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TENNESSEE VALLEY AUTHORITY

CHATTANOOGA, TENNESSEE 37401

6N 38A Lookout Place

June 5, 1986

Mr. Harold R. Denton, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Denton:

I am in receipt of your letter of May 16, 1986, acknowledging my letter of March 20 concerning TVA's compliance with 10 CFR 50 Appendix B at the Watts Bar Nuclear Plant.

It is apparent, not only from NRC comments but also from those expressed by others, that my March 20 NRC letter has been misunderstood and needs to be clarified.

Recall that I arrived at TVA and assumed the position of Manager of Nuclear Power on January 13, 1986. The most pressing needs I found at that time were to make sure I understood what the problems were, to assemble a qualified management team, and to lay out a plan for correcting the problems. Included among these problems was the specific issue of Appendix B compliance at Watts Bar as discussed in your letter of January 3, 1986. At that time, I concluded this issue to be only one part of a much larger issue of how quality assurance was being handled throughout the entire TVA nuclear program. My earlier reviews indicated that this was an area that needed immediate review and comprehensive reform.

Your letter of January 3, 1986, addressed and requested a response to a number of specific perceptions which had been raised by the TVA Nuclear Safety Review Staff (NSRS). In order to respond to that specific request, I assembled a group of outside individuals with significant and extensive nuclear QA experience in the areas questioned and directed them to conduct a review of each one of the perceptions. In addition, I had a group of highly experienced non-TVA experts review this group's findings. These efforts were separate from and in addition to the overall corrective actions which I began taking to restructure and strengthen TVA's entire QA program.

The conclusions which resulted from that specific review are stated in my letter of March 20, 1986. I think it is important to repeat that conclusion. "On the basis of a review of the issues identified in the NSRS Perceptions, as reflected in the enclosure, I find that there has been no pervasive breakdown of the quality assurance (QA) program"

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I had hoped the third paragraph of my letter would make it clear that my overall review of QA was continuing and that, if such review disclosed new information, it would be handled accordingly. I understand clearly why you are not currently prepared to agree with the TVA position regarding Appendix B requirements relative to the eleven issues--your decision, just as my management actions regarding all of QA in TVA, must depend on our continuing review.

You will recall that my plans for QA are outlined in Section VI.D. of Volume I (revised) of TVA's Nuclear Performance Plan, Corporate, which was submitted to NRC on March 11, 1986. As new information in any area, including those specific cases addressed by the NSRS, is developed and reviews by competent individuals indicate there is a basis to take additional corrective action, I assure you it will be taken. Additionally, if such reviews indicate to me that there has been a pervasive breakdown of the QA program anywhere within TVA's nuclear program, I would so advise you.

As a result of our review conducted in the QA area so far, independent of the NSRS concerns, numerous actions have been taken which have resulted in the addition of more than 300 engineers and quality assurance personnel. This number is expected to increase drastically over the next 3 months as the various organizational and programmatic efforts continue to be implemented. In the welding area alone we are spending over \$20 million through the Department of Energy with their contractor, EG&G, Idaho, to assure ourselves that this issue is resolved at Watts Bar.

You indicated there was an apparent discrepancy in that my April 11, 1986, letter rescinded TVA's earlier correspondence on readiness for fuel load at Watts Bar. This is simply a case of misunderstanding. Because I had decided to restructure and review all nuclear programs at TVA, I concluded it would be appropriate and helpful to notify the NRC that I was not prepared at that time to agree with an earlier TVA position regarding readiness for an operating license to allow fuel load and operation at Watts Bar. There was no other meaning intended, nor should one be inferred.

Mr. Harold R. Denton

June 5, 1986

It is my goal that the NRC and others will soon see and acknowledge improvements in the overall performance of nuclear work at TVA--including its quality assurance program. For example, your letter of May 28, 1986, the NRC's preliminary evaluation of the TVA Nuclear Performance Plan, Corporate, Volume I (revised), supports my efforts in this regard. While we must correct the problems and perceptions of the past, we must focus our attention on the future.

Very truly yours,

TENNESSEE VALLEY AUTHORITY



S. A. White
Manager of Nuclear Power