

TENNESSEE VALLEY AUTHORITY

KNOXVILLE, TENNESSEE 37902

OFFICE OF THE BOARD OF DIRECTORS

November 21, 1988

Mr. James Lieberman
Director, Office of Enforcement
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Attention: Document Control Desk

Reply to a Notice of Violation

Dear Mr. Lieberman:

This is in response to the NRC's October 21, 1988 Notice of Violation to the Tennessee Valley Authority (TVA) regarding TVA's June 5, 1986 letter to the NRC. Our specific response to the Notice of Violation is contained in Enclosure 1.

The TVA Board of Directors fully recognizes the important function which the NRC must perform as the regulator of this country's nuclear industry. We also recognize the equally important responsibility which TVA has as a licensee and operator of nuclear facilities to ensure that the health and safety of the public is adequately protected. For both of us to properly perform our respective duties, we must be able to communicate accurately and completely, and the NRC must be able to rely, without question, upon each submittal which it receives from TVA. To ensure that all of our submittals to the NRC meet this standard, TVA has taken several specific actions during its recovery program. As explained more fully in Enclosure 1, TVA has strengthened its nuclear licensing organization, and TVA's Nuclear Power Group has twice revised the procedural requirements governing submittals to the NRC.

We believe that the actions TVA has taken during this period provide assurance that TVA's submittals meet and will continue to meet the required high standards. Nevertheless, TVA must continually strive for even higher levels of excellence. Accordingly, the Board has asked Oliver Kingsley, TVA's Senior Vice President, Nuclear Power, to personally supervise a complete review of our procedures for ensuring that submittals to the NRC are complete and accurate in all material respects and to take prompt action to implement any changes which he

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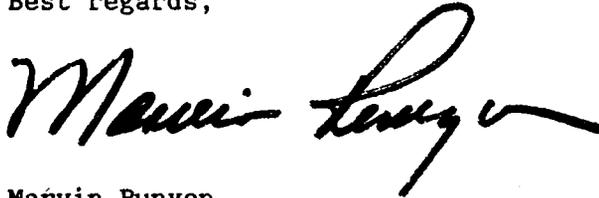
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Mr. James Lieberman
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determines are necessary. We have asked Mr. Kingsley to complete his review by January 31, 1989. This commitment is listed in Enclosure 2 as a formal TVA commitment, and TVA will inform the NRC of the results of the review and the specific actions to be taken.

In response to the present Notice of Violation, it is not TVA's intention to legally challenge or seek further review of this issue on behalf of TVA. Nevertheless, in an effort to ensure that the record concerning this issue is complete, and that the Staff has available to it all the relevant facts, Mr. White, TVA's former Senior Vice President, Nuclear Power, has assembled several affidavits which address significant points regarding the alleged violations. He will be transmitting these affidavits and an accompanying letter to the NRC by separate cover. Mr. White's submittal is being provided in his individual capacity. The affidavits present information not previously available to the Staff in reaching its decision and raise substantial questions as to the alleged violations. As such, we believe that these affidavits merit your close and considered attention. We are confident that Mr. White's affidavits will prove extremely helpful to a more complete understanding of the issues which have been raised.

Best regards,



Marvin Runyon
Chairman

Enclosures

cc (Enclosures):

Chairman Lando W. Zech, Jr.
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Commissioner Thomas M. Roberts
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Commissioner Kenneth M. Carr
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. James Lieberman
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Commissioner Kenneth C. Rogers
U.S. Nuclear Regulatory Commission
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Commissioner James R. Curtiss
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Washington, D.C. 20555

Mr. Victor Stello, Jr.
Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. William C. Parler
General Counsel
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Mr. James M. Taylor
Deputy Executive Director for
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Mr. James G. Partlow
Director, Office of Special Projects
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Washington, D.C. 20555

Mr. Malcolm L. Ernst
Acting Regional Administrator, Region II
U.S. Nuclear Regulatory Commission
Room 2900, 101 Marietta Street, NW.
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Mr. Samuel J. Chilk
Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

ENCLOSURE 1

WATTS BAR NUCLEAR PLANT (WBN) UNITS 1 AND 2
TVA RESPONSE TO NOTICE OF VIOLATION
50-390 and 50-391/EA 88-253

NRC Statement of Alleged Violations 50-390 and 50-391/EA 88-253

- A. Contrary to Section 186, the statement made in the June 5, 1986 letter that ". . . 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" constitutes a material false statement. The statement is false in that it states that an independent group actually conducted a review of each of the perceptions. Instead, the independent group merely assessed the review of the perceptions actually conducted by members of the line organization. The report of this review, known as the "Lundin effort," was only two pages long and contained only one paragraph of substance. The group leader, Mr. Lundin, never spoke to Mr. White about it, and also stated that the review was not intended to determine compliance with Appendix B. The statement is material in that it was made for the purpose of influencing the NRC's evaluation of the TVA response to a specific question raised by the NRC on a significant regulatory issue that was important for the NRC to resolve in regard to its decisions as to authorizing fuel load and subsequent licensing of the plant.
- B. Contrary to Section 186, the statement made in the June 5, 1986 letter that "In addition, I had a group of highly experienced non-TVA experts review this group's findings" is a material false statement. It is false in that there was no second group. No one identified by Mr. White as being a member of the second group understood there to be such a group. Of the nine members Mr. White identified as being in this group, one reviewed the findings and one did a cursory review. None of the other seven reviewed the findings. The statement is material in that it was made for the purpose of influencing the agency's evaluation of the response to a specific question posed by the NRC on a significant safety issue that was important for the NRC to resolve in regard to its decisions as to authorizing fuel load and subsequent licensing of the plant.
- C. Contrary to Section 186, the statements made to the OI investigators on July 14 and 15, 1987, as to the review were material false statements. They were false, because there was no second group and because of the nine individuals that Mr. White names as being in that group, only one reviewed the findings and discussed them with Mr. White, one performed a cursory review but did not discuss it with Mr. White, and the remaining seven neither reviewed the findings nor discussed them with Mr. White. The statements are material because they had the capability to and, in fact, did affect the direction of a properly authorized investigation being conducted by the Commission.

Admission or Denial of the Alleged Violations

TVA accepts the responsibility for and realizes the importance of complete and accurate submittals to the NRC. TVA does not wish to pursue this matter further and does not legally challenge the violations.

Corrective Steps Which Have Been Taken and Results Achieved and Corrective Steps Which Will Be Taken to Avoid Any Violations

When Mr. White came to TVA, TVA's procedure on the coordination of licensing activities (procedure 0602.01) did not require a formal review and concurrence process. That procedure had last been revised in December 1983 and also did not specifically assign responsibilities for accuracy.

We believe the actions taken under Mr. White's leadership during the recovery program provide assurance that TVA submittals meet and will continue to meet the required high standards for completeness and accuracy. During 1987, Nuclear Power twice revised procedure PMP 0602.01, now entitled "Management of TVA's Interface with the NRC." On January 13, 1987, Nuclear Power issued a general revision of this procedure to establish responsibilities and procedures for dealing with the NRC in accordance with (1) Volume 1 of the Nuclear Performance Plan, (2) revised position descriptions, and (3) Nuclear Power policy with respect to management of TVA's interface with the NRC. That revision specifically assigned responsibility for the accuracy of submittals to the organization responsible for formulating a response. It also established a formal review and concurrence process, and it contained a provision for independent verification of facts and representations in selected correspondence to the NRC. By memorandum dated April 16, 1987, Mr. White emphasized the importance of accurate communications with the NRC and the meaning of concurrence signatures within Nuclear Power.

On November 12, 1987, Nuclear Power issued another revision of 0602.01 to improve the description of "concurrence" responsibilities and "independent verification" responsibilities. For example, this revision more clearly provided for accountability for accuracy by changing the phrase "the assigned organization is responsible for the accuracy of the response" to "Management approval within the organization(s) assigned technical lead is required and means that the response is technically accurate." It also provided guidance regarding the types of statements which should be independently verified on a random sample basis.

In addition, TVA during its recovery program has strengthened its licensing organization. As described in Volume 1 of the Nuclear Performance Plan, TVA has centralized the management and responsibility of its licensing organization and increased management oversight of and emphasis on nuclear licensing. These steps provide additional assurance of complete and accurate submittals.

To provide added assurance of accuracy and completeness in its submittals, the TVA Board has directed Mr. Kingsley to personally supervise a new review of the adequacy of its procedures governing submittals to the NRC and the implementation of those procedures. The Board has requested Mr. Kingsley to complete this review by January 31, 1989, and to take prompt action to implement any changes he deems necessary. TVA will inform the NRC of the results of the review and the specific actions to be taken.

Date When Full Compliance Will Be Achieved

TVA believes it is now in full compliance with the requirement that submittals to the NRC be complete and accurate in all material respects. However, as noted above, Nuclear Power will be reviewing the applicable procedures and their implementation to provide added assurance that TVA is in compliance.

ENCLOSURE 2

List of Commitments

1. Mr. Kingsley will personally supervise a review of the adequacy of TVA's procedures governing submittals to the NRC and their implementation. This review will be completed by January 31, 1989. TVA will inform the NRC of the results of this review and the specific actions to be taken. TVA will take prompt action to implement any changes Mr. Kingsley determines to be necessary.

BEFORE THE
UNITED STATES REGULATORY COMMISSION

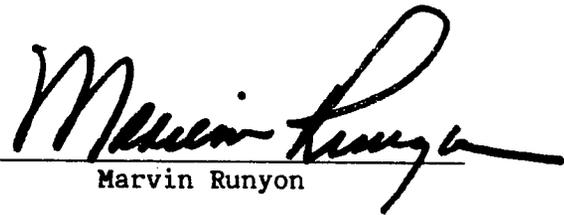
LICENSE NOS. CPPR-91 and CPPR-92

DOCKET NOS. 50-390 and 50-391

IN THE MATTER OF
TENNESSEE VALLEY AUTHORITY

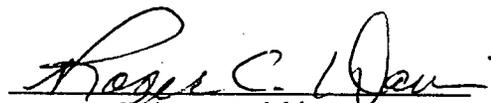
AFFIRMATION

I, Marvin Runyon, being duly sworn, state that I am Chairman of the Board of Directors, Tennessee Valley Authority (TVA); that on behalf of TVA, I am authorized to sign and file with the Nuclear Regulatory Commission, this response (which includes Enclosures 1 and 2) to Notice of Violation EA 88-253; and that the statements made and the matters set forth therein are true and correct to the best of my knowledge, information, and belief.


Marvin Runyon

STATE OF TENNESSEE
COUNTY OF DAVIDSON

SUBSCRIBED AND SWORN TO before me, a Notary Public, in and for the County and State above named, this 21st day of November, 1988.


Notary Public

My commission expires: 6-4-90