

TENNESSEE VALLEY AUTHORITY
KNOXVILLE, TENNESSEE 37902

March 7, 1979

Mr. Charles J. Fox
Fox Industries
722 Folger Avenue
Berkeley, California 94710

Dear Mr. Fox:

This is in reply to your letter of January 30, 1979, to Mr. Lynn Seeber. As promised in my letter of February 21, 1979, we have carefully reviewed the rejection of your bid under Invitation 73-824811 in light of the points you raised.

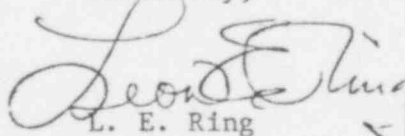
We share with you the realization that specification requirements and regulations are very rigid for nuclear power plants. With this in mind, we are glad to respond to your comments concerning the status of the Fox Howlett coupler in the approval process.

At the time of this procurement, TVA had already committed in its Preliminary Safety Analysis Review (PSAR) for Yellow Creek Nuclear Plant to use the Cadweld process set out in Nuclear Regulatory Commission (NRC) Regulatory Guide 1.10. The guide states, "Methods and solutions different from those set out in the guides will be acceptable if they provide a basis for the findings requisite to the issuance or continuance of a permit or license by the Commission." To use a different process would require TVA to request a change in the PSAR for Yellow Creek requiring a large expenditure of money, time, and effort to prove acceptability of the process to the NRC. Any changes to the PSAR at that time would have resulted in a delay of TVA's construction permit issuance. Accordingly, since the Fox system had not been approved by NRC as required by the specification, TVA had no alternative but to reject your bid as nonresponsive.

I assure you that TVA is anxious to encourage competition to the maximum. One way we attempt to do this is by advertising TVA's requirements even though there may be only a single source. As a result, suppliers not manufacturing products meeting TVA specifications sometimes receive invitations to bid. We have no better method of determining what acceptable products or qualified suppliers are available in the current market. At the time the invitation for Yellow Creek was issued we knew that Fox Industries was seeking to have the Fox Howlett coupler approved by NRC, but we did not know whether NRC approval had been obtained.

We appreciate your interest in submitting your proposal to furnish reinforcing bar splicing materials for Yellow Creek, and look forward to working with you in the future.

Sincerely,


L. E. Ring
General Manager

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