

12369 North Fox Den Drive

Farragut, Tennessee

December 7, 1995

Mr. John C. Hoyle
Secretary of the Commission
Washington, D. C.

Dear Mr. Hoyle:

Thank you for replying to my letter to Chairman Jackson. I am enclosing another letter to her along with a few clippings from our local newspaper, The Knoxville News Sentinel. I think they might be interesting and informative. I am sorry they are not better copies, but they are the best I could obtain.

I continue to be concerned about the Watts Barr nuclear facility because it seems to me that some of the basic fears that I share, along with those who have any understanding or knowledge of it, are valid and need to be addressed. I am not one to arbitrarily protest against every popular cause that comes along, but in this case I happen to live only about thirty-five miles, as the crow flies, from Watts Barr, and that motivates me, as well as my memory of what happened at Chernobyl and Three Mile Island.

Sincerely,

Alma F. Conley

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Dr. Shirley Ann Jackson
Nuclear Regulatory Commission
Washington, D. C.

Dear Dr. Jackson:

Enclosed are some items that may be of interest to you. Perhaps you already are aware of some of them, but then again you may not be. Washington is a long way from Knoxville, and I am sure the news from here does not appear regularly in Washington papers nor on the networks.

As I stated in my letter to Mr. Hoyle, I continue to be concerned about Watts Barr for all the reasons I referred to in my first letter to you, and I am also concerned about Mr. Crowell's perception of his role as Chairman of the Board of TVA.

In and of itself, Mr. Crowell's entertaining his friends is understandable if he were the head of a private corporation, but he is not. He serves TVA at the pleasure of the President of the United States, if I am not mistaken, and he does not have the right to use rate-payers' and taxpayers' money to entertain his friends.

On the other hand, if his friends in the corporate world wish to underwrite their own entertainment, there are other points to consider. It hardly seems likely that they would do it purely from motives of gratitude for TVA's performing its public duty or because they are fond of Mr. Crowell. It is unusual for business people to entertain public servants or public utilities for purely altruistic reasons. One

wonders; what are they getting out of it? Do they enjoy some special privileges that are not enjoyed by the common rate-payer and taxpayer?

If that is the case, it would not be the first time in history that business and politics and public servants walked hand-in-hand; these things have been going on ever since governments were invented.

I have just finished reading a wonderful book that is required for a course I am taking at the University of Tennessee: Lincoln Steffens', The Shame of the Cities, and I have to admit it was a surprise to learn that graft, chicanery, and corruption were common everywhere in the big cities, probably others, too; but I did not expect it to be so well organized and prevalent as it is recorded in his book because it was published in 1903! Why we were only fifty years into our industrialized age, barely out of our adolescence, as it were. I am sorry to have taken up so much of your time. I enjoy writing when I feel strongly about some issue.

At any rate, I do feel hopeful that the information explosion occurring today will serve to educate the people and make them more aware and more involved in their government because only then will it become a beacon for the world--a source of great pride and great expectations for its citizens. Thank you for your patience and time.

Sincerely yours,

Alma F. Conley

SATURDAY

NOVEMBER 11, 1985

50 Cents

Fueling of Watts Bar begins

Jerry Dean

News-Sentinel staff writer

Nuclear reactor to be on line in 1996

Despite adamant protests from environmentalists and anti-nuclear activists, TVA began today's pre-dawn hours loading the first of 193 one-ton uranium assemblies into the reactor of controversial Watts Bar 1 nuclear power plant near Spring City.

Loading, begun 40 miles south of Knoxville about 3:45 a.m., came scant hours after the Nuclear Regulatory Commission — meeting Thursday in Rockville, Md. — authorized TVA to add

the enriched uranium fuel, kept on site for 16 years.

Fueling precedes a 5 percent power operation of the plant as the vast facility enters final testing, leading to full commercial operation in 1996.

TVA Chairman Craven Crowell, who has deferred other TVA nuclear projects but insists the Valley needs WB-1, said:

"On behalf of the TVA Board, I congratulate the Watts Bar team and our nuclear staff for

their determination, hard work and perseverance.

"I am confident we will achieve safe and successful startup of Watts Bar 1, needed to help us meet our region's growing power demand."

But Stephen A. Smith, a veterinarian who directs the Tennessee Valley Energy Reform Coalition in Knoxville, continued criticism of WB-1 from economic and health-safety perspectives.

Smith, in a letter to Crowell,

said: "We have applauded your willingness to pick up the scalpel and cut the tumor of four of TVA's cancerous nuclear plants," including WB-2, whose operation TVA has deferred indefinitely.

"Unfortunately, cutting the edges of a cancerous growth, while leaving intact the heart of the tumor, is grounds for medical malpractice."

Smith, who says TVA pays too little attention to conservation, said fueling WB-1 meant

radiological contamination of the site. That means TVA incurs added costs of site cleanup, he added, once WB-1 ends operational life expectancy. Smith predicted operation ultimately will boost TVA's \$26 billion debt.

"Failure to consider WB-1 implications on long-term health and spirit of TVA will continue to plague the agency in the future," he said.

Smith said studies show that power produced at WB-1 won't be price-competitive, considering

Please see TVA, page A3

the plant's \$6.8 billion construction cost, coupled with costs of operating and de-commissioning. But Oliver Kingsley, TVA's nuclear president, countered: "An unprecedented amount of work and testing, as well as extensive reviews undertaken, ensure the readiness of the plant."

"We have the organization in place, have completed the required training and are prepared continually to monitor (plant) performance."

TVA's Watts Bar employees, now 1,085 in number, conducted final equipment checks and tests Thursday. By 2 p.m. Friday, crews — led by two 12-member supervisory teams working 12-hour shifts — had loaded eight of 193 uranium fuel bundles.

TVA's site operations vice president John Scalice was on site during the first hours of fuel loading, performed while fuel is submerged in boron-impregnated water. Teams, aided by Westinghouse contract crews, will work 24 hours a day loading fuel for five to seven days.

Once loading is done, the reactor head will be reassembled and a battery of tests and checks of the plant's control rods system will begin. After six weeks' thermal testing, including heating the reactor cooling system to operating temperature and pressure, the reactor will be run at 5 percent of capacity for other tests.

By early 1996, TVA may seek NRC permission to generate commercial power at 100 percent capacity, probably by spring.

Kingsley said: "This plant, like all TVA's, will be operated safely, efficiently and reliably for the benefit of everyone in the Tennessee Valley."

TVA says the 1,270-megawatt plant will provide electricity for the equivalent of 250,000 homes.

Protesters repeatedly have demonstrated and appeared at TVA Board meetings, pleading with TVA's board to reconsider its fueling decision out of safety concerns. Others say WB-1, even if operated safely, may contaminate air and water or boost incidence of breast cancer.

TVA has said redundant fail-safe systems, built into WB-1, preclude such health or safety hazards.

Yet the plant has been a lightning rod for protestors because of its symbolism, as last in its generation among 109 U.S. commercial reactors now on line.

KNOXVILLE NEWS SENTINEL 11-28-95

TVA customers get break on party

By Jesse Fox Mayshark
News-Sentinel staff writer

TVA customers won't foot the bill for a holiday party next month, but they will pay for a TVA-sponsored Club LeConte luncheon honoring Knoxville Mayor Victor Ashe.

After state Sen. Bud Gilbert, R-Knoxville, criticized the Christmas party last week in a letter to TVA Chairman Craven Crowell, corporate sponsors stepped forward Monday to pick up the tab.

Gilbert, a government ethics advocate and chairman of the state Senate's Energy, Conservation and Tourism Commit-

"It's not appropriate, because public utilities should be run as apolitical bodies, and I think when you have receptions for political officials it's unnecessarily getting into a political arena."

**Sen. Bud Gilbert
R-Knoxville**

tee, said he was "delighted" with the response. But he said TVA should also reconsider the Ashe luncheon.

"It's not appropriate," he said, "because public utilities

should be run as apolitical bodies, and I think when you have receptions for political officials it's unnecessarily getting into a political arena.

"And the bigger question, of

course, is who's paying for it?"

TVA ratepayers are, company spokesman Gil Francis said. He said the Dec. 16 luncheon in honor of Ashe's inauguration is a legitimate business function. He said he didn't know how much the event would cost.

"We're a corporate member of Knoxville and we're deeply involved in the community, and we think it's appropriate to recognize the mayor of the city where we have our corporate headquarters," Francis said.

Ashe spokesman Mike Cohen said the mayor plans to

Please see TVA, page A3

11-28-95

TVA

Continued from page A1

attend.

"We enjoy an excellent relationship with TVA, and we're proud of the fact that they wanted to observe Victor's inauguration," Cohen said.

But Gilbert, an Ashe friend and supporter, said the luncheon was just one more misstep by an agency already under fire in Congress.

"I have a very big concern that if (TVA) doesn't keep its house in order, then Congress could choose to privatize TVA," he said.

The same concern prompted Gilbert to write his letter to Crowell last week, raising questions about a TVA holiday party planned for Dec. 12 at The Orangery restaurant. It will be the second annual TVA reception for Knoxville's business and political leaders.

In his letter, Gilbert said he attended the first party last year and found it "nothing more than an expensive party paid for by the ratepayers of TVA for Knoxville's finest at the only four-star restaurant in town — no news or message of public accountability and service, just plenty of booze and fancy hors d'oeuvres."

Francis said the reception was similar to those hosted by many other businesses to thank the communities that support them. He said TVA has sponsored or co-sponsored similar events in other cities it serves, although he didn't know how many.

To deflect the criticism, several local companies offered Monday to underwrite this year's party. The sponsors are Pilot Corporation, H. T. Hackney Co., Clayton Homes Inc., First Tennessee Bank, BankFirst, First American Bank and Lawler Wood Inc.

"The fact that TVA is headquartered here has a very positive impact on our entire community," said James L. Clayton, chairman and CEO of Clayton Homes. "We don't want them to have to take criticism for operating like a business rather than like a government agency."

Ex-employee, TVA disagree over funding receptions

By Jerry Dean

News-Sentinel staff writer

TVA holiday receptions can be funded neither by taxpayers, nor by ratepayers, nor by private corporations, Mansour Guity, a former 20-year TVA employee, said Tuesday.

But TVA denied that.

TVA had said Tuesday its customers need not pay the tab for a December party because private businessmen had agreed to underwrite the expense. TVA, however, proceeded with plans to use ratepayer money to pay for a Dec. 16 reception honoring Knoxville Mayor Victor Ashe.

Guity, a former TVA nuclear safety investigator critical of TVA's nuclear program, said however that internal TVA ethics policy and a federal employees' code of ethics prohibits agencies from taking private contributions for any purpose, including gala holiday parties.

"TVA Chairman Craven Crowell may think TVA's a private corporation, able to accept private donations," Guity said. "But it's not. It has neither

11/29/95
stockholders nor shareholders who meet to elect officers."

TVA directors, Guity noted, are presidential appointees, and TVA is a government agency.

"What if the Department of Labor decided to give an appreciation dinner for the Knoxville community?" Guity asked. "Government employees are strictly prohibited by law from accepting any gratuity."

Crowell, in response, said TVA's ethics officer, William Osteen, assured him doing so was proper and ethical.

The issue of TVA receptions surfaced when Betsy Child, a TVA vice president, invited 150 Knoxville women to an Orangery Restaurant reception that she later postponed.

But Crowell said a separate Dec. 12 Orangery event, to which community leaders were invited, would proceed so TVA could thank the community.

Pilot Corp., H.T. Hackney Co., Clayton Homes, First Tennessee Bank, First American Bank, BankFirst and Lawler Wood Inc. offered to underwrite TVA's holiday party.

Gilbert rips spending on reception at elegant eatery

By Jerry Dean

News-Sentinel staff writer

To thank community leaders, TVA should send them modest letters — not stage gala holiday receptions, paid for by ratepayers, at classy restaurants.

That is the opinion of state Sen. Bud Gilbert, who on Thursday wrote TVA Chairman Craven Crowell a scathing reply to TVA's recent invitation to a Dec. 14 reception set for The Orangery.

"I had planned to call in my regrets," Gilbert, R-Knoxville, wrote, but "your comments in this morning's Knoxville News-Sentinel motivated this written response."

"Last year I did not understand why it was necessary for a public utility to sponsor a holiday reception at Knoxville's most elegant restaurant. I thought it might include public announcement of a new TVA initiative aimed at restoring public confidence in a corporation saddled with horrendous debt."

But Gilbert found it "an expensive party paid for by ratepayers" having "no news or message, just plenty of booze and fancy hors d'oeuvres. I left after 10 minutes, more concerned than ever that TVA's new board 'just didn't get it.'"

Later, he recalled, "TVA took out full-page ads . . . announcing initiatives for controlling costs and keeping power rates low" and unveiled TV ads to convince ratepayers "utility rates were a bargain — as if we had a choice . . ."

Gilbert "hoped that it would get better," he said. But plans for a 1995 reception, he added, "zapped me of any self-restraint."

Gilbert called TVA "holiday receptions at four-star restaurants . . . inappropriate use of ratepayer money (that) sends the worst possible message from an agency \$26 billion in debt . . ."

"If TVA wants to thank community leaders . . . then send us a report card on TVA progress in cutting costs and paying off debt."

"An expensive, exclusive reception," Gilbert said, "accomplishes nothing more than self aggrandizement and heightens the appearance of cronyism."

In a letter sent to the state's congressional delegation, Gilbert told Crowell: "If you cannot comprehend the possible harm to TVA posed by the planned reception . . . I am concerned about your ability to preserve TVA's future."

12-3-95
State Sen. Bud Gilbert, R-Knoxville, says he's never had such a wave of constituent calls — all supportive — on a single issue as his Knoxville and Nashville offices got last week.

Dozens, he said, called in response to news stories on TVA holiday receptions planned at ratepayer expense.

"People are so disturbed by this," Gilbert said, days after he wrote a letter to TVA critical of

the receptions.

Gilbert, no teetotaler himself, said TVA's first community holiday reception in December 1994 was "almost gross" for the quantity of liquor and expensive hors d'oeuvres served guests.

"Booze was flowing," he said. "Label brands, fine wines."

Gilbert has yet to learn the cost of TVA's 1994 reception.

In a recent letter, Gilbert told TVA Chairman Craven Crowell that TVA should not use ratepayers' revenue to fete the city's upper crust.

TVA, he said, was a government agency, not a private corporation free to use its coffers as stockholders wished.

Knox businesses, he noted, have offered to underwrite a TVA reception set for The Orangery.

But Gilbert, a lawyer, said, "My legal nose tells me TVA may be violating federal law" as host for a Club LeConte luncheon Dec. 16 honoring Mayor Victor Ashe.

Crowell said Tuesday TVA's ethics specialist William Osteen assured him TVA violated no ethical tenet as host.

Crowell said TVA, as a corporate citizen, ought to show its appreciation for community support.

(Other issues of interest)

11/29/95

TVA urged to reject SEG land purchase

By Jerry Dean

News-Sentinel staff writer

The Oak Ridge Environmental Peace Alliance has urged TVA to reject a request from Scientific Ecology Group Inc. to purchase 36 acres from TVA for added waste-disposal facilities on Watts Bar Reservoir.

In response to TVA's recent final environmental assessment on the sale, Ronald Davis, the alliance's environmental compliance manager, said TVA should reject the firm's request that would permit it to significantly increase "their hazardous and waste-processing operations (which), in combination with other companies and the Department of Energy, already impose a significant environmental burden on people who live downwind from ... air pollution sources."

SEG, a Westinghouse Electric Corp. subsidiary, seeks TVA approval for added waste-management facilities and for modifying existing facilities at the Roane County site, which fronts Grassy Creek on the Clinch River.

SEG proposes to operate a second incinerator there and install an N-scan system, an ash-vitrification system, an experimental catalytic extraction process and a transuranic (elements heavier than uranium) waste compactor.

N-scan analyzes radioactive soil contamination; ash vitrification encapsulates fly ash from incinerators to produce a glassy waste product. Also proposed are changes to an existing resin-drying system, a drying oven and vacuum retort system.

Davis called the environmental assessment inadequate to support a finding of "no significant environmental impact."

In a May 10 letter, he added that the assessment "includes apparently unexamined acceptance of assertions made by

SEG, a Westinghouse Electric Corp. subsidiary, seeks TVA approval for added waste-management facilities and for modifying existing facilities at the Roane County site, which fronts Grassy Creek on the Clinch River.

SEG and the city of Oak Ridge's Environmental Quality Advisory Board in a letter written by Jay Pride, vice president of SEG. TVA must examine these assertions.

"Independent analysis of the cumulative impact of multiple-point sources of air pollution should be conducted before any additional point sources are permitted."

In 1968, TVA acquired 1,364 acres in the area from what was then the Atomic Energy Commission for industrial development. In the 1970s, TVA and Oak Ridge formed a 100-acre industrial park in the northern tract.

SEG acquired a permanent industrial easement in 1985, but TVA held ownership of the underlying fee property and kept the right to review plant additions.

TVA now must decide whether to sell the underlying fee property or to approve additional SEG facilities there.

Before SEG can build such facilities, it must get licenses from the state Air Pollution Control Board and Radiological Health Division. The company also needs approval from the Environmental Protection Agency.

Producer ¹¹⁻²⁵⁻⁹⁸ is accused of blocking participation

By The Associated Press

MERIDIAN, Miss. — Four-County Electric Power Association is alleging in a federal court lawsuit that TVA is blocking its participation in an economic development incentive programs.

The lawsuit, filed in federal court in Meridian this week, also asks a federal judge to nullify 4-County's power contract with TVA. TVA is the sole power supplier to 4-County.

The lawsuit is another step in the continuing conflict between the two utilities.

Since TVA was created in 1933, no distributor has ever left its system.

But 4-County filed notice in 1993 it wanted to end its contract with TVA, claiming the power producer had not managed itself well.

"We are disappointed that they have brought the lawsuit," TVA spokesman John Moulton said this week from the agency's headquarters in Knoxville. "We still value 4-County as a customer."

Moulton said 4-County wasn't eligible for TVA's Enhanced Growth Credit Program, which provides TVA-financed credits to new and expanding industries, because of 4-County's desire to leave the TVA system.

"Our position is that it takes TVA a long time to recover its substantial investment in this program, so it is only fair that participation be limited to distributors that make a long-term commitment to buy power from TVA," he said.

Earl Weeks, 4-County chief executive officer, said the company felt compelled to file the lawsuit.

"TVA has done a great deal to help this region develop economically and to help 4-County throughout its existence," Weeks said. "However . . . TVA's refusal to allow us to participate in its Enhanced Growth Credit Program is strictly punitive."

"By denying us access to this program, TVA officials are attempting to blackmail us into signing a new power contract."

4-County entered its present contract with TVA in October 1978.

In October 1989, TVA offered special incentives to participating distributors that could be passed on to retail industrial customers involved in locating or expanding operations. With that program, 4-County agreed to extend its contract termination period from four to 10 years.

But Weeks and other 4-County officials said a new federal energy law should have made the electric industry more competitive as other deregulated industries and perhaps lower prices for power.

On Dec. 6, 1993, 4-County gave TVA notice of termination of its power contract.

REF: EDO 823
Action: Russell, NRR

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AUTHOR: ALMA CONLEY
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