



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

May 31, 1988

Docket Nos. 50-390/391

APPLICANT: Tennessee Valley Authority (TVA)
FACILITY: Watts Bar Nuclear Plant, Units 1 and 2
SUBJECT: ENFORCEMENT CONFERENCE MEETING SUMMARY FOR THE MAY 10, 1988
MEETING BETWEEN NRC AND TVA REGARDING THE FOLLOWING ISSUE:

ALLEGED HARASSMENT AND INTIMIDATION (H&I) OF AUTHORIZED NUCLEAR
INSPECTORS (ANIs) BY THE HARTFORD STEAM BOILER AND INSURANCE
COMPANY (HSBII) FOR THE WORK PERFORMED AT THE WATTS BAR NUCLEAR
(WBN) UNITS 1 AND 2

On May 10, 1988, an enforcement conference was held in Rockville, Maryland, at the request of NRC between the NRC staff and representatives of TVA concerning the alleged harassment of ANIs by HSBII for the work performed at the WBN Units 1 and 2. Attachment 1 is the list of attendees and Attachment 2 is a copy of the handout provided by TVA at the meeting.

NRC opened the meeting by stating that the purpose of the meeting was to discuss the findings of the investigation conducted by the NRC Office of Investigation (OI) of the concern that ANIs at Watts Bar had been pressured by their management (HSBII) to improperly accept work at Watts Bar. This work included inaccessible welds on flued-head containment penetrations that appeared to have not been tested in accordance with the American Society of Mechanical Engineers (ASME), Boiler and Pressure Vessel Code. Based on this investigation, OI has found that four ANIs, who were under contract with TVA to ensure that TVA performs work in accordance with the ASME Code as required by 10 CFR 50.55a, were either coerced, pressured, harassed, intimidated, and/or threatened by HSBII management. This included one ANI who was directed by his management to accept the disposition of a Non Conformance Report (NCR) which did not meet ASME Code requirements. OI also found that it appears that responsible TVA managers searched for avenues to avoid the delay of fuel loading at the expense of inspecting the hidden welds, and may have pressured HSBII management to accept the disposition of this NCR that violated ASME Code requirements.

TVA stated that the issue can be divided into two separate sub-issues:
(a) Management of Contractors, with respect to harassment and intimidation and employee concerns, and (b) Apparent TVA schedule pressure on contractors.

TVA stated that during 1984-1986, three different TVA organizations (engineering, construction for ASME Code Section III, and mechanical maintenance for Section XI) were interfacing with HSBII through the HSBII Atlanta field office as compared to one TVA organization (Quality Assurance) today. In addition to the ANI interface being moved to a single TVA organization, the site quality organization, the HSBII management is afforded the opportunity to bring up problems during management meetings. TVA's computer data base system (TROI) has been modified to sort on ASME code items.

8806130220 880531
PDR ADOCK 05000390
PDR

TVA further stated that the changes made last year have improved the procedures of monitoring, interfacing, and communicating with the various contractors. Some of the actions taken to enhance management of contract personnel were:

- ° Harassment and Intimidation Policy;
- ° Employee Concern Program (ECP) available to contractor;
- ° Each employer provide employees with a pamphlet on ECP program;
- ° Exit through ECP for contractor employees and
- ° General employee training for onsite employees including specific ECP.

In response to NRC questions concerning the length of time onsite before a contractor employee exits via the employee concerns group and the actual practice relating to offsite TVA work by the contractors, the applicant stated that they would clarify and confirm the actual practice at a later date.

TVA briefly described the issue concerning the containment penetrations. TVA had a contract with Tube Turns (Louisville, Kentucky) for designing, fabricating and assembling, inspecting and testing, cleaning, marking and shipping the containment piping penetration assemblies for WBN. TVA was the site installer for the assemblies. Both the shop fabricator and the site installer are required by the ASME Code to have the services of an ANI under contract. The piping penetration assembly contract required Tube Turns to use the latest editions and addenda of codes, standards, and specifications that were called for or referred to. These penetration assemblies were to follow ASME Code, Section III, Class 2 requirements. Although TVA's purchasing contract required that the penetrations be fabricated according to ASME Code, Section III requirements, it did not explicitly specify that the penetrations were to be hydrostatically tested by Tube Turns. Tube Turns believed that they did not have to hydrotest the penetrations to the Code requirements because they classified penetrations as subassemblies. The ASME Code allows the subassemblies to be hydrotested as part of subsequent system testing. However, Tube Turns did radiograph the welds and did not find any deficiencies.

TVA's engineering personnel were cognizant that some vendor welds were not examined by hydrotesting by the vendor. However, this information was not properly identified to Watts Bar construction/testing personnel to ensure that the welds would be examined during system testing. Consequently, the drawings used by TVA to plan the systems' hydrotests showed the penetrations as complete units containing no welds to be inspected. The system hydrotests were subsequently performed, and the vendor welds were not visually examined for leakage by TVA nor TVA's ANI during the system hydrotest. On April 27, 1984, Nonconforming Condition Report (NCR) 5609 was written at WBN to document that internal welds in the containment piping penetrations were not hydrotested by the vendor nor visually examined for leakage by TVA during the hydrotests of individual plant systems. NCR 5609 applied to WBN Units 1 and 2; it was

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determined to be a Significant Condition Adverse to Quality (CAQ) and generic. On May 17, 1984, NRC 5609 was dispositioned "use-as-is" for fifty-six (56) Unit 1 penetrations.

Towards the end of the meeting, the NRC staff asked several questions regarding the chronology of events in the 1984-1986 period. TVA was not fully prepared to respond to some of these questions. TVA verbally requested a copy of the OI report and will do so on the docket.

At the end of the meeting, TVA agreed to the following items:

- Review the containment penetrations retest plan with the NRC staff;
- Provide a chronology of TVA's investigation of the issue;
- Provide the employee concerns element report number and the date for this issue;
- Confirm whether or not a letter from TVA engineering to construction (Kermit Whitt to Herbert Sanger) concerning this issue was signed and the date of the signed copy;
- Determine what oversight HSBI provides to their field offices such as the Atlanta office.

Rajender Auluck

Rajender Auluck, Project Manager
TVA Projects Division
Office of Special Projects

Attachments:

1. List of Attendees
2. TVA Handout

cc w/attachments:
See next page

Distribution

- Docket File
- NRC PDR
- Local PDR
- Those on Attached List

OSP: TVA/PM
RJA
RJA:as
5/26/88

TVA:AD *SB*
SBlack
5/26/88

for TVA:ADTR
SRichardson
5/26/88

OSP:AD *JJA*
JAxelrad
5/31/88

ATTACHMENT 1

ENFORCEMENT CONFERENCE MEETING WITH TVA

<u>Name</u>	<u>Organization</u>
R. Auluck	NRC/OSP
S. Elrod	NRC/OSP
T. Rotella	NRC/OSP
J. G. Partlow	NRC/OSP
Jane Axelrad	NRC/OSP
Steve Richardson	NRC/OSP
G. Don Hickman	TVA/OIG
C. H. Fox	TVA/ONP
R. Gridley	TVA/ONP
J. A. Domer	TVA/ONP
Barry Zalcman	NRC/OSP
S. Black	NRC/NRR
R. Rosano	NRC/OI
S. Chidakel	OGC
B. D. Liaw	NRC/OSP
Jim Lieberman	NRC/OE
Henry L. Jones	TVA/ONP
James F. Murdock	TVA/ONP
Richard C. Parker	TVA/ONP
John A. McDonald	TVA/ONP
Douglas R. Nichols	TVA/OGC

TVA RESPONSE

- | | |
|---|-------------------------|
| I. INTRODUCTION | C. H. FOX |
| II. MANAGEMENT OF CONTRACTORS | |
| • HARTFORD | R. C. PARKER |
| • GENERAL | C. H. FOX |
| III. APPARENT TVA SCHEDULE PRESSURE
ON HARTFORD | C. H. FOX |
| IV. TECHNICAL ISSUE | J. MURDOCK |
| V. ADDITIONAL NRC QUESTIONS | C. H. FOX/D. R. NICHOLS |
| • HARTFORD PRESSURED ANI'S | |
| • TVA MANAGEMENT PRESSURED HARTFORD
TO ACCEPT DISPOSITION OF NCR 5609
"USE-AS-IS" | |
| • TVA BOARD ACTIONS | |

HARTFORD STEAM BOILER CONTRACT MANAGEMENT

- DNQA CONTRACT ADMINISTRATOR
- INTERFACE WITH AIA/ANIS
- INTERFACE WITH ANI/ANII

ACTIONS TO ENHANCE CONTRACTOR MANAGEMENT
OF PERSONNEL - INTIMIDATION AND HARASSMENT

- INTIMIDATION AND HARASSMENT POLICY
- ECP AVAILABLE TO CONTRACTORS SINCE PROGRAM BEGAN (FEBRUARY 1986)
- CONTRACTS AMENDED (APRIL 1987) - CONTRACTORS RESPONSIBLE TO HAVE EMPLOYEES EXIT THROUGH ECP (ATTACHMENTS A, B)
- NEW TASK CONTRACTS REQUIREMENTS ON REPORTING DEFICIENCIES, CORRECTIVE ACTIONS (ATTACHMENT C)
- NEW CONTRACTS CONTAIN COPY OF TVA'S ECP POLICY FOR CONTRACTORS TO PROVIDE TO THEIR EMPLOYEES WORKING AT TVA (ATTACHMENT D)
- GENERAL EMPLOYEE TRAINING (GET) MODULES CONTAIN VERBAGE ON ECP REPORTING PROCESS AND SUPERVISORY RESPONSIBILITY. IN ADDITION, ONE MODULE IS DEVOTED TO DESCRIBING THE ECP.
- QA AUDITS ECP
- ECP TRENDS TO LOOK FOR PROBLEM AREAS

ATTACHMENT A
TYPICAL CONTRACT LANGUAGE

11. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, unless the contract be made with a corporation for its general benefit; nor shall Contractor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this contract.

12. TVA's Office of Nuclear Power has an Employee Concern Program which places an obligation on each of its employees to protect the health and safety of the general public and their fellow employees. A portion of this program also applies to personal services contractors and their employees. TVA will provide a copy of TVA's Employee Concern Program policy to Contractor for Contractor's employee.

13. The term of this contract shall begin with its effective date and end April 27, 1988.

Contractor agrees that TVA shall have access to its facilities for review and audit of its quality assurance program. When such access is required, advance notification will be given to Contractor in writing.

Services provided under this contract are a basic component of a facility or activity licensed by NRC. Accordingly, Contractor is subject to the provisions of Part 21 of Title 10 of the Code of Federal Regulations, including any future amendments thereof. A requirement of Part 21 is that NRC be informed of any defect as defined in 10 C.F.R. § 21.3(d) associated with a basic component. A further requirement of Part 21 is that NRC be informed of any failure to comply with the Atomic Energy Act of 1954, as amended, or any applicable rule, regulation, order, or license of NRC concerning a substantial safety hazard (10 C.F.R. § 21.3(k)) that relates to the facility or activity for which the material is a basic component.

16. TVA's Office of Nuclear Power has an Employee Concern Program which places an obligation on each of its employees to protect the health and safety of the general public and their fellow employees. A portion of this program also applies to personal services contractors and their employees and subcontractors. TVA will provide a copy of TVA's Employee Concern Program policy to Contractor for distribution to its employees and

subcontractor(s). Contractor shall, as requested and scheduled by TVA, make its employees and subcontractor(s) available for employee concern exit interviews.

17. The term of this contract shall begin with its effective date and end November 14, 1989.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the day and year first above written.

but not limited to, computer support services, computer maintenance services, and software upgrade services.

B. By striking subsection 3.E thereof and substituting therefor the following new subsection 3.E:

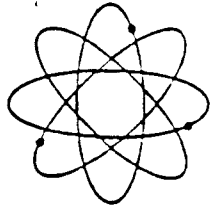
Contractor is expected to encourage its personnel, including any subcontractor's personnel, to identify and report to it any nuclear safety- or quality-related deficiencies associated with activities under this contract. Contractor shall use existing contractor means for timely resolution of such deficiencies and notification to the TVA technical administrator for the task, as appropriate. Contractor shall, as requested and scheduled by TVA, make its personnel available for interviews in connection with TVA's Employee Concern Program (ECP), and shall provide timely resolution of any nuclear safety- or quality-related deficiencies associated with activities under this contract that may be identified through the ECP.

C. By striking subsection 4.E thereof and substituting therefor the following new subsection 4.E:

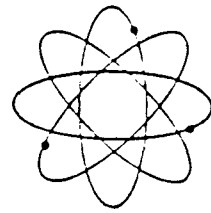
PERSONAL SERVICES CONTRACTORS RESPONSIBILITIES
REGARDING THE TVA OFFICE OF NUCLEAR POWER
EMPLOYEE CONCERN PROGRAM

The attached Policy and Reporting Instruction provides the policy and general guidelines of the Employee Concern Program. This policy applies to all TVA Nuclear employees and to personal services contractors and their employees providing a service to TVA's Office of Nuclear Power. This program also requires the performance of exit interviews of all employees terminating or changing their official station. These exit interviews also apply to contractor personnel.

The contractor is required to: (1) Give each contract employee a copy of the Employee Concern Program Description (attached), and (2) schedule an exit interview for each employee with the appropriate ECP site representative.



**TVA
EMPLOYEE
CONCERN
PROGRAM**



“SAFETY & QUALITY ARE PARAMOUNT”

S. A. White

YOU have an obligation to protect the health & safety of the general public and your fellow employees.

REPORT any conditions that you believe could adversely affect safety & quality:

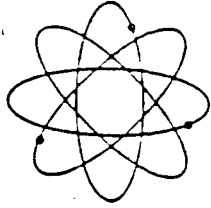
- To your supervisor
- To other responsible line management
- To your Employee Concern Program - Site Representative

You may also contact the TVA-Inspector General.

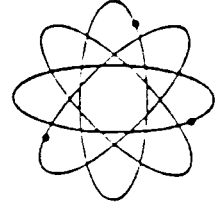
Copies of Employee Concern Program Policy & Reporting Instructions are provided on Official TVA Bulletin Boards.

Steve White

TVA NUCLEAR



TVA EMPLOYEE CONCERN PROGRAM



PROGRAM FUNDAMENTALS

- *Emphasizes early problem identification and resolution utilizing existing procedures within the line organization.*
- *Emphasizes employee's obligation to bring concerns to the attention of supervision.*
- *Emphasizes supervisor's responsibility to listen, understand the nature of the concern, evaluate and provide feedback.*
- *Supervisors will be held accountable for responsibly handling employee concerns brought to their attention.*
- *Intimidation or harassment of any employee will not be tolerated. Those who cannot comply will be subject to discharge.*
- *Establishes the Employee Concern Program Site Representative at each plant site and corporate office to assist in program implementation and to independently hear employee concerns.*
- *TVA is committed to the successful implementation of this program and will assure that appropriate resources are available.*

TVA NUCLEAR

TVA EMPLOYEE CONCERN PROGRAM

POLICY AND REPORTING INSTRUCTIONS

Policy

All personnel involved in TVA nuclear activities have an obligation to protect the health and safety of the public and their fellow employees. All employees are encouraged to express, without recrimination, any concerns about ONP facilities, operations, activities, and policies. To this end, TVA has established the following policy regarding the handling of information related to any condition, practice, or event which may adversely impact quality, deviate from technical or procedural requirements, or have the potential for degrading equipment, operating capabilities or personnel's ability to accomplish assigned responsibilities. Any such practice, condition, or event of which any TVA employee becomes aware should be brought to the attention of the employee's supervisor.

All supervisors have the additional responsibility for considering, resolving, or referring such practices, conditions, or events brought to their attention. Intimidation and harassment will not be tolerated. Intimidation (any conduct and/or wrong doing which interferes with an employee's ability to fulfill his/her assigned responsibilities) and harassment (adverse actions taken against an employee for fulfilling his/her assigned responsibilities) should also be brought to the attention of TVA management via the mechanism defined in the implementing procedures under the umbrella of the Employee Concern Program.

The avenues open to TVA personnel to facilitate their obligation to report such practices, conditions, or events are:

- Contact with first-line supervision.
- Referral via first-line supervision to higher management levels or other organizational units to which the employee will be a party, including the labor/management grievance processes.
- Direct input, or collateral input with supervision, to the Employee Concern Program Site Representative.
- Submittal to the Inspector General.
- Direct contact with the NRC in accordance with NRC Form 3, or other direct contact with governmental agencies with jurisdictional authority, as appropriate.

Instructions

1. You are encouraged to discuss issues and concerns with your immediate supervisor, using existing problem reporting systems, as appropriate.
2. You and your supervisors may involve other organizational units, as appropriate, in achieving resolution of issues or concerns.
3. You may express issues or concerns to the Employee Concern Program Site Representative should the above efforts fail. You may schedule an interview, call, or mail information related to the issue or concern. The back side of these instructions provides a means for you to document the issue or concern and provide back-up information related to it. Site Representatives may be contacted at:

CHATTANOOGA
LP 6N 3028-C
Ext. 0658
(815) 751-0658

KNOXVILLE
S-176-SB-K
Ext. 3054
(815) 632-3007

BELLEFONTE
RM 204 ADMN BLDG
ONP, BLN
Ext. 8800
(205) 574-8800

BROWNS FERRY
Personnel Svc. Bldg.
Ext. 2050
(205) 723-2050

SEQUOYAH
O&PS-2, ONP, SQN
Ext. 8954
(815) 870-8954

WATTS BAR
PMO Office Bldg.
ONP W8N
Ext. 3487
(815) 385-3487

4. You also have the option of providing documented information via this form to the TVA Inspector General for consideration. Information should be addressed to

TVA Inspector General
E4A14 C-K

5. Means for expression of concerns to NRC or other governmental agencies are found on TVA Bulletin Boards.

ATTACHMENT B (CONTINUED)

TVA OFFICE OF NUCLEAR POWER
EMPLOYEE CONCERN PROGRAM

EXIT INTERVIEW

All personnel involved in TVA nuclear activities are required to participate in an Employee Concern Program (ECP) exit interview when they terminate their employment with the Office of Nuclear Power (ONP) or transfer within ONP and as a result change their official work station (site location).

The ECP exit interview affords personnel who leave or transfer the opportunity to express, without recrimination, any concern involving a condition, practice, or event which may adversely impact quality, deviate from technical or procedural requirements, or have the potential for degrading equipment, operating capabilities or personnel's ability to accomplish assigned responsibilities.

To schedule an exit interview, contact the applicable ECP site office shown below:

CHATTANOOGA
LP 6N 302B-C
Ext. 0656
(615) 751-0656

KNOXVILLE
9-176-SB-K
Ext. 3054
(615) 632-3054

BELLEFONTE
RM 204 ADMN BLDG
ONP, BLN
Ext. 8800
(205) 574-8800

BROWNS FERRY
Personnel Svs. Bldg.
Ext. 2050
(205) 792-2050

SEQUOYAH
O&PS-2, ONP, SQN
Ext. 6954
(615) 870-6954

WATTS BAR
PMO Office Bldg.
ONP WBN
Ext. 3487
(615) 365-3497

DIVISION OF NUCLEAR TRAINING

DOCUMENT REVIEW SHEET

Health Physics (RADCON)
and Security Orientation for Nuclear Site Workers - Level 0

COURSE/PROGRAM	NO.
The Employee Concerns Program	GET002, 4-7
LESSON TITLE	NO.

INITIALS / DATE	R-0	R-1	R-2	R-3	R-4
ORIGINALLY PREPARED BY Tim Cornelius					
REVISED BY Vicki Bogan		VLB 2-19-87			
REVISED BY					
REVISED BY					
REVISED BY					
UNIT SUPERVISOR Radiological Control Training		JMR 3/19/87			
SECTION SUPERVISOR					
INSTR. CERT. & STAFF DEV.		JMR 3/24/87			
GROUP SUPERVISOR Chemistry, Radiological Control, and Safety Training		HJM 3/23/87			
BRANCH CHIEF Engineering and Technical Training		MIC 4/7/87			
IMC MASTER FILES		DL 4/14/87			

- I. Program: Health Physics (RADCON) and Security Orientation for
Nuclear Site Workers - Level 0
- II. Subject: Health Physics (RADCON)
- III. Title: The Employee Concerns Program
- IV. Length of Lesson: 5 Minutes
- V. Training Objectives:
Upon completion of this module the employee will be able to
successfully:
- A. Recognize and select from a list the purpose of the employee
concern program.
 - B. Given a set of responses, select the avenues available to TVA
personnel to report concerns.
- VI. Training Aids:
Markerboard
- VII. Materials:
None
- VIII. References:
- A. SDSP-15.1 (BFN), latest revision
 - B. SQA 178 (SQN), latest revision

Lesson OutlineInstructor NotesIX. Introduction:

This module will explain the basics of the employee concern program in TVA.

X. Definitions:

None

Lesson OutlineInstructor NotesXI. Lesson Body:

A. Purpose of the Employee Concern Program

1. All personnel in TVA nuclear activities have an obligation to protect the health and safety of the public and their fellow employees. Any condition, practice, or event which may adversely impact quality, deviate from technical or procedural requirements or have the potential for degrading equipment, operating capabilities or personnel's ability to accomplish assigned responsibilities should be brought to the attention of the employee's supervisor.
2. All supervisors have the additional responsibility for considering, resolving, or referring such practices, conditions, or events brought to their attention. Intimidation (any conduct which interferes with an employee's ability to fulfill his/her assigned responsibilities) and harassment (adverse actions taken against an employee for fulfilling his/her assigned responsibilities) will not be tolerated.

Lesson OutlineInstructor Notes

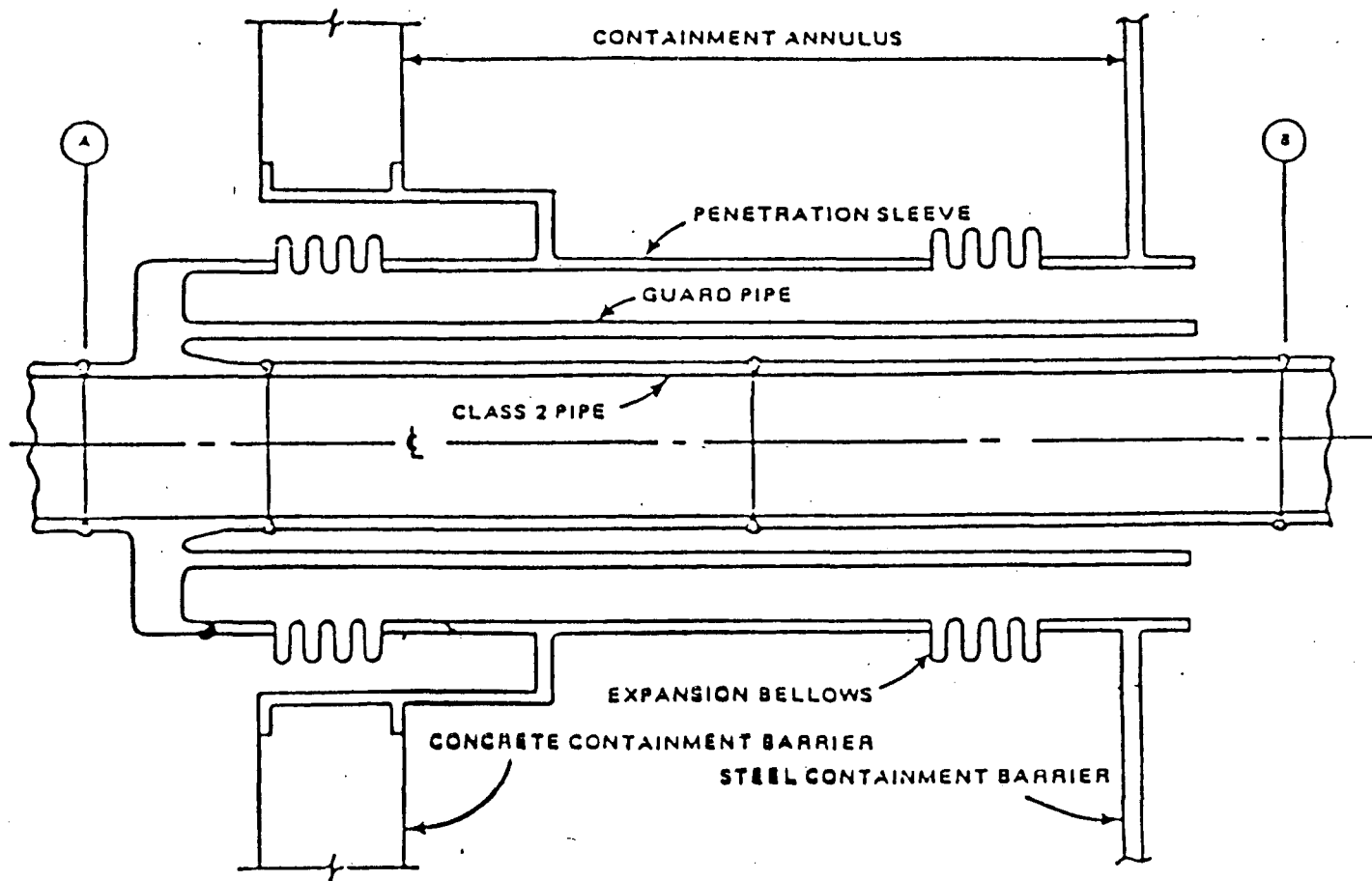
3. The avenues open to IVA personnel to facilitate their obligation to report such practices, conditions, or events are:
- a. Contact with first-line supervision.
 - b. Referral via first-line supervision to higher management levels or other organizational units to which the employee will be a party.
 - c. Direct input, or collateral input with supervision, to the Employee Concern Program Site Representative.
 - d. Submittal to the Inspector General.
 - e. Direct contact with the NRC in accordance with NRC Form-3, or other direct contact with governmental agencies with jurisdictional authority, as appropriate.

XII. Summary:

This identification of actual or perceived problems related to nuclear power must be accomplished. The EC2 aids this effort.

XIII. Questions:

- A. What is the purpose of the Employee Concern Program?
- Answer: See Paragraph XI.A.
- B. Explain the avenues available to express your concern.
- Answer: See Paragraph XI.C.



1. WELDS WERE NOT PRESSURE TESTED BY TUBE TURN.
2. WELDS WERE NOT EXAMINED FOR LEAKAGE DURING TVA SYSTEM PRESSURE TEST.

MASTER SPECIFICATION FOR SAFETY-RELATED PIPING

- TECHNICAL REQUIREMENTS
- QUALITY CONTROL REQUIREMENTS

May 31, 1988

determined to be a Significant Condition Adverse to Quality (CAQ) and generic. On May 17, 1984, NRC 5609 was dispositioned "use-as-is" for fifty-six (56) Unit 1 penetrations.

Towards the end of the meeting, the NRC staff asked several questions regarding the chronology of events in the 1984-1986 period. TVA was not fully prepared to respond to some of these questions. TVA verbally requested a copy of the OI report and will do so on the docket.

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Rajender Auluck

Rajender Auluck, Project Manager
TVA Projects Division
Office of Special Projects

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SRichardson
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OSP:ADIR
JAxelrad
5/31/88

September 16, 1985

PERSONAL - CONFIDENTIAL

William E. Mason, Esquire
Assistant General Counsel
Tennessee Valley Authority
Knoxville, TN 37902

As I indicated in our telephone conversation on Friday, I have assembled this report to TVA which I believe is responsive to the matters discussed at our September 3rd meeting in Knoxville.

You will recall that, at our meeting, I began by stating that I felt we were dealing with two separate issues: the question of quality and the "personnel" matter. I think it is important that we continue to treat these issues separately for purposes of clarity.

I The Quality Question. I believe that this matter was substantially covered in my letter to you of 8/27/85. I understand that your internal nuclear group is conducting its own investigation which may by now have been completed. It was my sense of our meeting that neither my Company nor TVA believed that serious quality problems existed and I trust that your investigation will confirm this.

It is our strong belief that HSB has performed its services under your contract in a highly professional manner and that there is therefore no real need to change our procedures. Because we want to impress upon you how seriously we have taken this matter, however, we have implemented the following changes.

1. Assistant Regional Manager Ireland will assume responsibility for all HSB inspectors assigned to any TVA facility, including corporate activities in Knoxville.
2. Mr. Ireland's activities will be audited by an independent supervisor, Assistant Regional Manager Bobo. Mr. Bobo's audit will be documented in memorandum form to our home office Codes & Standards unit and to Mr. Higginbotham.
3. Mr. Higginbotham will oversee all of these activities.

William E. Mason, Esquire
Page Two
September 16, 1985

II The Personnel Matter. Interviews were conducted of all of our TVA inspectors on September 4 and 5, 1985 by Mr. Higginbotham and Mr. Ireland.

We have obtained written statements from each of the inspectors. Although these statements must speak for themselves, they strike me as possessing significant credibility. Mr. Higginbotham will show you these statements when he meets with you in Knoxville on Tuesday, 9/17/85.

I have enclosed a copy of information sent to me by Bill Higginbotham on 9/11/85. This information is the typewritten version of Mr. Ireland's handwritten memo to Mr. Higginbotham. The handwriting on this document is mine and represents clarifications I obtained by telephone from Mr. Higginbotham.

I believe we have investigated this matter thoroughly and that there is still insufficient evidence to conclude that the letter was written by an HSB employee. You can rest assured that, if we had determined that the author was an HSB employee, we would have terminated him immediately.

At our meeting on 9/3/85, Mr. Minton expressed his unhappiness with the personal conduct of one of our Watts Bar employees, Stephen Heater. He stated that Heater had called him asking for a copy of our contract, asking what rates were being paid, etc. and generally serving as an irritant. Later, he dated Mr. Minton's secretary and continued his tirade concerning the bonus matter. He subsequently asked her what the hourly rates, mileage rates, and per diem rates were under our contract.

It is clear that Heater has created a serious customer relations problem from our standpoint and we have therefore transferred him from your site. This action has been taken solely due to the customer relations problem which we feel he created.

I believe that our investigation into the quality question and our response to your concerns in that area have satisfactorily resolved that issue.

Our investigation into the personnel matter has perhaps raised new questions concerning the possible involvement of individuals not employed by this Company. I think we have truly gone as far as we can on this issue, although we are prepared to cooperate with the FBI in its continuing investigation.

Our transfer of Mr. Heater we believe removes a source of considerable friction and we feel was a necessary part of this process.

William E. Mason, Esquire
Page Three
September 16, 1985

It is my sincere hope that you will review our actions and the information I have provided and will conclude that we have demonstrated a responsible and professional attitude throughout this unfortunate situation. It is likewise my hope that our response to these issues has rebuilt your confidence in us so that we may continue to work together.

If I can answer any further questions, please call me.

Very truly yours,

CHARLES M. LYONS
Assistant Counsel

Enclosure

CML/wem/1410/26

cc T. S. Lewis
K. J. Kelly

DISTRIBUTION FOR MEETING SUMMARY DATED: May 31, 1988

Facility: Watts Bar Nuclear Plant, Units 1 and 2*

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