22 that since you left TVA?

23 A No, I haven't looked at the report or the -- as a
24 matter of fact, I don't think I even have access to the work
25 product. The draft report.

1 Q Okay.

2 MR. WILLIAMSON: Let me ask a question of Ms.
3 Bauser. And I understand that you are not the interviewee
4 here, but indulge me.

5 Can you tell us the status of this draft report?

6 MRS. CHARNOFF: It was never finished.

7 MR. WILLIAMSON: Is it still a draft report?

8 MRS. CHARNOFF: Well, it is not being worked on.
9 But it was never finished, so I presume its status is a
10 draft report.

11 MR. WILLIAMSON: Did you have an occasion to brief
12 Mr. White as to the status of this report as it was being
13 conducted or reviewed?

14 MRS. CHARNOFF: No. Well, procedural status, yes.
15 But the substance of it, no. He knew that I was doing this
16 because I had asked for his assistance to get people to help
17 me.

18 But, I did not discuss with him the substance of
19 the effort.

20 MR. WILLIAMSON: Was this your idea to have this
21 review done?

22 MRS. CHARNOFF: Yes, it was.

23 MR. WILLIAMSON: And why did you suggest that this
24 review be done of this congressional report?

25 MRS. CHARNOFF: I made a statement on the record

1 before on this. I don't want to go into too much more
2 detail than what I did before at Mr. Crnich's interview.

3 But basically this was a document that I wanted to
4 make sure that I could advise, apply it properly on in terms
5 of any future litigation or hearings that might occur that
6 might -- in which that document might be at issue.

7 And I simply wasn't educated on it. And so I
8 asked for help because I needed some technical help in order
9 to understand the status of the issues raised in that
10 document.

11 MR. WILLIAMSON: One other question. Is that
12 document available for OI review?

13 MRS. CHARNOFF: Yes and no. We have taken the
14 position before, and I have no reason to alter the position
15 now that you all could look at the document. I did not want
16 the document to be taken because I do consider it to be work
17 product and I am not anxious for copies of it to be floating
18 around.

19 And I certainly am not anxious -- I mean -- well,
20 let me leave it at that.

21 So I have nothing to hide in the document. I was
22 willing to show you all the document so that you could see
23 that it was as I described it, but I am not prepared to
24 release the document.

25 MR. WILLIAMSON: So you are saying it is available

1 for our review.

2 MRS. CHARNOFF: Under the conditions that I have
3 described.

4 MR. ALOOT: Do I understand you to say you are
5 willing to waive to the extent -- more properly is the
6 privilege to assert -- you are willing to waive that
7 privilege with respect to OI's investigation?

8 MRS. CHARNOFF: No.

9 MR. ALOOT: Or OI's inspection, not possession?

10 MRS. CHARNOFF: No, I wanted and sought before and
11 was unsuccessful in obtaining an agreement from OI that they
12 would maintain the confidentiality of the document. And
13 that they could look at it and see that it was what I had
14 described it as, and that I thought that would cause them to
15 lose their curiosity, frankly, in the document.

16 I am not willing to generally release the
17 document. And I will not -- and I don't think I am making a
18 general waiver. I don't want to get caught in lingo here,
19 but I think that we understand each other in terms of what I
20 am willing to do.

21 MR. ALOOT: Let me ask since you have mentioned
22 work product. What litigation was in contemplation?

23 MRS. CHARNOFF: I would be glad to talk to you off
24 the record. But this is not my interview.

25 MR. ALOOT: To the extent -- okay. The assertion

1 of work product is only with respect to the document. Not
2 anybody's work that lead up to the document.

3 MRS. CHARNOFF: I don't understand.

4 MR. ALOOT: To date, I have not heard any
5 instruction to the witness not to testify.

6 MRS. CHARNOFF: No.

7 MR. ALOOT: So you are not asserting work product
8 as to this interview so far because I have more questions.

9 MR. WILLIAMSON: Could we take about a five minute
10 break?

11 It is now 1:00 o'clock, and now we will go off the
12 record.

13 (Whereupon, a brief recess was taken.)

14 MR. WILLIAMSON: We are back on the record. The
15 time is 1:10 p.m.

16 BY MR. WILLIAMSON:

17 Q Mr. Matthews, I have a document dated December 17,
18 1986, to John Dingle, Chairman, Committee on Energy and
19 Commerce. Subject is staff review of NRC response to
20 quality assurance breakdown within TVA's nuclear program.

21 I ask you to look at this document and also I
22 would like to ask you if you have seen this document, and if
23 in fact this was a working document that you used when
24 working with this group that you and Mr. Crnich and Mr.
25 Gordon and Mr. Kulisek were part of.

1 A Yes. This appears to be the document that we used
2 as a source of the issues that we were trying to address
3 with this effort that we previously discussed.

4 Q Let me ask you -- did you ever tell anyone that
5 the statements made by Mr. White in the March 20th, 1986,
6 letter to the NRC regarding Watts Bar being in compliance
7 with Appendix B could not be supported?

8 A Did I ever tell someone that the statement could
9 not be supported? I never remember making such a statement,
10 no.

11 Q Okay. Do you know if anyone ever told you that
12 they had told that to Mr. White?

13 MRS.
 MR. CHARNOFF: You mean, somebody else had told
14 that to Mr. White?

15 THE WITNESS: Do you mean, did anyone ever tell me
16 they told Mr. White that that statement could not be
17 defended?

18 BY MR. WILLIAMSON:

19 Q Right.

20 A I recollect no such discussion with anyone.

21 Q Okay. And I ask that having information that you
22 provided today that you worked there from March of '86 for
23 an extended period of time on many of these Restart Issues,
24 or Task Force issues.

25 Did you ever personally feel that the statements

1 made by Mr. White in his March 20th letter could not be
2 supported or defended?

3 A I can't say that I ever reached a conclusion on
4 whether TVA was in compliance with Appendix B. I never felt
5 I knew enough about the plant, its design, and its hardware
6 to come to such a conclusion.

7 Q Did you ever express any disagreement with Mr.
8 White's statement to anyone in regard to the letter itself,
9 and/or the enclosures?

10 A Disagreement. I don't remember -- and I can't say
11 that I ever -- I can't rule out the possibility of
12 disagreeing with items or words in the report.

13 But, again, I don't think I have ever had enough
14 information or gathered enough information to come to a
15 conclusion about agreeing or disagreeing with the overall
16 conclusion of the report.

17 Q So you never told Mr. White or anyone else that
18 you did not feel that his letter could be supported through
19 documentation and subsequent reviews that you were involved
20 in?

21 A Again, I don't think I have ever -- I don't feel I
22 have or have had enough information to come to that
23 conclusion.

24 MR. WILLIAMSON: I don't have any more questions.

25 MR. MURPHY: I have a couple.

1 BY MR. MURPHY:

2 Q Did any other member of your team -- the three,
3 four, five man team that you have described -- did anyone of
4 them ever express an effort in the same regard? That they
5 didn't think that letter could be supported as a result of
6 the study you did?

7 A As a result of the study we did. I am not sure I
8 understand.

9 MRS. CHARNOFF: Wait. There are two ambiguities.
10 One, when you say the team. Are you talking about the group
11 who worked with me, or the Watts Bar Task Force?

12 BY MR. MURPHY:

13 Q No. The small group -- three, four, five. I am
14 told the Watts Bar Task Force was somewhere, 19, 20 people.

15 A I was never associated with a group of 19 or 20
16 people called Watts Bar Task Force.

17 Q How large a group was that?

18 A The group that worked on the work product was, as
19 stated, four or five people. And for the time that I was a
20 member of the task force, that was the group.

21 Q The same group of folks that did the work on this
22 document here?

23 A There were a number of people that went through
24 the position Watts Bar Task Force.

25 Q Okay.

1 A And I guess the letter that assigned me was a
2 letter that talked to reinstitute. And I was part of that
3 reinstitution.

4 The number of 15 or 20 may be a good number for
5 all the people that at one point in time or another served
6 on that Task Force.

7 But I think earlier I listed the names of all of
8 the people that served on the Task Force while I was a
9 member.

10 BY MR. WILLIAMSON:

11 Q Let me interrupt just for one moment, and ask Mr.
12 Matthews -- I have a document here that was provided to us
13 by TVA. And it is entitled, "Watts Bar Startup Task Force
14 Members."

15 I would like for you to look at this and tell us
16 if these are the people that you worked with on the Watts
17 Bar Task Force. And I will distinguish between that, and I
18 guess call it the Charnoff Report, or that Mrs. Charnoff
19 worked on with you.

20 A I guess from this list of participants, these are
21 probably people that at one point in time over the life of
22 the Watts Bar Task Force served on that Task Force.

23 From this list, I see one name that I did not call
24 earlier and that is B. Charleson. Another name that I did
25 not call earlier is R. McKay. During my assignment at Watts

1 Bar for that Task Force, he was a participant. And they are
2 the only names I see that I didn't call earlier.

3 I guess I left out G. Toto. He was designated the
4 Task Force Leader. And I don't think I called his name
5 earlier, either.

6 Again, on the work product for Mrs. Bauser
7 Charnoff, the names that I previously discussed were the
8 prime inputers. There certainly were discussions with
9 George Toto as Designated Leader.

10 The association with Ben Charleson was a Volume 4
11 association, and a similar occurrence with Bob McKay.

12 BY MRS. CHARNOFF:

13 Q When you say a Volume 4 association, you mean not
14 the work in connection with me.

15 A Right. The interface with them was primarily to
16 generate the Volume 4 portion of the Task Force assignments.

17 MR. MURPHY: That is a list of 15, 20 people that
18 I was referring to. That has been furnished to us by TVA.

19 MRS. CHARNOFF: Okay.

20 THE WITNESS: I just recognized another name.
21 There is an R. Foley here that was a member of the Task
22 Force while I was there.

23 And again, as I remember, his was a Volume 4
24 interface.

25

1 BY MR. MURPHY:

2 Q Let me get back to my question, my specific
3 question.

4 Of the group that worked on this document, do you
5 know if any of them expressed the opinion that Mr. White's
6 letter of March 20th could not be supported as a result of
7 the information you developed during the work you did on the
8 work product?

9 MR. MESERVE: When you say, "this document," you
10 are referring to that staff congressional report?

11 MR. MURPHY: Congressional staff report.

12 THE WITNESS: And if I understand your question
13 is, did they ever say to anyone a conclusion that they had
14 drawn? And I can't answer that.

15 I can say that none of them ever expressed to me
16 that the document is not valid or defensible or --

17 BY MR. MURPHY:

18 Q And the document we are talking about is the March
19 20th letter.

20 A The March 20th letter, yes.

21 MR. MURPHY: That's it.

22 MR. WILLIAMSON: Mr. Aloit?

23 (No verbal response)

24 MR. WILLIAMSON: Mr. Meserve, do you have any
25 additional questions?

1 MR. MESERVE: I have nothing further.

2 MR. WILLIAMSON: Mrs. Charnoff?

3 MRS. CHARNOFF: No, thank you.

4 MR. WILLIAMSON: Mr. Matthews, I want to take this
5 opportunity to thank you for your time today. For agreeing
6 to be interviewed here at this time.

7 In closing, I would like to ask you if I or any
8 other NRC representatives here have threatened you in any
9 manner or offered you any reward in return for this
10 testimony?

11 THE WITNESS: No. I have neither been threatened
12 nor rewarded financially or otherwise for this participation
13 by anyone in the room.

14 MR. WILLIAMSON: Have you given this testimony
15 freely and voluntarily?

16 THE WITNESS: Absolutely.

17 MR. WILLIAMSON: Is there anything you would like
18 -- additional information you would like to add to the
19 record?

20 THE WITNESS: I have no additional information to
21 add to the record at this point.

22 MR. WILLIAMSON: Is there any additional
23 information that anyone would like to add to the record at
24 this time?

25 (No verbal response)

1 MR. WILLIAMSON: If there is no additional
2 information, then this interview is concluded at 1:25 p.m.,
3 on July 14, 1988.

4 (Whereupon, at 1:25 p.m., the interview was
5 concluded.)

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This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of:

Name: Investigative Interview: Michael R. Matthews
(Closed)

Docket Number:

Place: Boston, Massachusetts

Date: July 14, 1988

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken stenographically by me and, thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.

151 K.C. Sekander

(Signature typed): K.C. Sekander

Official Reporter

Heritage Reporting Corporation

Michael R. Matthews

NOTED AUG 11 1988

MR
Matthews

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