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INVESTIGATIVE INTERVIEW  
OF  
RICHARD M. FREEMAN

MAY 5, 1987

APPEARANCES:

- LEN WILLIAMSON
- DAN MURPHY
- MARK RHEINHART
- LARRY ROBINSON

Representing Mr. Freeman was: DEBORAH BAUSER, ESQ.

8901090046 880314  
PDR ADOCK 05000390  
Q PDR

EXHIBIT 90

1 MR. WILLIAMSON: I've got some things to read, introductory  
2 remarks, and then we'll get into some questions  
3 and wrap this up. For the record, it is now  
4 1:15 P. M., May 5th, 1987.

5 REPORTER: Two.

6 MR. WILLIAMSON: Excuse me. This is an interview of  
7 Richard M. Freeman, who was formerly a member  
8 of the Board of Directors for the Tennessee  
9 Valley Authority. The location of this inter-  
10 view is Knoxville, Tennessee. Present at this  
11 interview are Dan Murphy, Larry Robinson, Mark  
12 Reinhart, Deborah Bauser, who has been retained  
13 by Tennessee Valley Authority to act as personal  
14 counsel to Mr. Freeman. The subject matter of  
15 this interview concerns your knowledge or  
16 involvement in the March 20th, 1986 response  
17 from TVA to NRC regarding compliance with  
18 10 CFR 50 Appendix B at Watts Bar Nuclear Plant.  
19 Mr. Freeman, do you have any objection to swearing  
20 to the testimony you are about to give?

21 MR. FREEMAN: No.

22 MR. WILLIAMSON: Please stand and raise your right hand.

23  
24 MR. RICHARD M. FREEMAN, after first being duly  
25 sworn, testified as follows:

DIRECT EXAMINATION BY MR. LEN WILLIAMSON:

1  
2  
3 Q Mr. Freeman, for the record, would you please  
4 state what your current position is, what your  
5 former position was with TVA, and give us a  
6 brief professional and educational background,  
7 please?

8 A Working backwards, I am now resting after having  
9 resigned from the Board of Directors of TVA on  
10 February 13, 1986. I was sworn in as a member  
11 of the Board in October of 1978. Prior to that,  
12 I was Vice President, general counsel and Trustee  
13 of the Northwest, Chicago and Northwestern  
14 Transportation Company in Chicago, Illinois.  
15 Prior to that, I was in the practice of law in  
16 Chicago with the law firm of Bell, Knapp, Spencer,  
17 Hardy and Freeman, and prior to that, from 1948  
18 to 1957 I was an attorney with the Tennessee  
19 Valley Authority in Knoxville, Tennessee. Prior  
20 to that, I graduated from law school in 1948.  
21 I was in the United States Navy during World War  
22 II from 1943 to 1946. Prior to that, I was --  
23 attended Wabash College in which I obtained a  
24 Bachelor's degree in 1943. I was born in  
25 Crawfordsville, Indiana.

1 Q Thank you. Mr. Freeman, would you relate to us  
2 if you would any knowledge or involvement you  
3 had in a March 20th, 1986 response from TVA from  
4 Mr. White to the NRC concerning TVA's compliance  
5 with Appendix B at Watts Bar. Now, this was a  
6 response which was elicited by NRC in January  
7 of 1986 as a result of a presentation made to  
8 Commissioner Asselstine by NSRS in December, 1985,  
9 and I would like if you would to elaborate any  
10 knowledge you have of that letter, any involvement  
11 you might have had in that letter.

12 A I left TVA in February, February 13, 1986. At  
13 that time, the letter had not reached my desk.  
14 I have been advised that subsequent to that time  
15 a letter was sent signed by Mr. White. I'm  
16 unfamiliar with that letter. I have not seen it.  
17 I had not seen it before I left, of course, even  
18 a draft or any other form. I was familiar with  
19 the request that the NRC made for TVA to express  
20 its "corporate position" as I recall with  
21 respect to its compliance with Appendix B. That  
22 did -- that letter was received in TVA before  
23 I left, but I did not participate in any manner,  
24 shape or form in the response to that letter  
25 except to, of course, take the steps to see that

1 a response was in the works, but that was the  
2 total extent of my involvement.

3 Q What steps would you have taken to see that the  
4 response was...

5 A Well, as I recall, first, first we asked, and I  
6 think it was the Chairman who sent a letter to  
7 the Commission and asked the Commission to give  
8 us additional time because they had asked for a  
9 response in some very short period of time.  
10 And we had by that time retained, hired or on a  
11 loaned employee contract Admiral White. He was  
12 not yet on board. He was to come on board in a  
13 week or so, and we asked the Commission if they  
14 would give us additional time because he  
15 obviously should be involved in the response to  
16 that letter, and he needed time to get acquainted  
17 with TVA generally and its nuclear program  
18 specifically, and then finally, of course, to  
19 address himself to that specific question that  
20 the Commission was asking. We asked for such  
21 time, and I gather it was granted because we  
22 didn't meet the deadline that the NRC had  
23 suggested in their original request.

24 MR. ROBINSON: You said, Mr. Freeman, that you didn't see  
25 any earlier drafts of that letter that finally

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went out at all. Is that correct?

A That's correct. I don't even know whether there were any, but I didn't see any. I saw nothing in writing nor did I have any discussions with Admiral White about Appendix B that I can recall.

MR. ROBINSON: Are you familiar with the name Robert Mullen, Bob Mullen, who was the QA Manager?

A Yes. I know who Mullen is.

MR. ROBINSON: Did Mr. Mullen ever to your knowledge bring either you or any other members of the Board a proposed draft letter?

A I have no recollection of ever seeing a draft letter that he brought to me or anybody else brought to me.

MR. ROBINSON: Okay. Were you as a member of the Board expecting to give concurrence or approval to that letter before it went out?

A Well, as I recall, our response to the Commission indicated, because they had asked for a corporate, that the Board would concur, would review it and concur.

MR. ROBINSON: Okay.

A That hadn't -- the matter was not ripe by the time I left so, of course, that -- I had had no

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1 opportunity to take any steps with respect to the  
2 response.

3 MR. ROBINSON: Back in the October/November of 1985 time  
4 frame when Mr. White and Mr. Wagner and Mr.  
5 Miles and Stone and Webster came into TVA for a  
6 brief period to kind of give an initial analysis  
7 of the, I guess not only the nuclear situation  
8 but the management situation within nuclear,  
9 were you briefed by them at any time regarding  
10 their finding?

11 A We had a briefing with a large -- or probably the  
12 entire team but certainly a large group from  
13 Stone and Webster in Knoxville about their  
14 review of TVA.

15 MR. ROBINSON: And can you to the best of your recollection  
16 summarize the results of that review?

17 A Well, it was -- in essence, they told us what  
18 I think I was then quite familiar with - that we  
19 had severe management problems, and we had severe  
20 problems as a result thereof at our nuclear  
21 plants.

22 MR. ROBINSON: Did they specifically mention anything  
23 regarding the QA program itself to your  
24 recollection?

25 A I don't have any specific recollection that QA

1 was mentioned, but it would be reasonable to  
2 assume that it might have been. The briefing  
3 may have taken at least an hour and probably more  
4 than that, and they did detail some of their  
5 -- they used examples, as I recall was their  
6 technique of presentation, examples of what they  
7 meant when they said we had a generic kind of  
8 a problem. And they may have referred to  
9 Appendix B or they may have referred to QA. I  
10 just -- I can't remember specifically.

11 MR. ROBINSON: Do you recall -- was this briefing presented  
12 to the three members of the Board and the General  
13 Manager, or can you -- or other people?

14 A Well, it certainly included the three members of  
15 the Board, and it included the General Manager.  
16 There may have been others there from TVA. I'm  
17 a bit hazy about that.

18 MR. ROBINSON: Okay.

19 A There was a larger number of Stone and Webster  
20 people than TVA people. I just don't recall  
21 who else was there besides those I mentioned.

22 MR. ROBINSON: Was it primarily as a result of this  
23 assessment that the decision was made to hire  
24 Mr. White as Nuclear Manager or...

25 A Primarily? No. This was a factor along with



1 many, many others that indicated that we needed  
2 to do something. We asked Mr. White to stay  
3 afterwards, and he made a presentation of what  
4 he would do, and he was the only one present  
5 at that meeting. We explored with him various  
6 options, and we were under considerable pressure  
7 at that stage from the Congress to appoint a  
8 nuclear adviser, and we were under pressure from  
9 Congress and from members of the Commission to  
10 do something about getting rid of some of the top  
11 management people, and Commissioner Asselstine,  
12 for example, exerted some pressure in that  
13 regard so that there were a whole number of  
14 reasons why we concluded that we needed to make  
15 a management change. One of the factors that  
16 was important was our general counsel had devised  
17 a way in which we could hire somebody and avoid  
18 the salary ceiling, which had been -- which was  
19 what had put us behind the eight ball to begin  
20 with. I think I covered that with you gentlemen  
21 before.

22 MR. REINHART: Mr. Freeman, do you remember what Mr. White  
23 told you in his portion where you asked him what  
24 he would do? Do you remember what he...

25 A Well, we explored -- we didn't at that stage deal

1 with the specific substantative issues about the  
2 plants when we talked with him. You're referring  
3 to our talk with him after...

4 MR. REINHART: Yes, Sir.

5 A When we talked with him, we talked about the role  
6 of a nuclear adviser, role of bringing in  
7 consultants, a rôle for him or somebody else  
8 as a replacement for our line. We were talking  
9 about ways of dealing with the problem, not  
10 about -- we finished with discussing the  
11 problems, and this was solution time.

12 MR. REINHART: Okay.

13 MR. WILLIAMSON: Did he offer his services as an adviser  
14 or as a manager?

15 A We certainly inquired of him as to whether he  
16 was available. Whether he said, gave us an  
17 answer, and I don't think we -- we didn't make  
18 an offer to him at that stage, but we certainly  
19 explored with him the possibility. We didn't  
20 make an offer, and it's my recollection that  
21 because we didn't, we probably did ask him his  
22 availability, and I'm not sure whether he  
23 indicated he was completely available or not.  
24 He may have indicated that that would be  
25 troublesome for him because he had some other

1 commitments and that he'd like to say -- thought  
2 he might spend some time on the farm. But in  
3 any event, there was nothing -- there was no  
4 firm commitment made at that stage on either  
5 side.

6 MR. WILLIAMSON: Was there any discussion about whether  
7 he would accept a position as an adviser or  
8 vice manager of Nuclear Power Operations, or do  
9 you recall any discussions about specific...

10 A Well, he was very firm in the view that the  
11 nuclear adviser role would not be successful,  
12 a view I shared, so that I don't think we got to  
13 the stage of asking him whether he would take  
14 that job if it were offered to him.

15 MR. WILLIAMSON: Would this adviser have been adviser to the  
16 Board or to the General Manager or to the...

17 A Well, the concept -- this was a Congressional  
18 concept, and the Congressional concept would be  
19 an adviser to the Board.

20 MR. WILLIAMSON: You mentioned earlier and I think maybe  
21 in a previous discussion that we've had, you  
22 said you were aware of some of the problems  
23 at TVA.

24 A Right.

25 MR. WILLIAMSON: And the presentation made by Stone and

1 Webster, Mr. Larry Nace I think was the principal  
2 speaker of the initial presentation.

3 A Yeah. I don't recall the names, but that may...

4 MR. WILLIAMSON: And Mr. White.

5 A ...very well be. Certainly, Admiral White did a  
6 lot of talking, and there were others who did.

7 MR. WILLIAMSON: Was this presentation more positive than  
8 negative or more negative than positive?

9 A I would say it was more negative than positive.

10 MR. WILLIAMSON: But were you surprised by their findings?

11 A No.

12 MR. WILLIAMSON: You were not?

13 A I was not.

14 MR. WILLIAMSON: Thank you.

15 MR. MURPHY: Were you also present during a presentation  
16 given by Bob Sauer, which was almost like a  
17 rehash of his presentation to Commissioner  
18 Hasselstine?

19 A Yes, I was.

20 MR. MURPHY: What was the tone of that meeting?

21 A Well, we asked Sauer to make -- when we learned  
22 that the presentation had been made to  
23 Commissioner Asselstine, we asked Sauer to give  
24 us roughly the same presentation he had made  
25 to Commissioner Asselstine, and he did so.

1 MR. MURPHY: Well, were you surprised at any of his --  
2 what has now been listed as NSR's perception?  
3 I mean was there any...

4 A Well, I'm not sure whether it was NSRS's perception.  
5 He came down stronger with respect to some of  
6 the issues than I had otherwise heard, and I'm  
7 not sure whether that was NSRS's position or not,  
8 but he was clear as to what his position was.

9 MR. MURPHY: Was the line organization present during that  
10 briefing?

11 A Yes.

12 MR. MURPHY: What was their response? I mean...

13 A There wasn't a lot of discussion, and I'm -- the  
14 reason for the meeting was for Sauer to enlighten  
15 the Board as to what his position was, and I  
16 don't recall how much the line had to say and  
17 how much they were listening. It was not -- it  
18 followed a meeting. We had had a meeting on  
19 nuclear, which all the people from Chattanooga  
20 were up, and this followed that meeting. I'm just  
21 hazy. I don't recall. But it was clear as a  
22 result of that session that there was a difference  
23 of opinion. Whether it was a difference between  
24 -- difference of opinion between NSRS and the  
25 line or whether it was within NSRS as well, I

1 don't know, but it didn't make any difference.  
2 Sauer was taking a position that -- and he was  
3 quite articulate about it, and that required  
4 attention. And shortly thereafter or  
5 contemporaneously, I'm not sure which, we received  
6 a letter from the Commission asking us very  
7 naturally what TVA's position was, and we would  
8 have had to come up with a position whether we'd  
9 been asked or not.

10 MR. MURPHY: Historically, had there been a great deal of  
11 disagreement between the line organization and  
12 NSRS?

13 A Well, the pattern of operation was for NSRS to  
14 prepare reports and to give the line time to  
15 respond, and usually, the line said, "Yes, you're  
16 right. We'll fix it." In that sense, there  
17 wasn't -- and I saw those reports. I asked to  
18 see them, and I saw those reports, and I asked  
19 and received the line's responses, and if there  
20 was a disagreement and it wasn't worked out, then  
21 I wanted to know about it. I think in almost  
22 all cases, if not all cases I can recall, the  
23 line would eventually say, "Okay. We'll fix it."  
24 The problem that usually occurred that sometimes  
25 they said they would fix it and it didn't get

1 fixed, and NSRS was not very good at followup.  
2 MR. MURPHY: Who was NSRS was responsible as far as reporting  
3 their findings to? Was it so that they  
4 would report to the Board?

5 A In the early stages when we first set them up,  
6 and I'm one of the two Directors responsible  
7 or organizing the group, they reported  
8 quarterly, at least quarterly. If they had  
9 something to tell us, they reported to the  
10 General Manager and the Board, and if they  
11 didn't have anything specifically to tell us  
12 before a quarterly meeting, then they reported  
13 to us quarterly. We would sit down with them  
14 and spend two or three hours in the conference  
15 room above us. And then toward -- sometime in  
16 1985 we began getting weekly reports from NSRS  
17 in addition. Now, I got their written reports  
18 regularly, but in addition, we had weekly  
19 sessions with NSRS in Bill Willis' office.  
20 Monday mornings I think.

21 MR. MURPHY: Why was this? How do we go from monthly to  
22 weekly?

23 A Well, the problems, the problems, the apparent  
24 problems, the real problems or apparent problems  
25 were getting more serious, and we had two plants

1 shut down for one thing. Interestingly and  
2 disappointingly, NSRS had nothing to do with  
3 shutting down those two plants. That was a line  
4 decision, which told me something about NSRS.  
5 The line recommended, specifically Hugh Paris,  
6 shutting down both Browns Ferry and Sequoyah.  
7 Those were not decisions -- there was not a  
8 dispute about that in the sense that NSRS said  
9 shut down a line. It was a line decision.

10 MR. MURPHY: If over the years there was a dispute, who had  
11 the ultimate authority to resolve those?

12 A Well, the Board would have to resolve. The  
13 General Manager and the Board would resolve.  
14 That's what that's -- that's what we're for.

15 MR. MURPHY: There's no question in your mind about that?

16 A That's right.

17 MR. MURPHY: In the letter -- do you have the January, 1986  
18 this is a January 9th, 1986 letter from Mr. Dean  
19 to Harold Denton, and it says here that, "The  
20 situation apparently involves the differing of  
21 professional opinions within TVA, and we expect  
22 Mr. White to look into the matter as soon as  
23 reasonably possible." Did you view -- I mean I  
24 understand that Mr. Dean wrote the letter, but  
25 obviously, this -- does he get the concurrence



1 of the Board members?

2 A I don't know specifically whether he did, but our  
3 procedure -- it would show by -- the file would  
4 show by initials because we have a stamp, and  
5 if I approved it, there would be a stamp and  
6 my initials would be on it. I don't know whether  
7 that's -- whether there is such a stamp or  
8 whether that's the -- whether that's the letter  
9 or not.

10 MR. MURPHY: Let me ask you Did you feel that...

11 A I'm sure we -- let me cut through. I'm sure we  
12 discussed the response and that we needed time  
13 and that the -- and we should request from the  
14 Commission that we have time and that -- for a  
15 very good reason - that obviously, we had a new  
16 person coming on board and he should be given  
17 the opportunity to take a look at it, and that  
18 would take some time. So I know I had that  
19 discussion with the Chairman. Now, whether I  
20 saw saw, whether I saw and approved that  
21 specific letter, I don't know.

22 MR. MURPHY: Let me ask you a specific question. Did you  
23 view the Sauer presentation as a different  
24 professional opinion?

25 A Well, that's a -- you're using that as a term of

1 art, I guess. I don't -- and I -- it was, it was  
2 a professional opinion that may have differed  
3 from that of others. So if that's a different...

4 MR. MURPHY: I'm only suggesting that for two reasons. One,  
5 it's mentioned in the letter. Secondly, TVA has  
6 a Code 10 which says that the Board is ultimately  
7 responsible for resolving differing professional  
8 opinions.

9 A Correct. For -- well, we're responsible for  
10 resolving differences of opinion, professional  
11 or otherwise.

12 MR. MURPHY: Well, it specifically addresses differing  
13 professional opinions. I mean can we characterize  
14 -- did this letter meet with your approval in the  
15 sense that you may have had a different  
16 professional opinion?

17 MS. BAUSER: Can I get a clarification? When you asked him  
18 if he considered it, are you asking him if at the  
19 time he considered it?

20 MR. MURPHY: Certainly.

21 MS. BAUSER: Okay.

22 A And now I'm lost. What's the question?

23 MR. MURPHY: If you considered the presentation by Sauer  
24 to be a different professional opinion inasmuch  
25 as maybe the line organization didn't entirely

1 agree with him.

2 A Yeah, I guess I wasn't -- it wasn't clear to me  
3 at that stage to what extent there was  
4 disagreement within the organization, but he  
5 had an opinion which he held very strongly, which  
6 I had to take quite seriously. And certainly,  
7 it required that we have a full exploration of  
8 the issue. To what extent there was a difference  
9 of opinion, I'm not clear to this day, and if I  
10 was clear then, I don't know. But it was an  
11 important issue that he had raised. The thing  
12 I'm hazy about is to what extent differences --  
13 to what extent there were differences either  
14 within NSRS or between the line and Sauer.

15 MR. MURPHY: Prior to your departure in February, did  
16 anyone express a difference inasmuch as the  
17 bottom line of Mr. Sauer's presentation was that  
18 TVA wasn't complying with Appendix B at Watts  
19 Barr? Did anyone attempt to refute that  
20 testimony to you?

21 A I don't recall. We hadn't reached that stage.  
22 I don't recall refutation of it.

23 MR. MURPHY: Okay.

24 A That was the burden of what the investigation  
25 would be about.

1 MR. MURPHY: In this letter, it also says, "In order to  
2 adequately respond to the inquiry, TVA Board  
3 concurrence would be needed after consultation  
4 with the staff." If you were still present,  
5 and this is a hypothetical question, but if you  
6 were still present as a member of that Board,  
7 would you have expected Mr. White to show you  
8 that letter before it was sent to the NRC?

9 A Yes.

10 MR. MURPHY: Would you have allowed it to have went out  
11 without being at least presented to you?

12 A Well, I, I'm not sure I can answer the second  
13 question. I can answer the first question. What  
14 I would have done if I had not had the opportunity?  
15 I don't know what I would have done.

16 MR. MURPHY: In your opinion does the term "Board  
17 concurrence" mean that they would have reviewed  
18 the letter before it went out?

19 A Well, those are not my words. So I'm -- your  
20 guess is as good as mine. I've answered your  
21 question, would I expect to look at it, and the  
22 answer is yes.

23 MR. ROBINSON: Now, Mr. Freeman, after you had that meeting  
24 in the Board Room where Mr. Sauer reviewed his  
25 presentation that went on to Mr. Asselstine, this

1 was before Mr. White came on board. Did .

2 Mr. Willis or any other members of the Board  
3 specifically lay a responsibility on certain  
4 managers to get moving on a response to NRC?

5 A Well, just to be sure about the timing, as I  
6 recall, we got that letter in January by the  
7 time we had hired White, but he was not -- hadn't  
8 reported yet.

9 MR. ROBINSON: Right.

10 A I think that's the timing.

11 MR. ROBINSON: Okay.

12 A Although I don't vouch for anything for certain  
13 on timing at this late date. Too much time  
14 has gone by.

15 MR. ROBINSON: Well, the letter was...

16 A But in any event, I -- my only -- to help answer  
17 the question, my only recollection is that  
18 when we, when we got the request from the  
19 Commission, we took the order or the action  
20 which was to ask Willis get -- in due course  
21 get this, get the response under way. That's the  
22 way we normally did things, and I think I must  
23 have done that either formally or informally  
24 in that case as well.

25 MR. ROBINSON: And do you recall Mr. Willis, before you left

1 TVA, ever coming to you and giving you a status  
2 report on the progress of that procedure?

3 A I don't recall any status report. There were an  
4 awful lot of things cooking at that stage, you  
5 might imagine.

6 MR. REINHART: Mr. Freeman, back on what was eventually  
7 called the management assessment when Swak, Beta  
8 and Mr. White came in and did that late '85  
9 assessment, were there any notes or slides or  
10 written documents of their findings that were  
11 left?

12 A My recollection is that there were three or four  
13 sheets that were - excuse me - passed out, and  
14 that's the sum and substance. There were -- it  
15 was not a dog and pony show. It was mostly a  
16 discussion, but I think there were three or four  
17 pages of notes that they made available to us so  
18 we could follow the discussion is my recollection.  
19 In the meeting with White afterwards, there was  
20 a single sheet of -- an option sheet, but that  
21 was in a different -- dealing with different  
22 subject in a sense. It was dealing with solutions.

23 MR. REINHART: Do you have any of those...

24 A No.

25 MR. REINHART: ...or copies of those sheets?

1 A I have, I have seen some sheets.  
2 MR. WILLIAMSON: Mr. Freeman, look. We have some documents  
3 here entitled...

4 A I didn't bring anything with me.

5 MR. WILLIAMSON: ..."TVA Study Finding." Was this the  
6 documentation provided you if you can recall?

7 A You know, I -- there were three or four sheets.  
8 These are four sheets. Whether these are the  
9 four sheets, I don't know. There's a -- the  
10 first sheet is a list of the names of people  
11 present. Certainly, White was present. Nace was  
12 present. You know, I can't tell you at this date  
13 whether these are the sheets that were passed out  
14 or not.

15 MR. MURPHY: How about the general topics discussed? Was  
16 that...

17 A Introduction, purpose, to review activities, that  
18 -- well, these were the kinds of subjects  
19 discussed. Whether we discussed all of these  
20 subjects or whether these were the sheets, I don't  
21 know, but could be.

22 MR. WILLIAMSON: How about the conclusions, were those the  
23 conclusions that you recall?

24 A Credibility is poor. They probably said that.  
25 Magnitude of the problem. I just can't recall

1                   specifics. I can, I can speculate, but that's  
2                   not worth anything to you or to the record.

3                   I'm sorry, but just too much time has gone by.

4   MR. REINHART: I understand. Do you remember a little bit  
5                   later a report of an effort that was called a  
6                   Systematic Analysis that was done later on,  
7                   basically a review of several hundred documents?  
8                   Does that ring a bell?

9   A                It doesn't ring a bell.

10   MR. MURPHY: These documents were all external reports,  
11                   all negative towards TVA? In other words, NRC  
12                   Inspection Reports and full reports, the Black  
13                   and Beech Report (sic).

14   A                I'm well aware of a large number of negative  
15                   reports. Is that what you're asking me?

16   MR. MURPHY: This was a study -- the study involved...

17   MR. ROBINSON: This was a compilation.

18   A                I'm not familiar with a compilation.

19   MR. REINHART: I think Larry Nace was involved in that.

20   A                Could be. I just don't know.

21   MR. REINHART: Does the name Craig Lundeen ring a bell with  
22                   you or any effort that he might have done in  
23                   any connection?

24   A                No.

25   MR. REINHART: Was the Board aware before Commissioner



1 Asselstine came on December 19th that he was  
2 coming?

3 A We must have been. We took him to lunch, and I  
4 think that was before he visited with NSRS, and  
5 I think I made the luncheon arrangements. It  
6 was held at my club. So we must have been aware,  
7 yes. As a matter of courtesy, when Commissioners  
8 came, and they often came to visit us, we usually  
9 had some notice. I don't recall the specific  
10 notice.

11 MR. REINHART: At TVA just as a matter of policy, when a  
12 Commissioner visited or was given a presentation,  
13 would it be normal to have that presentation  
14 approved ahead of time by management?

15 A No. No.

16 MR. REINHART: It would just be whoever wanted to speak  
17 at the time or...

18 A Well, if a Commissioner of the NRC shows up, the  
19 Commissioner could talk to anyone about any  
20 subject that he wishes as far as I'm concerned  
21 without my "concurrence" or not.

22 MR. REINHART: Okay.

23 A That, by the way, is true of staff members. It  
24 happens all the time. I think that's -- otherwise,  
25 I would be interfering with the processes I have

1 no right to interfere with.

2 MR. REINHART: When TVA got the request to provide the  
3 corporate position as to whether or not 10-0 pegs  
4 be required or be met at Watts Bar, from your  
5 perspective when you were asked were those  
6 requirements being met, what did that mean to you?

7 A I guess I don't understand the question.

8 MR. REINHART: When you were asked the question, "Are these  
9 requirements being met?", in your mind what would  
10 that mean? What would it mean to meet those  
11 requirements?

12 A Well, the provisions of Appendix B are reasonably  
13 explicit. I think -- I've reread them, and  
14 they're much more subjective than I had recalled,  
15 but it seems to me there are so many issues  
16 where opinions are involved, but they're -- they  
17 purport to be reasonably explicit.

18 MR. REINHART: Would you say that they require you to have  
19 a program?

20 A They certainly -- the word "program" is used  
21 quite regularly.

22 MR. REINHART: Okay. Would you say they required you to  
23 implement...

24 A You know, what a program -- I think where it gets  
25 hazy is what's a program, and is a bad program a

1 program? You know, there are all kinds of --  
2 there are all kinds of fuzzy things that could  
3 -- as you well understand.

4 MR. REINHART: Well, once you had the program, would you  
5 say to meet the requirements you would have to  
6 implement that program?

7 A I forget whether the word "implementation" is  
8 used, but I'm speculating now. I would not --  
9 you know, you don't want me to speculate.

10 MR. REINHART: Well, from your...

11 A A program doesn't make any sense if you don't  
12 implement it.

13 MR. REINHART: Okay. Exactly. Criterion 1 says you'll  
14 have and execute.

15 A Sounds reasonable.

16 MR. REINHART: All right. Okay.

17 MR. MURPHY: And also, you would hope that -- I think Watts  
18 Bar was in its twelfth year of construction.  
19 You would hope they had implemented the program  
20 by then?

21 A Well, whether it was the program or a...

22 MR. MURPHY: Whatever program you're committed to, you would  
23 hope they had implemented it.

24 A Correct.

25 MR. REINHART: For the policy of the Board in dealing with

1 regulation or regulating agency like the Nuclear  
2 Regulatory Commission, would it be the desire to  
3 use straightforward language as opposed to  
4 language that's kind of real vague and real  
5 broad?

6 A I guess I don't -- you know, I don't...

7 MS. BAUSER: Would you just repeat what you said? I didn't  
8 understand.

9 MR. REINHART: Would it be the policy of the Board in  
10 responding to requests or letters of request  
11 from agencies like the NRC, would it be your  
12 policy to come back and answer requests in  
13 straightforward language as opposed to...

14 A Well, I can only speak for myself. I try to be  
15 straightforward at every opportunity I can,  
16 but, of course, that's difficult, and as I  
17 mentioned, Appendix B, you might have some people  
18 who are students of English saying that that's  
19 not straightforward, simple, American English,  
20 and so you have to look at the kind of question  
21 you're responding to in terms of looking at the  
22 answers. But yes, I personally try to give  
23 direct answers to any questions put to me even  
24 if it's fuzzy, but sometimes it's difficult.  
25 If you get fuzzy questions, you may get fuzzy

1                   answers.

2 MR. REINHART: Okay.

3 A                   I'm not sure I'm answering your question.

4 MR. REINHART: You answered it. That's good. Could you  
5 tell us when the Board did decide to hire Mr.  
6 White why they made that decision?

7 A                   Well, we made the decision -- I can only speak  
8 for myself. It was clear we had a large number  
9 of problems. In final analysis, they were  
10 management problems. We had been told by at  
11 least one Commissioner, Commissioner Asselstine,  
12 that he had no confidence in Hugh Paris in a  
13 meeting that he had with the Board. Our general  
14 counsel, we undoubtedly would have taken action  
15 before we did because we didn't know any way  
16 we could replace people with anybody any better.  
17 Our general counsel came up with a loaned  
18 employee doctrine which he said would permit us  
19 to pay someone or a group of people more than  
20 the salary limitation. That made it possible  
21 for us to go out into the marketplace. And the  
22 first person we attempted to hire turned us  
23 down, but that person strongly recommended White.  
24 Inquiries we made about White indicated he was  
25 a very effective person, had an excellent record

1 with the United States Navy in nuclear, and that  
2 and a lot of other factors went into the hopper  
3 that made us conclude that we should take the  
4 step. It was a drastic one, and -- but was  
5 necessary, I felt.

6 MR. REINHART: Was the fact that Mr. White had no previous  
7 commercial, nuclear or licensing experience  
8 considered?

9 A Well, I can't say it wasn't considered, but I  
10 didn't regard as that dispositive. He had run  
11 a very large organization. He was in charge of  
12 material procurement in the United States Navy,  
13 which is a bigger operation than this operation.  
14 So he had management experience, and he had  
15 nuclear experience, not commercial utility  
16 experience, but he had nuclear experience. He  
17 knew what nuclear was, had enough sense to know  
18 nuclear is something you worry about and are  
19 concerned. The Navy program, as I understand it,  
20 was a careful one, and he was trained by one of  
21 the very capable people in the world who has been  
22 in nuclear, who was involved in nuclear. So  
23 that his lack of commercial experience I didn't  
24 find dispositive.

25 MR. REINHART: Was there any reasoning by the Board in having

1 Mr. Mason as his deputy?

2 A Well, the objective which was made clear in ...  
3 initial Memorandum of Understanding, the  
4 objective was that this was to be a transition;  
5 that hopefully, in this -- we have a two year  
6 contract; that during this period when he and  
7 the people he was going to bring in, we hoped  
8 that we could deal with the salary issue, and  
9 we'd have an orderly transition back to TVA  
10 employees. And we were very close to resolving  
11 the salary issue in the Congress. It was aborted,  
12 but we had high hopes so that Mason was -- his  
13 record was good, and he was certainly a  
14 potential as far as I was concerned, a potential  
15 successor. May not have been the only one that  
16 we would have considered at the time, but he  
17 was a potential.

18 MR. REINHART: In his position as Deputy to Mr. White, would  
19 you have expected him to be involved in major  
20 issues such as responding to the Commission's  
21 requests...

22 A Oh, I can't answer -- I can't answer that  
23 question. It depends on how White wanted to  
24 operate and timing factors. I mean that's --  
25 I'm too far away to know. White's initial,

1 initial problem and thrust as far as I was  
2 concerned was not dealing with Appendix B but  
3 to get a grasp of the whole of the nuclear  
4 operation. And he came on board what - the  
5 second week in January. Of course, I left in  
6 the second week in February, so that we only --  
7 I was there only for a month while he was there,  
8 but my thrust with him was to leave him alone  
9 and give him a chance to get his arms around  
10 the organization. As a matter of fact, we had  
11 committed ourself to the NRC to have daily  
12 meetings with the head of Nuclear. We asked  
13 the Commission for relief from that provision  
14 because we wanted White to have time to study  
15 TVA, to put his team to work, and I'm not sure  
16 that dealing immediately with Appendix B on that  
17 issue was very high on his priority list, and it  
18 wasn't really high on mine. Everything was high  
19 on the list, but the first problem was to get  
20 his arm around the organization. And how he  
21 used Chuck Mason in those -- during that period,  
22 I don't know, and I'm not in a position to give  
23 him advice.

24 MR. REINHART: Okay. Well, you said that wasn't a high  
25 priority. Did you feel pressure from anybody to



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answer that in a hurry, or...  
A Well, we had a letter from the Commission saying  
answer it in a specific date. We asked for  
an indefinite extension, which we received.  
Everything was urgent at that stage, but the  
Watts Bar -- in terms of priorities, Watts Bar  
itself was not a high priority. It was not the  
highest priority at that stage. The highest  
priority at that stage as far as I was concerned,  
and I think we must have communicated that to  
White was we had an employee concern program  
going at Watts Bar, and the thing I was most  
interested in and I think many other were is,  
are any of the concerns expressed about Watts Bar,  
are those the case at Sequoyah? And that was the  
focus of a lot of my attention, and I think  
probably White's, and, therefore, there was a  
priority. In due course we would get to Watts  
Bar, but we needed to be sure that things were  
being flushed out about Watts Bar if they turned  
out to be the case, were not also the case with  
respect to Sequoyah.

MR. REINHART: With that extension granted, would you have  
felt either unresponsive or irresponsible or  
under more pressure had TVA, say, take until April

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1 or May to send that response?

2 A I -- no. That depends upon -- I left in February,  
3 and I don't know what transpired after that. I  
4 just can't give you a good answer to that.

5 MR. REINHART: Okay. With all of what was going on with  
6 TVA and with your ongoing experience, why did  
7 you pick that particular time to leave?

8 A Well, this is a -- this is a -- I'm not prepared  
9 to discuss that.

10 MR. REINHART: Okay.

11 A I don't mean to be evasive, but I haven't  
12 discussed that with anyone except my wife.

13 MR. REINHART: I'll tell you why I asked. One of the  
14 members of our staff had a comment that was  
15 attributed to you, that during another interview  
16 you were asked that question, and that the  
17 response that was attributed to you was that you  
18 didn't like to be threatened. Does that ring  
19 a bell?

20 A That I didn't like to be threatened?

21 MR. REINHART: Yes, Sir.

22 A I don't recall that I made any such comment. I  
23 don't recall that I was ever threatened.

24 MR. REINHART: Okay. Intimidated or...

25 A By whom? No, no. No, I -- I talked to these

1 two gentlemen right here. Did I -- do you recall  
2 I made any such comment as that?

3 MR. ROBINSON: No. When I was speaking to you, we were  
4 talking primarily about NSRS, and I don't even  
5 think we got into the subject of your resignation...

6 A I don't either, and I don't...

7 MR. ROBINSON: ...or retirement.

8 A Well, I don't have any -- and I don't recall ever  
9 being threatened in the sense that -- I felt  
10 very concerned, and I felt that a lot of --  
11 there were a lot of things going on beyond my  
12 control, but I don't think anybody threatened me.

13 MR. ROBINSON: One question that I have that I think is  
14 fairly important to get on the record, Mr. Freeman.  
15 Do you have any knowledge either then, back in  
16 early 1986, or now of any intent by anyone  
17 involved in that Appendix B response to mislead  
18 or deceive the NRC with regard to their status  
19 and compliance with Appendix B?

20 A I have no knowledge of any such attempt.

21 MR. ROBINSON: I don't have any other questions.

22 MR. MURPHY: Did you ever reach an agreement with Mr. Culver,  
23 who at the time was the Director at NSRS, that  
24 unless something was very, very important, some  
25 NSRS report was very, very important, he wouldn't

1 bring it to your attention?

2 A No, his -- my understanding with him was I got  
3 all of them.

4 MR. MURPHY: Oh, okay.

5 A And I did get all of them so far as I know.

6 MR. MURPHY: So then, there...

7 A I read them all without exception. So unless  
8 there was one that they didn't give me that  
9 I don't know about, and I doubt that.

10 MR. MURPHY: Then that agreement then didn't exist?

11 A No.

12 MR. MURPHY: Okay. When you...

13 A And I further had an understanding with him if  
14 there was anything that he thought should come  
15 to my attention, that he knew where I could be  
16 reached by telephone or in person.

17 MR. MURPHY: Like on an immediate basis?

18 A Yes, Sir. And we talked regularly. You know,  
19 this is a small town and a small building and  
20 I saw Culver regularly.

21 MR. MURPHY: And the meeting that you had with White and  
22 the Stone and Webster people made the presentation,  
23 was Mr. Paris present at that meeting? Do you  
24 know?

25 MS. BAUSER: Which presentation? I'm sorry.

1 MR. MURPHY: By Mr. White and Mr. Nace and the Stone and  
2 Webster people.

3 A Well, he was not present when we met with, with  
4 White alone. Of that I am certain. Whether he  
5 was present when the whole group was there, I'm  
6 hazy. I'm sorry. I just don't recall. I  
7 tend to -- I tend to think he was not, but I'm  
8 not certain of that. They had had the same  
9 kind of briefing. This briefing followed a  
10 briefing that Stone and Webster gave to Paris  
11 and his people, and I'm kinda speculating that  
12 it would have been -- and we asked for that,  
13 you know, brief the Board, and I'm speculating  
14 that as a result of that, he may have felt it  
15 wasn't necessary to be present, but I'm not  
16 certain about that. There must be some notes  
17 that indicate whether he was present or not.

18 MR. MURPHY: Well, let me tell you what testimony we have  
19 so far, and tell me your recollection of this  
20 testimony.

21 A Fine.

22 MR. MURPHY: That Mr. Paris was present at the meeting.  
23 After the meeting, the meeting adjourned sometime,  
24 say, in mid-morning initially to conduct a  
25 monthly telephone type and connect up with all

1 the plant managers.

2 A That was our daily meeting. Now, I don't remember  
3 that -- we had that. That's the daily meeting  
4 I spoke of that was done by phone.

5 MR. MURPHY: And at that time Mr. Paris left the room, you  
6 know, to conduct that telephonic...

7 A Could be.

8 MR. MURPHY: And then at that time came back and at that  
9 time was excluded from the meeting because you  
10 were having a meeting with Mr. White alone?

11 A Well, as was everybody else, you know. All the  
12 other people were excluded, too.

13 MR. MURPHY: Okay. And that wouldn't have been you just  
14 excluded Paris?

15 A No, no. We -- the other Stone and Webster people  
16 were excused. We met with White because we were  
17 talking about we wanted White's view of the  
18 job, of nuclear adviser or whatever. And no, no,  
19 I didn't recall if Paris was in any of the  
20 meetings, but it's certainly possible he was.

21 MR. MURPHY: Okay.

22 A But he was not present when we met with White  
23 for obvious reasons.

24 MR. MURPHY: When White took the job as Manager of Nuclear  
25 Power, did the Board, yourself or any other

1 Board member that you know of instruct Mr. White  
2 to get together with Mr. Paris and talk with  
3 him about the problems that existed historically?

4 A I didn't specifically ask him to do that, but  
5 I would be surprised if he didn't, but no. Did  
6 I ask him to? I don't recall asking him.

7 MR. MURPHY: Do you know if any other Board members did?

8 A I wouldn't know.

9 MR. MURPHY: I mean it didn't occur at any Board meeting  
10 you had or anything with Mr. White?

11 A Not that I recall. That just doesn't, doesn't  
12 stick in my mind.

13 MR. MURPHY: You said at one point that you weren't certain  
14 it was the position of Mr. Sauer or the position  
15 of NSRS...

16 A Right.

17 MR. MURPHY: ...on their perceptions. Did Kermit Witt, who  
18 was then the Director of NSRS, did he express  
19 to you the fact that this was or was not NSRS's  
20 position?

21 A I don't recall that he said it was or was not.  
22 it didn't really make much difference at that  
23 stage. Here was a competent, apparently  
24 competent engineer who was taking -- and an  
25 articulate engineer taking a very firm position,

1 and that was enough for me.

2 MR. MURPHY: Had you had other contacts with Mr. Sauer  
3 in the past?

4 A No, I had not. Well, I shouldn't answer so  
5 quickly. He may have been in some of our briefings  
6 of NSRS. I don't recall. If he spoke, I don't  
7 recall, and he may have been present at some of  
8 our regular NSRS meetings. I don't recall. I  
9 shouldn't give you a flat negative.

10 MR. MURPHY: Were you made aware of not only the number but  
11 the magnitude of the concerns being addressed to  
12 QTC at Watts Bar from April of 1985 when they  
13 are?

14 A I certainly was. I certainly was.

15 MS. BAUSER: From April till when?

16 MR. MURPHY: 1985 till his departure.

17 A Until I left.

18 MR. MURPHY: Was there a significant number of concerns  
19 being...

20 A Hundreds and hundreds.

21 MR. MURPHY: Well, did the fact of your knowledge of these  
22 numerous concerns being generated at Watts Bar  
23 lend any credence to Mr. Sauer's presentation  
24 in your view? I mean I...

25 A At the stage -- you see, at that stage, I don't

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1 know that we had any completed investigation.  
2 We may have had very few. The investigations  
3 of the hundreds and hundreds of concerns  
4 were very slow, and so I'm just -- the allegations  
5 were numerous. The investigations that had been  
6 completed by that time were not very many. So  
7 I don't know to what extent they had been  
8 confirmed.

9 MR. MURPHY: I guess when you say hundreds, would it be  
10 unreasonable to say that in January, 1986 the  
11 number of concerns had reached about the  
12 twenty-seven hundred mark?

13 A Well, yeah, there were that many concerns, but  
14 some of those are -- I'm talking about serious  
15 concerns. Some of them were very petty, but  
16 yeah, it was a -- it was well over a thousand  
17 of all character. We tried to categorize them.  
18 I say we. NSRS tried to categorize them into  
19 safety related, non-safety related, personnel  
20 related so we could deal with them. And the  
21 safety related concerns, which were the ones  
22 we were most interested in, of course, were not  
23 in the -- were not of that number, but there  
24 were still plenty of them.  
25

1 COURT REPORTER'S NOTE: At this point in the transcript  
2 I had a tape fail and I will summarize my  
3 shorthand notes. This was less than 3 minutes  
4 of testimony, and is summarized on a separate  
5 paper, attached as Exhibit 1.  
6  
7  
8

9 IN CONCLUSION:  
10

11 MR. WILLIAMSON: Mr. Freeman, have I, or any other NRC rep-  
12 resentative here threatened you in any manner or  
13 offered you any reward in return for this statement?

14 MR. FREEMAN: No.

15 MR. WILLIAMSON: Have you given this statement freely and  
16 voluntarily?

17 MR. FREEMAN: Yes.

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

20 MR. FREEMAN: No, but I would like to reserve the right to  
21 review the transcript and at that time correct  
22 any mis-statements I might have made. I caught  
23 myself on the Sequoia, but I would like to  
24 reserve that right until after I read the  
25 transcript furnished to me.

1 (Off the record)

2 MS. BAUSER: I would just like to go on the record to  
3 confirm that we will receive a copy of the  
4 transcript within a week after completion of the  
5 interviews. Agreed?

6 MR. ROBINSON: Agreed.

7 MR. WILLIAMSON: Let the record show we conclude at 3:21 P.M.  
8 THIS COMPLETES THE INVESTIGATIVE INTERVIEW OF MR.  
9 RICHARD M. FREEMAN.

10  
11  
12 CERTIFICATE

13 I, Betty B. Neal, Notary Public and Court Reporter,  
14 hereby certify that the foregoing pages 2 through 41 of  
15 this transcript are a true and complete record of same to  
16 that point; that upon changing tapes I had a mechanical mal-  
17 function and did not record three minutes of the interview,  
18 but that same has been summarized from my shorthand notes  
19 and attached hereto as Exhibit 1.

20 WITNESS my hand and official seal at office at  
21 Gray, Tennessee, this the 5th of May, 1987.

22   
23 NOTARY PUBLIC

24 My Commission expires: April 27, 1988.  
25

1 Mr. Freeman stated that Hugh Parris came to him and said  
2 he was concerned. The question was asked, "Did he say  
3 Browns Ferry? Mr. Rheinhardt began a question "When we  
4 were talking about R8511NPS...  
5 Mr. Robinson asked about reading the report and Mr.  
6 Freeman stated that he had not read it to this day.  
7 Mr. Williamson asked at the conclusion of the presentation  
8 had he been required.... and  
9 Mr. Freeman replied that the first person  
10 that mentioned Admiral White had been  
11 Admiral Wilkinson. Mr. Rheinhardt asked about  
12 congressional pressure to get someone overall,  
13 or did he feel pressure at all from the people  
14 making the presentation, and Mr. Freeman's reply  
15 was "no".  
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EXHIBIT 1

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