

1 COMMISSIONER BERNTHAL: It sounds like you are
2 suggesting that it wouldn't be wise, and it may not be, there
3 are many ways to skin a management cat, I guess, that may not
4 be wise, but it sounds like you are suggesting that it
5 wouldn't be wise to now set up an independent outside group
6 whose primary focus is on technical matters, as I questioned
7 and maybe suggested earlier.

8 MR. WHITE: Well, that's up to the Board, of course,
9 to decide. Some utilities do this and some don't. I guess
10 you are suggesting we should re-look at that.

11 COMMISSIONER BERNTHAL: No. I'm not urging that on
12 you. I was just curious exactly how you are headed, where you
13 are going here.

14 MR. DEAN: We expect to know what is going on in our
15 nuclear program. We are confident we are going to know what
16 is going on in our nuclear program. That's one object of the
17 separate loop.

18 COMMISSIONER BERNTHAL: All right. Thank you.

19 CHAIRMAN PALLADINO: Commissioner Zech?

20 COMMISSIONER ZECH: Yes; just a couple of things.

21 First of all, just some comments. First of all, I
22 thought it was an excellent presentation. I think you focused
23 on line management problems and that's exactly where they
24 are. That was my impression when I visited the various
25 facilities.

1 You've got a significant challenge. You obviously
2 are aware of that. You are identifying some problems,
3 employee concerns, quality assurance, documentation and
4 configuration control; those are real big problems and you
5 know that. Obviously, you are working on those.

6 I was frankly impressed by your emphasis on the
7 people, because you are absolutely right. You have to get the
8 people and the qualified people and the right kind of people
9 and then put them in the places where they can get the job
10 done, give them the responsibility, the authority and
11 accountability to hold them to it. That sounds just exactly
12 what you are doing. As far as I'm concerned, that's the right
13 thing to do.

14 You have come up with some solutions, or you think
15 they are solutions, and you are working with them. I think
16 that's appropriate, too.

17 I appreciate the fact that you are not sure where
18 the problems are. I think you are exactly right. I think you
19 have identified a lot of them. My perception was the line
20 management problems they had, it was a gigantic undertaking.
21 I appreciate the fact you are not so confident that you have
22 found all the problems yet. I would feel the same way if I
23 were you. You have identified certainly a number of the key
24 problems.

25 I think your emphasis on quality first and safety

1 first is exactly right on. I appreciate the fact that you
2 are not being pressurized by schedule. That's the right thing
3 to do in my view, too. You have so many things on your plate
4 that you simply have to -- we have to give you as others and
5 your Board has to give you time to solve those problems and do
6 them with the confidence that you need and your Board needs
7 and this Commission needs. I agree that's exactly the right
8 approach to take.

9 I think or hope that you are working towards a state
10 of excellence at TVA. I think there is no reason why TVA
11 shouldn't -- and hopefully with your leadership you can bring
12 TVA to a state of leadership in the industry. There is no
13 reason in my view -- the people down there have the capability
14 to do that. I think they have the desire to do it. It's just
15 a matter of bringing them together and directing their
16 energies. They have the talent. I think they need some
17 support and coordination. It looks like you are going in the
18 right direction to me.

19 I think that what I have heard today is
20 encouraging. The problems are not solved yet, we know that,
21 but you are on the right track in my view.

22 Mr. Chairman, you asked about a meeting coming up.
23 If I just may offer a suggestion. It seems to me that we have
24 heard a fine presentation here today. I think we have them
25 tentatively scheduled to come back on Monday. I don't see any

1 need for that at all. I would suggest that we let them go
2 back and get to work and come back to us in several months,
3 when the time seems more appropriate. I would suggest that
4 would be the right thing to do.

5 CHAIRMAN PALLADINO: Let me make a few comments
6 about the schedule. I think there are several things I've
7 learned in talking to various people within the last few days.

8 We have a meeting scheduled tentatively for the
9 17th. The reason this got scheduled that way was when we
10 scheduled the meeting we had today, we were hoping to have
11 your volume one at least ahead of time so we could get
12 acquainted with it, know what it is in and maybe even get some
13 staff comments on it.

14 That didn't materialize. We said, well, if you are
15 going to get it out within a day or two after this meeting,
16 maybe a meeting next week would be in order, so that we could
17 understand and raise questions about your volume one.

18 One of the reasons next week was picked was we have
19 three or four hearings coming up where TVA may very well come
20 up. We thought being brought up to date would be appropriate.

21 However, other information that I've learned, you
22 pointed out in your conversation with me by phone yesterday
23 that having a meeting next week would represent a significant
24 delay in trying to get things done that you want to get done.
25 I talked to the staff and asked them, suppose we got the plan

1 today, how long it would take them to review it, and give the
2 Commission some feedback, and the first cut estimate by Vic
3 Stello was three weeks. I don't know if you have any new idea
4 on that.

5 Certainly we want a chance to read it, and want to
6 make sure we get in-depth questions. I was going to give a
7 modification to the proposal that Commissioner Zech had, that
8 assuming we get that report today, that we ask for a staff
9 feedback on that report, maybe about April 1st. I think we
10 have a day in April when we are all going to be here. Maybe
11 then have TVA come back and interact on the basis of that
12 volume one report.

13 MR. WHITE: I don't know if it is appropriate of me
14 at this point to offer a suggestion.

15 CHAIRMAN PALLADINO: Go ahead. We are trying to
16 get a resolution of a problem.

17 MR. WHITE: All right. I would like frankly, from
18 my perspective, to wait a few months and come back. I don't
19 like to have to, even on the first of April, tie up the talent
20 --

21 CHAIRMAN PALLADINO: I was thinking you were going
22 to interact with the staff.

23 MR. WHITE: I would even suggest that perhaps if we
24 could have the key members of your staff actually come to
25 Chattanooga or Knoxville, where the information and the people

1 are available and we can tap an individual person rather than
2 tying the whole group up, if that isn't too much trouble. I
3 really would prefer that, and get the things resolved quickly
4 and on the spot.

5 COMMISSIONER BERNTHAL: That is certainly acceptable
6 to me. The thing that seems to me that we need to remember on
7 this side of the table is every meeting like this, whether or
8 not it is with the Commission or with the staff, it isn't just
9 the day of the meeting. It's a lot of preparation. I don't
10 know how many days you and your top people spent in preparing
11 what you gave us here today. I suspect it's quite a bit of
12 time.

13 I agree with you, Lando. I think we should let you
14 get on with your work down there. You are going to have to be
15 somewhat solicitous of us because we have an auditing
16 responsibility. I would hope that our staff can be
17 accommodating. If you think the right thing to do is for them
18 to go down to Chattanooga, then I would prefer to have us do
19 that.

20 COMMISSIONER ASSELSTINE: My view, I think, is
21 somewhat different. I think first on the staff level, the
22 staff has to have the opportunity to set up what I suspect
23 will be a whole series of meetings, to focus both on volume
24 one as well as on the continuing relationship on the plants.

25 I think the kind of interaction that we talked about

1 at the last meeting, the kind of interaction we have seen at
2 least on some issues, identifying the responsible people in
3 TVA's side and the staff doing the same thing, has to
4 continue. Some of that, maybe we can do down there, but I
5 think some of it is going to have to be done up here as well.

6 I guess I would not want to foreclose the
7 opportunity for the staff to continue with the day by day
8 interactions that they think are necessary to get on top of
9 this situation.

10 COMMISSIONER ZECH: I think the staff ought to keep
11 working, too, as they are now, but I just don't see any need
12 for another formal presentation next Monday up here by these
13 people. I think they ought to get back and get to work. It
14 sounds to me like they have plenty to do.

15 COMMISSIONER ASSELSTINE: On that issue, for myself,
16 at least, I still have a whole host of questions. I think
17 today was a good first step, but I don't think it was much
18 more than a first step. Quite frankly, I think we have
19 scratched the surface on a number of issues that still deserve
20 further exploration.

21 If the sense of the Commission is not to hold
22 further meetings for the foreseeable future, I will accept
23 Mr. White's invitation to come down there and we will explore
24 some of these issues.

25 MR. WHITE: Very fine.

1 CHAIRMAN PALLADINO: As a matter of fact, it might
2 help if you articulate ahead of time, so they can address
3 them.

4 MR. WHITE: If I may say, that would probably be the
5 best way, if the staff comes up with certain questions.
6 Obviously, the communications are good and I would expect to
7 get those. I didn't mean to propose that the entire staff
8 would come down at once, but rather the specific ones that
9 have a series of questions in an area, then we could get them
10 with the right person or persons. I would suspect they would
11 want to see more than one.

12 COMMISSIONER BERNTHAL: It seems to me maybe we
13 might ask our staff, and we don't need to do it right now, but
14 I suspect they can let us know and I hope we can trust them to
15 tell us what they need to do to make sure they are aware of
16 what is going on down there, whether they have to travel there
17 or you here or something.

18 CHAIRMAN PALLADINO: Let me make a suggestion.

19 COMMISSIONER ASSELSTINE: By the way, let me add I
20 like your idea of having another meeting with the staff in a
21 few weeks because I have a lot of questions there, too.

22 CHAIRMAN PALLADINO: I was going to suggest that we
23 cancel the meeting next week.

24 COMMISSIONER ZECH: I agree.

25 CHAIRMAN PALLADINO: Agreement?

1 [Chorus of ayes.]

2 CHAIRMAN PALLADINO: That doesn't mean we are not
3 going to have meetings, but we will cancel the one tentatively
4 scheduled for next Monday, and we ask the staff to think in
5 terms of meeting with the Commission some time around April
6 1st or thereabouts, after they have had a chance to look at
7 this, and if it takes more time, then the other date might be
8 April 17th.

9 You interact with the TVA people as you would
10 normally do and that we delay scheduling another meeting with
11 TVA until at least we hear from the staff on their assessment
12 of the appropriate plans.

13 COMMISSIONER BERNTHAL: I'm sorry. What was the
14 April 17th date? That flew right by me.

15 CHAIRMAN PALLADINO: I said if the staff needs more
16 time, in case they can't meet with us on April 1st, there are
17 a lot of questions here, I said looking at the schedule, the
18 next open spot is April 17th. Incidentally, there aren't many
19 days in April where the Commission is here as a whole.

20 COMMISSIONER ASSELSTINE: For myself, my preference
21 would be to have the staff on the 1st and have TVA back on the
22 17th.

23 CHAIRMAN PALLADINO: Why don't we keep that open?

24 COMMISSIONER BERNTHAL: I think that's too soon.

25 CHAIRMAN PALLADINO: Why don't we keep that open?

1 We can take the matter up at agenda planning. For now, we
2 will agree not to have the meeting next week. We will be in
3 touch with the staff and later with you on when we will meet.

4 MR. DEAN: Needless to say, Mr. Chairman, it is like
5 appearing before a congressional committee. If people want to
6 submit questions for the record, we are obviously always glad
7 to work on them.

8 CHAIRMAN PALLADINO: I am going to suggest that the
9 Commissioners try to articulate their questions, even in
10 advance of any meeting, to give you a chance to address them
11 and consider them and have a more considered answer.

12 MR. WHITE: Before you bang the gavel, may I say
13 that I personally appreciate a couple of things. One is the
14 attention that all of you paid to a message we were trying to
15 deliver. The second is I thank you very much for your
16 patience with me. I covered a lot of ground and you were very
17 patient.

18 CHAIRMAN PALLADINO: We thank you, as I said before,
19 for a very impressive presentation. We did cover a lot of
20 ground. I know we still have a lot more to cover. We will be
21 in touch with each other on the future issues.

22 Anything more?

23 [No response.]

24 CHAIRMAN PALLADINO: Thank you very much again. We
25 stand adjourned.

[Whereupon, at 12:30 p.m., the meeting was adjourned.]

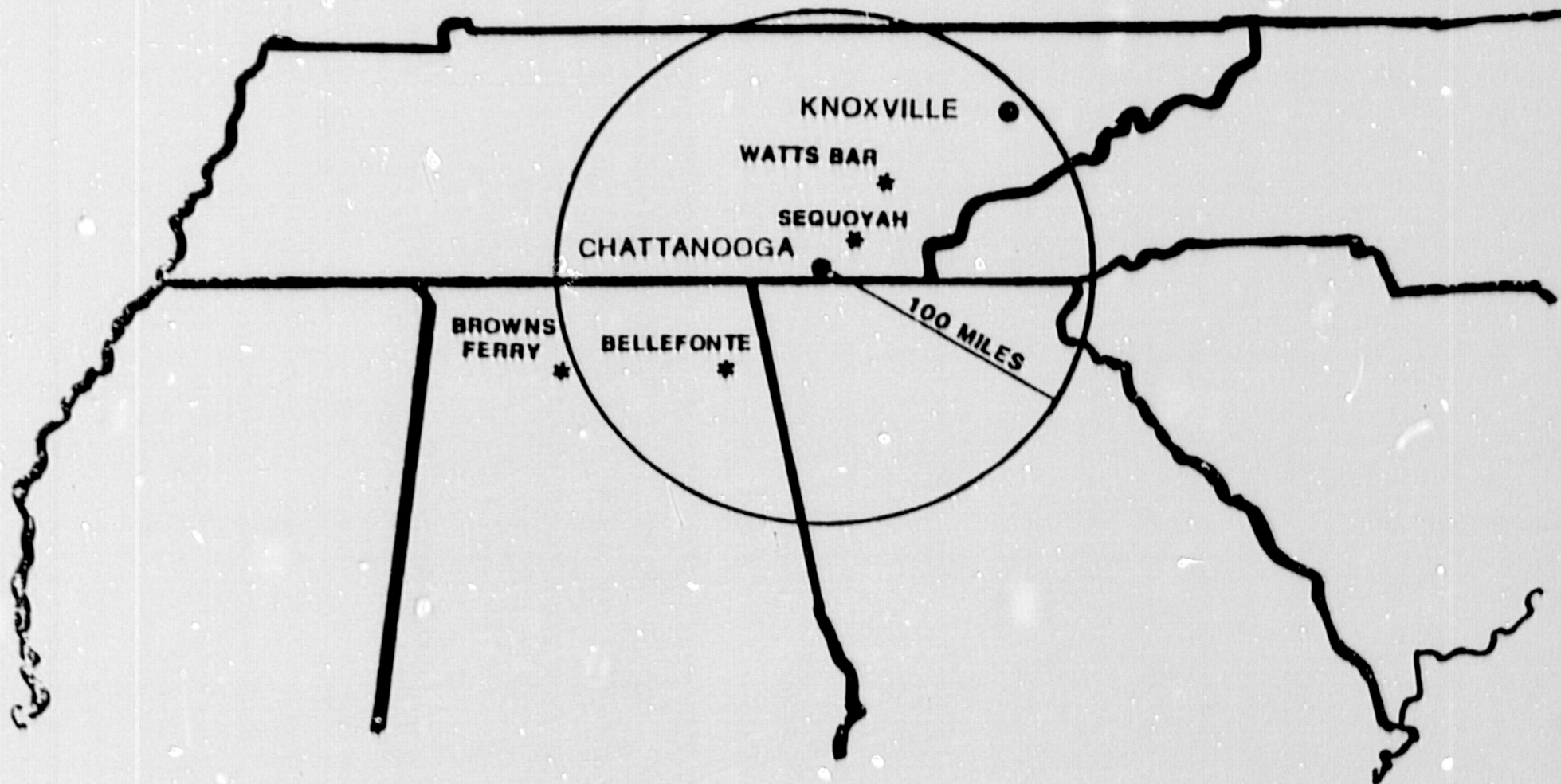
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**HISTORY
AND
BACKGROUND**

MAJOR NUCLEAR FACILITIES

<u>NAME</u>	<u>UNITS</u>	<u>LOCATION</u>	<u>NAMEPLATE CAPACITY IN MEGAWATTS (EACH UNIT)</u>	<u>CONSTRUCTION START</u>	<u>COMMERCIAL OPERATION</u>	<u>TYPE</u>
BROWNS FERRY	3	DECATUR, AL	1,152	9-12-66	UNIT 1-1974 UNIT 2-1975 UNIT 3-1977	BWR (GE)
SEQUOYAH	2	SODDY-DAISY, TN	1,221	4-1-69	UNIT 1-1980 UNIT 2-1982	PWR (W)
WATTS BAR	2	SPRING CITY, TN	1,270	12-26-72		PWR (W)
BELLEFONTE	2	SCOTTSBORO, AL	1,332	9-18-74		PWR (B&W)
CORPORATE (NUCLEAR)		CHATTANOOGA, TN				
ENGINEERING (NUCLEAR)		KNOXVILLE, TN				
CONSTRUCTION (NUCLEAR)		KNOXVILLE, TN				

NUCLEAR FACILITIES



TVA'S NUCLEAR PLANT STATUS

● <u>OPERATING PLANTS</u>			
	<u>STATUS</u>	<u>DATE</u>	<u>REASON FOR SHUTDOWN</u>
BROWNS FERRY UNIT 1	SHUTDOWN	3/19/85	PROBLEMS WITH CONTAINMENT ISOLATION VALVES
BROWNS FERRY UNIT 2	SHUTDOWN	9/15/84	SCHEDULED REFUELING
BROWNS FERRY UNIT 3	SHUTDOWN	3/9/85	REACTOR VESSEL WATER LEVEL DISCREPANCIES
SEQUOYAH UNIT 1	SHUTDOWN	8/22/85	ENVIRONMENTAL QUALIFICATION OF EQUIPMENT DOCUMENTATION PROBLEMS
SEQUOYAH UNIT 2	SHUTDOWN	8/21/85	ENVIRONMENTAL QUALIFICATION OF EQUIPMENT QUALIFICATION PROBLEMS
● <u>PLANTS UNDER CONSTRUCTION</u>			<u>CURRENT ACTIVITY</u>
	<u>STATUS OF CONSTRUCTION</u>		
WATTS BAR UNIT 1	COMPLETE		WAITING RESOLUTION OF EMPLOYEE CONCERNS
WATTS BAR UNIT 2	75% COMPLETE		WORK IN PROGRESS
BELLEFONTE UNIT 1	86% COMPLETE		WORK IN PROGRESS
BELLEFONTE UNIT 2	55% COMPLETE		WORK IN PROGRESS

NRC CONCERNS

NRC JULY 3, 1985 LETTER

• AREAS OF CONCERN

1. ALLEGATIONS AND TVA EMPLOYEE CONCERNS PROGRAM

- SAFETY ISSUES**
- ABILITY TO RESOLVE SAFETY QUESTIONS**
- EFFECTS OF FEARS OF REPRISAL & INTIMIDATION**

2. SALP HISTORY

- SEQUOYAH - PROBLEMS IN EMERGENCY PREPAREDNESS, QUALITY ASSURANCE**
- WATTS BAR - PROBLEMS IN SUPPORT SYSTEMS**
- BELLEFONTE - ONLY SLIGHT IMPROVEMENT**
- BROWNS FERRY - MAJOR WEAKNESSES IN A NUMBER OF AREAS**

3. ENFORCEMENT HISTORY

- THREE TIMES NATIONAL AVERAGE**
- \$910,625 FINES (CECO \$134,000)**
- 39% OF VIOLATIONS IN MANAGEMENT-RELATED AREAS**

NRC CONCERNS (Continued)

4. TVA OPERATING EXPERIENCE

- **BROWNS FERRY FIRE - 1975**
- **BROWNS FERRY PARTIAL SCRAM - 1980**
- **HIGHER SCRAM RATES AT BROWNS FERRY - 1980-1983**
- **HIGHER SCRAM RATES AT SEQUOYAH - 1984**
- **ENGINEERED SAFEGUARDS ACTUATIONS SEQUOYAH AND BROWNS FERRY - 1984**
- **ABNORMAL OCCURRENCES TRENDING UP FOR BROWNS FERRY**

NRC CONCERNS (Continued)

5. MANAGEMENT STRUCTURE & EXPERIENCE

- **WEAK IN TOTAL NUCLEAR EXPERIENCE AND ACTUAL OPERATING EXPERIENCE**
- **EIGHT EXPERIENCED MANAGERS LOST (ASS'T PLANT SUPERINTENDENT AND ABOVE) IN 6 YEARS**
- **TECHNICAL SUPPORT NOT UNDER LINE MANAGEMENT, UNDER SENIOR VP**
- **EFFECT OF RECENT DECENTRALIZATION NOT YET DEMONSTRATED**

DIAGNOSIS & CONFIRMATION OF PROBLEM

● PROBLEMS IDENTIFIED

**NOVEMBER 1985
(SWEC TEAM LEAD
BY S. A. WHITE)**

- LACK OF EFFECTIVE TOP MANAGEMENT**
- LACK OF WORKER CONFIDENCE IN MANAGEMENT**
- LACK OF TOTAL COMMITMENT TO QUALITY**
- DIFFUSED ORGANIZATION, LINES OF AUTHORITY**
- LITTLE OR NO CONFIGURATION MANAGEMENT**
- DIFFERENT STANDARDS, REQUIREMENTS,
PROCEDURES (ALL SITES)**

DIAGNOSIS & CONFIRMATION OF PROBLEM (CONT.)

● ACTION TAKEN

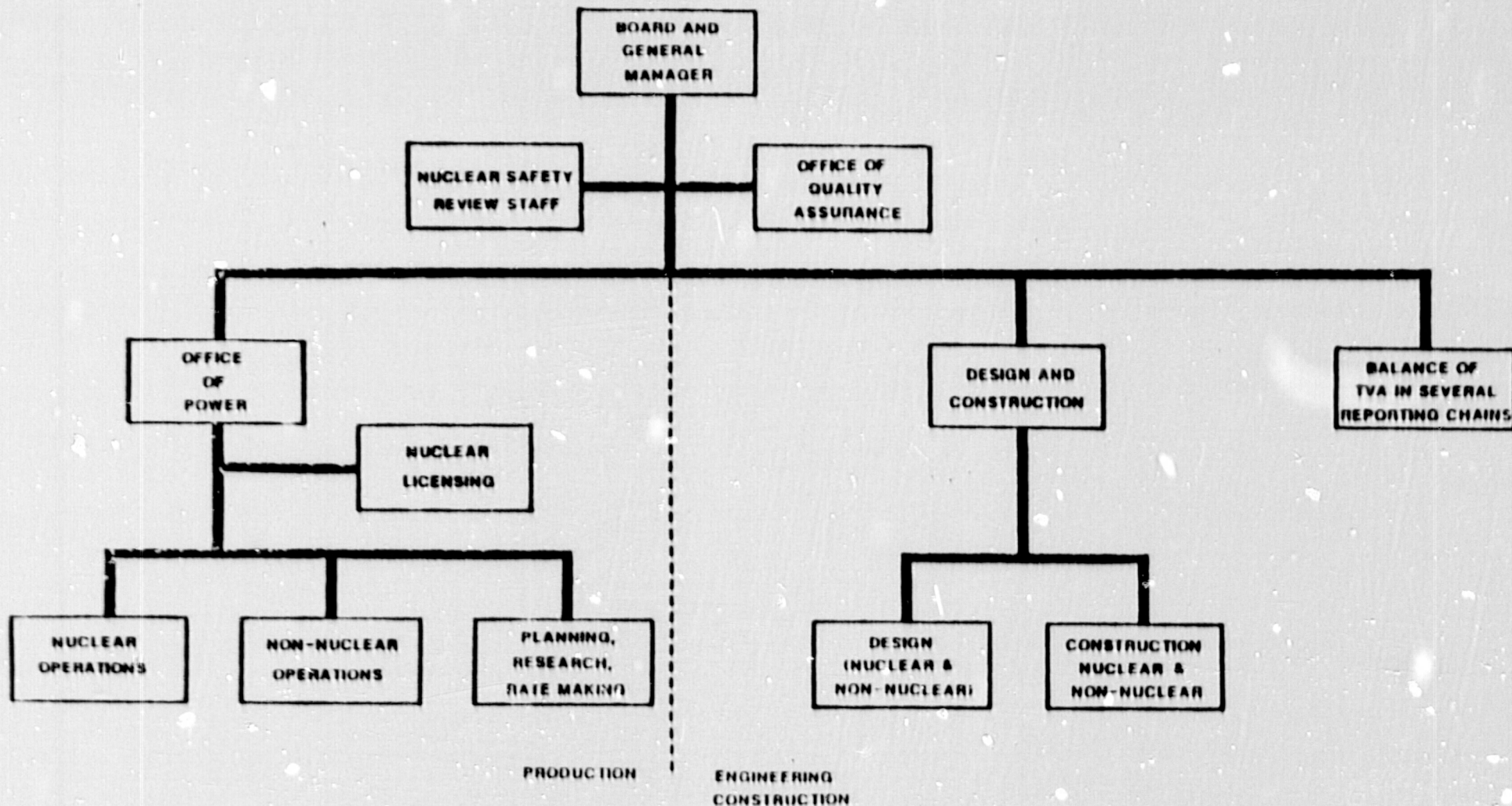
- DISCUSSED WITH BOARD OF DIRECTORS** **DECEMBER 1985**
- S. A. WHITE APPOINTED MANAGER OF ALL
TVA NUCLEAR MATTERS** **JANUARY 3, 1986**
- MEMORANDUM OF UNDERSTANDING SIGNED**
- S. A. WHITE ASSUMED POSITION OF MANAGER** **JANUARY 13, 1986**
- TEAM OF ASSISTANTS ARRIVE—START
CORRECTIVE ACTION**
- REVIEW OF ALL EXTERNAL CRITICISMS COMPLETED** **JANUARY 31, 1986**

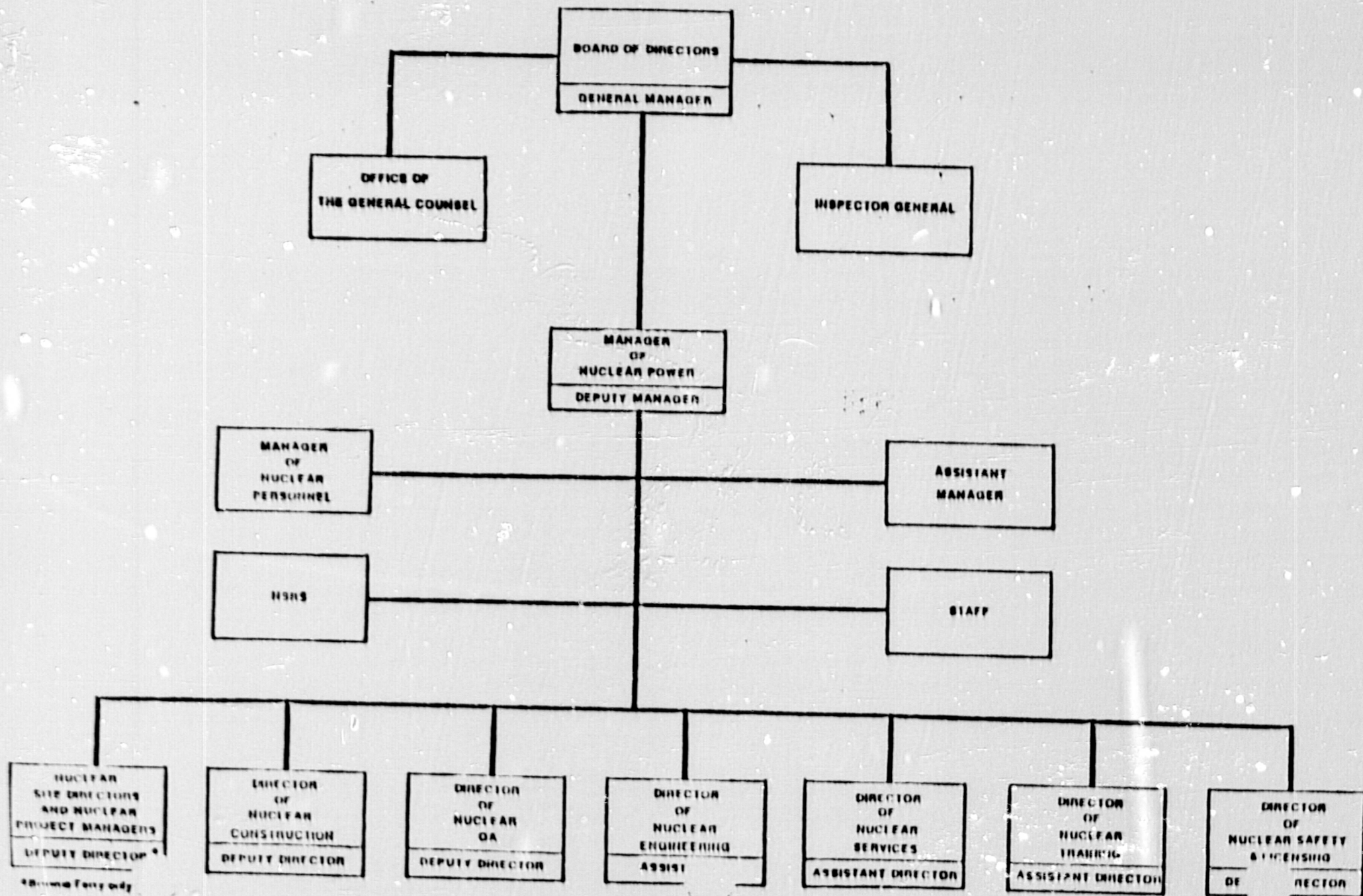
ORGANIZATION

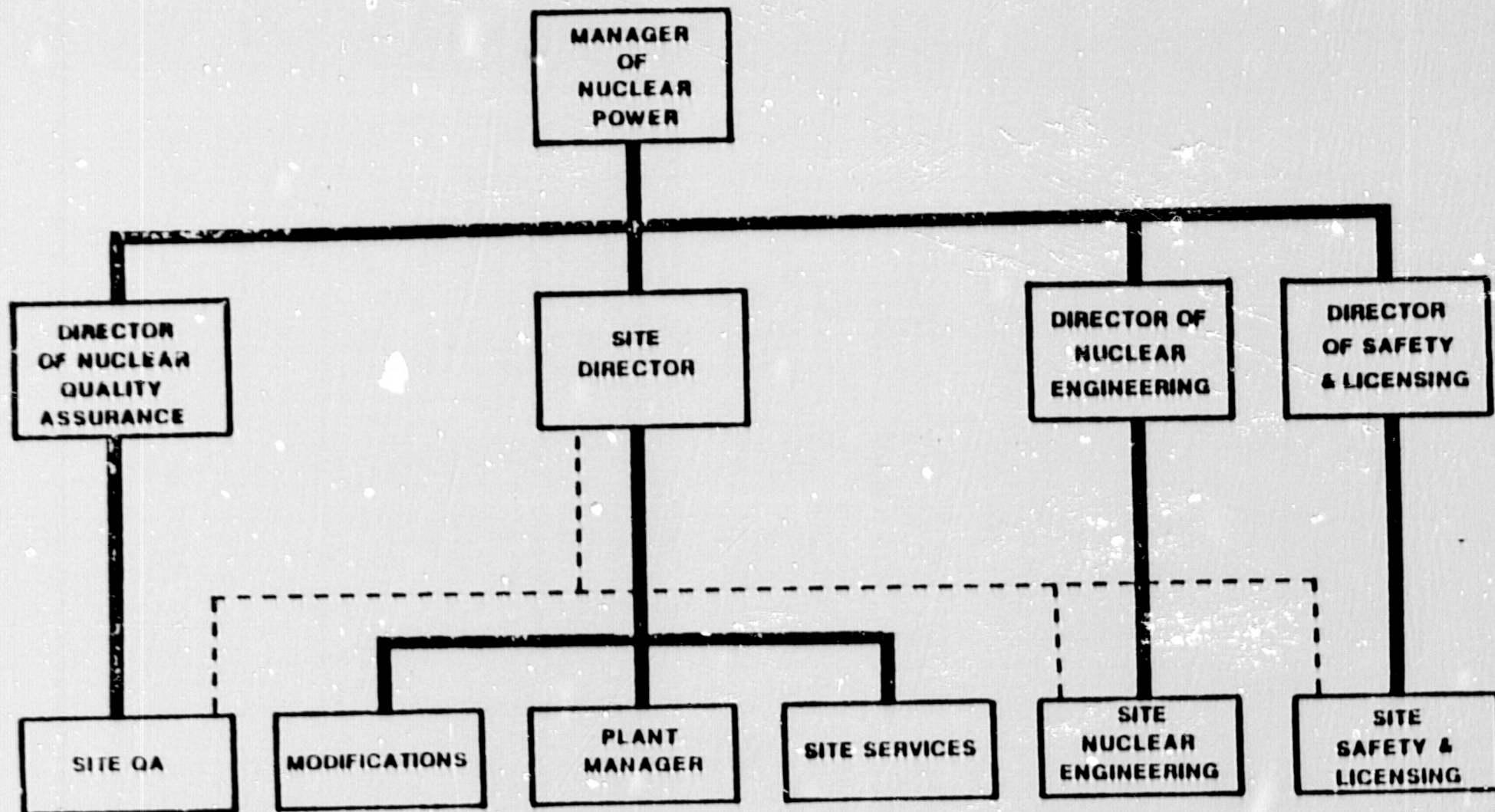
(RESTRUCTURING)

STRATEGY

- **BRING ALL NUCLEAR MATTERS UNDER ONE CONTROL**
- **REMOVE NON-NUCLEAR MATTERS**
- **CLEAR, SIMPLE LINES OF AUTHORITY/RESPONSIBILITY**
- **CONSISTENCY ACROSS ENTIRE TVA NUCLEAR EFFORT**
- **STRENGTHENING WEAK AREAS SUCH AS QA, ENGINEERING, LICENSING**







PEOPLE

PEOPLE

- PROBLEM

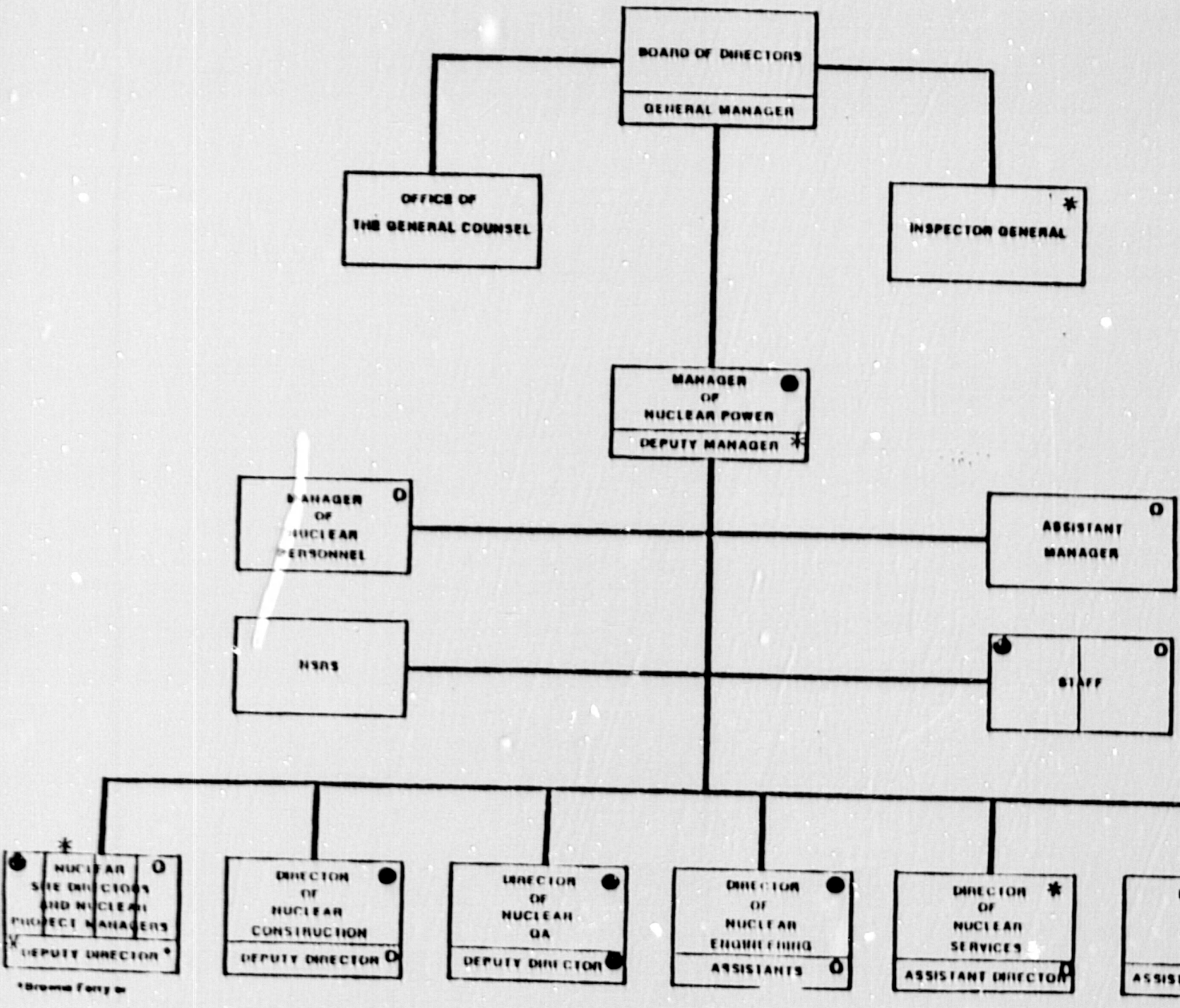
- LACK OF LEADERSHIP AND DIRECTION

- SOLUTION

- GO "OUTSIDE" FOR THESE PEOPLE (CONTRACTOR).
- USE THEM ON A TEMPORARY BASIS (TWO YEARS).
- CONTINUE SEARCH FOR TALENT WITHIN TVA.
- CONTINUE SEARCH OUTSIDE FOR TALENT WILLING TO HIIE IN AS TVA EMPLOYEE.
- CONTRACTOR MANAGERS WILL BE TVA LINE MANAGERS, WITH A PERMANENT TVA "DEPUTY" TO TRAIN.

INTRODUCTION OF TVA MANAGERS

<u>NAME</u>	<u>TITLE</u>	<u>EMPLOYER</u>
MASON	DEPUTY MGR NUCLEAR POWER	TVA
COTTLE	ASSISTANT MGR NUCLEAR POWER	TVA
KELLY	DIR. NUCLEAR QA	SWEC
DROTTLEFF	DIR. NUCLEAR ENG.	SWEC
GRIDLEY	DIR. NUCLEAR SAFETY & LICENSING	GE
McCULLOUGH	DIR. NUCLEAR CONSTRUCTION	BECHTEL
BIBB	SITE DIRECTOR BFN	MAC
ABERCROMBIE	SITE DIRECTOR SQN	TVA
ROBERTSON	DIR. NUCLEAR SERVICES	TVA
TAYLOR	MGR. NUCLEAR PERSONNEL	TVA
JOHNSON	DIR. NUCLEAR TRAINING	TVA
WHITT	DIR. NSRS	TVA



LEGEND

- Contract Employee
- * New TVA Employee
- Old TVA Employee in new positions

REWRITE POSITION DESCRIPTION

● DEVELOP POSITION DESCRIPTIONS

- ESTABLISH ACCOUNTABILITY**
- ELIMINATE RESPONSIBILITY DUPLICATION**
- ASSIGN MISSING FUNCTIONS**
- PROVIDE CENTRALIZED CONTROL**
- DEFINE INTERFACE RESPONSIBILITIES**
- PROVIDE BASIS FOR EMPLOYEE EVALUATION**

IMPROVING MANAGEMENT SYSTEMS AND CONTROLS

- **REDEFINE ORGANIZATIONAL INTERFACES AND RESPONSIBILITY**
- **ESTABLISH HIERARCHY OF PROCEDURES TO REFLECT NEW INTERFACES AND RESPONSIBILITY**
- **MANAGEMENT INFORMATION SYSTEM**
- **COMMITMENT TRACKING (CCTS)**

IMPROVEMENTS IN TVA'S MANAGEMENT SYSTEMS AND PROGRAMS

- **INCREASING UPPER MANAGEMENT AWARENESS OF NUCLEAR ACTIVITIES**
 - **BRIEFINGS FOR THE BOARD OF DIRECTORS**
 - **MANAGER OF NUCLEAR POWER**
 1. **MONTHLY BRIEFINGS**
 2. **AT LEAST TWICE WEEKLY DIRECT CONTACT WITH BOARD MEMBERS**
 - **OFFICE OF INSPECTOR GENERAL**
 - **BRIEFINGS FOR THE MANAGER OF NUCLEAR POWER**
 - **CONTINUOUS CONTACT WITH LINE MANAGEMENT**
 - **REGULAR MEETINGS WITH STAFF AND LINE MANAGEMENT**
 - **MULTIPLE SOURCES OF INFORMATION**
 - **SPECIFIC GROUPS REPORTING TO MANAGER, SUCH AS NSRS, ETC.**

RECAP

- **MAJOR ORGANIZATIONAL CHANGES**
 - **RESTRUCTURED ORGANIZATION**
 - **SIGNIFICANT PERSONNEL CHANGES**
 - **OUTSIDE TALENT**
- **WELL DEFINED RESPONSIBILITY AND ACCOUNTABILITY**
- **STRONGER MANAGEMENT CONTROLS**

EMPLOYEE CONCERNS

EMPLOYEE CONCERN PROGRAMS

- **WATTS BAR "SPECIAL PROGRAM"**
- **NEW TVA EMPLOYEE CONCERN PROGRAM**

WATTS BAR SPECIAL PROGRAM
SUMMARY OF RESULTS TO DATE

INTERVIEWS CONDUCTED	5,876
EMPLOYEES WITH CONCERNS	1,858
TOTAL CONCERNS IDENTIFIED	5,159
TOTAL RESOLVED	1,213

NEW EMPLOYEE CONCERN PROGRAM STATUS

2/1/86 - 3/7/86

	<u>CONTACTS*</u>	<u>CONCERNS</u>
CHATTANOOGA	39	3
KNOXVILLE	15	5
SEQUOYAH	81	11
BELLEFONTE	72	3
BROWNS FERRY	179	21
WATTS BAR	<u>106</u>	<u>24</u>
TOTALS	492	67

*WALK-INS, PHONE-INS, MAIL-INS, REFERRALS FROM LINE
ORGANIZATION, SCHEDULED INTERVIEWS, EXIT INTERVIEWS,
FIELD CONTACTS, INQUIRIES