

July 17, 1985

MEMORANDUM FOR: Chairman Palladino
 Commissioner Roberts
 Commissioner Asselstine
 Commissioner Bernthal
 Commissioner Zech

FROM: William J. Dircks
 Executive Director for Operations

SUBJECT: MEETING WITH TVA

50-327

At the request of Charles H. Dean, Jr., Chairman of the Tennessee Valley Authority, I met on July 16, 1985 with him, TVA Board member John Waters, and TVA's General Manager, William F. Willis. I have attached a meeting summary for your information.

(Signed) William J. Dircks

William J. Dircks
 Executive Director for Operations

Attachment: As stated.

cc:
 SECY, OGC, OPE

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| NAME | : JLieberman:ssf | : | WJDircks | : | : | : | : |
| DATE | : 7/17/85 | : | 7/17/85 | : | : | : | : |

SUMMARY OF JULY 16, 1985 MEETING WITH SENIOR TVA OFFICIALS

At the request of TVA, a meeting was held on July 16, 1985 with Charles H. Dean, Jr., Chairman of the Board of the Tennessee Valley Authority, John B. Waters, TVA Board member, and William F. Willis, General Manager of TVA. Representing NRC at the meeting were William J. Dircks, Harold Denton, James Taylor, Darrell Eisenhut, and James Lieberman. The meeting was conducted in Mr. Dircks' office and lasted about two hours.

The meeting began with a discussion of the organizations of the NRC and TVA. TVA indicated that NRC had not been dealing directly with the Board and that the Board needs to get more involved in their nuclear programs. They sought suggestions on how to improve the quality of their management.

NRC responded by noting as regulators we expected compliance and good performance. The way to manage to achieve good performance is left in the NRC's regulations to the licensee. While NRC may raise questions when performance begins to deteriorate, it was emphasized that NRC should not be in the mode of telling TVA what to do. TVA must take charge and solve its problems. NRC suggested to look for insights from INPO, licensees with reputations for good performance, and licensees that have had problems in the past and corrected them. It was noted that NRC was pleased with TVA's readiness re program and site managers appear to be getting the support of the workers in improving performance but middle management may still need improvement.

NRC also indicated that TVA must rely on their people to raise issues to the Board and be mindful of giving a message that only good news is sought. TVA cannot rely on NRC for its information. NRC inspections are only audits. TVA must set up adequate internal systems to monitor quality and identify problems. The total organization must be sensitive to safety issues. A strong line organization is important. The Nuclear Safety Review Staff is not a substitute for an effective QA program. TVA agreed that they should err on the side of reporting issues to the NRC.

NRC noted that they have heard of morale problems that may be impacting working with a team approach. TVA noted problems may be caused by the Federal personnel system and salary structure. While salary changes might help, it was agreed that it is not the solution in itself to the problem. An increased professionalism is needed. NRC noted that other licensees are attempting to learn from the experiences of utilities in France and Japan.

TVA briefly described their new organization. They indicated they would respond to Mr. Dircks' July 5, 1985 letter in a few days and within a few weeks provide a detailed plan of action to improve their performance.

TVA is confident that it can safely run the Sequoyah facility, but they are prepared to shut it down if necessary. NRC indicated it may be increasing inspection efforts at Sequoyah.

The Board members indicated that they are interested in safety, that they are visiting plants of other licensees, and that they will be visiting their plants more often. In sum, they will be getting more involved and are committed to improvement of TVA's nuclear operations.