

ORIGINAL

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

Title: Briefing by TVA on TVA Reorganization and
Plant Status

Location: Bethesda, Maryland

Date: Tuesday, June 21, 1988

Pages: 1 - 66

RETURN TO SECRETARIAT RECORDS

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TENNESSEE VALLEY AUTHORITY

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JUN 30 1988

U.S. Nuclear Regulatory Commission
Attention: Office of the Secretary
Mail Code 16H-3
One White Flint, North
11555 Rockville Pike
Rockville, Maryland 20852

Dear Sir:

TRANSCRIPT CHANGES REGARDING MEETING BETWEEN TVA AND THE NRC HELD ON JUNE 21, 1988

Please add the enclosed corrected transcript to the record of the meeting between NRC and TVA on June 21, 1988 entitled, "Briefing by TVA on TVA Reorganization and Plant Status."

Very truly yours,

TENNESSEE VALLEY AUTHORITY



R. Gridley, Director
Nuclear Licensing and
Regulatory Affairs

Enclosure

cc (Enclosure):

Mr. S. D. Richardson, Director
TVA Projects Division
U. S. Nuclear Regulatory Commission
One White Flint, North
11555 Rockville Pike
Rockville, Maryland 20852

CHANGES ON TRANSCRIPT REGARDING
BRIEFING BY TVA ON TVA REORGANIZATION AND PLANT STATUS
HELD TUESDAY, JUNE 21, 1988

<u>PAGE</u>	<u>LINE</u>	<u>DESCRIPTION OF CHANGE</u>
18	21	Change "to plan" to "planned" and "change" to "changed"
19	3-6	These statements are in error--they were corrected at page 50
21	7	Insert a semi-colon after operators
22	3	Change "commit" to "comment"
26	16	Change "attendants" to "attendance"
27	4	There was a question from a commissioner here as to who did the training
27	12	Insert "in January 1987" after "at TVA"
31	21	Change "observe" to "observed" and "critique" to "critiqued"
35	8	Change "staring" to "starting"
36	12	Change "for" to "at"
36	14	Insert "similar to those that" after "plant"
36	20	Change "new" to "loop"
37	4	Change "systems" to "standards"
40	11	Change "go" to "got"
40	24	Change "They" to "The"
41	2	Change "They" to "The"
41	3	Insert "it" after "center"
41	18	Change "messages" to "message" and insert "is that" after "message"
41	25	Change "in" to "and"
42	5	Change "we" to "you"
42	7	Change "simplest" to "simply a"

DISCLAIMER

This is an unofficial transcript of a meeting of the United States Nuclear Regulatory Commission held on 6-21-88 in the Commission's office at One White Flint North, Rockville, Maryland. The meeting was open to public attendance and observation. This transcript has not been reviewed, corrected or edited, and it may contain inaccuracies.

The transcript is intended solely for general informational purposes. As provided by 10 CFR 9.103, it is not part of the formal or informal record of decision of the matters discussed. Expressions of opinion in this transcript do not necessarily reflect final determination or beliefs. No pleading or other paper may be filed with the Commission in any proceeding as the result of, or addressed to, any statement or argument contained herein, except as the Commission may authorize.

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

3 ***

4 BRIEFING BY TVA ON TVA REORGANIZATION AND PLANT STATUS

5 ***

6 PUBLIC MEETING

7 ***

8 Nuclear Regulatory Commission
9 One White Flint North
10 Rockville, Maryland

11
12 TUESDAY, JUNE 21, 1988
13

14 The Commission met in open session, pursuant to
15 notice, at 10:00 a.m., the Honorable LANDO W. ZECH, Chairman of
16 the Commission, presiding.

17 COMMISSIONERS PRESENT:

18 LANDO W. ZECH, Chairman of the Commission
19 THOMAS M. ROBERTS, Member of the Commission
20 KENNETH CARR, Member of the Commission
21 KENNETH ROGERS, Member of the Commission
22
23
24
25

1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 S. CHILK
3 W. PARLER
4 M. RUNYON
5 J. WATERS
6 C. DEAN
7 W. WILLIS
8 S. WHITE

9

10 AUDIENCE SPEAKERS:

11

12 J. BYNUM

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P R O C E E D I N G S

[10:00 a.m.]

CHAIRMAN ZECH: Good morning, ladies and gentlemen.

This morning, the Tennessee Valley Authority officials will brief the Commission concerning its plans for substantive changes to the TVA organizational structure. In addition, I have asked TVA to provide us an update concerning the status of Sequoyah 2 and the next two nuclear power plants expected to be restarted, Sequoyah 1 and Browns Ferry 2.

I'd like to welcome the Chairman of the Board for the Tennessee Valley Authority, Mr. Marvin Runyon, and his colleagues who are here today to discuss the TVA organization and TVA status with us and to allow us to exchange thoughts on the sufficiency of this organization as it would support and continue to support the nuclear power organization.

I understand the slides are available that are to be used during the briefing as you enter the room.

Do any of my fellow Commissioners have any opening comments to make this morning?

[No response.]

CHAIRMAN ZECH: If not, welcome, Mr. Runyon. You may begin, sir.

MR. RUNYON: Thank you very much, Mr. Chairman.

We appreciate the opportunity to appear here today and to explain TVA's new organizational structure and its

1 relation to our nuclear power program.

2 With me today are TVA Directors Waters and Dean and
3 General Manager Bill Willis and Manager of Nuclear Power,
4 Admiral Steve White.

5 Following my comments, Directors Dean and Waters and
6 General Manager Willis would like to make statements of their
7 own, about changes taking place at TVA. Then Steve White will
8 discuss with you the current status of our nuclear program.

9 The new organizational structure we are implementing
10 is designed to make TVA a more competitive, a more efficient
11 and a more accountable organization. It will help TVA reach
12 three important objectives that we have set.

13 Our first objective is to operate a more competitive
14 power system by holding TVA's firm power rates constant for
15 three years. This means no rate increases. Our second
16 objective is to provide better services to the people of the
17 region on federally funded programs by reducing overhead costs,
18 and our third objective is to establish a more business like
19 organization and to focus it on efficiency, productivity and
20 accountability.

21 We believe these objectives are absolutely essential
22 to TVA's future success and the economic well being of our
23 region.

24 The new structure provides for three major operating
25 units. A separate unit for our nuclear program, one for our

1 other power programs and one for our resource development
2 programs, financed from congressional appropriations. Each of
3 these operating units will be headed by a senior vice president
4 and in the case of nuclear power, that senior vice president
5 will be Steve White. He will continue to have direct authority
6 and responsibility for total management, control and
7 supervision of TVA's entire nuclear power program.

8 Because of the critical and unique nature of our
9 nuclear program, the Senior Vice President for Nuclear Power,
10 Steve White, will report to TVA's Executive Vice President and
11 directly to the Board.

12 While the titles have changed, the basic reporting
13 relationships in our nuclear power program have not changed,
14 and I want to emphasize that point. If you look at our old
15 organization charts, which you have and should be on the
16 screen, which we produced as part of our testimony, you will
17 notice that on the old chart, the chart is an individual piece,
18 Chairman Zech, you will notice on the old chart the Manager of
19 Nuclear Power reported to the General Manager and he also
20 reported to the Board.

21 On the new chart, the Senior Vice President in charge
22 of Nuclear Power reports to the Executive Vice President and to
23 the Board. The Memorandum of Understanding between TVA and
24 STEMAR dated January 7, 1987, setting forth the authorities and
25 responsibilities of Mr. White will remain in effect. In

1 approving the new structure, the Board was careful to ensure
2 that none of the changes will alter the progress or diminish
3 the attention or resources needed by our nuclear program.

4 We believe that the new structure is substantially
5 the same as the one approved by the NRC in its Safety
6 Evaluation Report on TVA's corporate plan.

7 In the past few months, Mr. Chairman, the TVA Board
8 and management has been spending an inordinate amount of time
9 on formulating a structure and operating plans for a new TVA.
10 We have been working extremely hard on this task because the
11 very survival of our entire organization depends on it. We are
12 aware that the NRC is concerned about the time and attention we
13 are able to devote to nuclear matters during this process.

14 Let me assure you that when these changes are
15 announced next week and you see their extent and magnitude, you
16 will realize the amount of work involved in this
17 reorganizational redesign.

18 After our new plans go into effect, we will be able
19 to pay more close and constant attention to our nuclear
20 program. During the past several weeks, we have had lengthy
21 discussions with Mr. White about his concerns regarding our new
22 structure and about several structural options.

23 As a result, we have reached an agreement that
24 reaffirms our commitment to the principles set forth in our
25 Memorandum of Understanding with him and provides him with all

1 the authority contemplated in that document. We will be
2 meeting with Mr. White weekly and make sure our new
3 organizational arrangements and the steps we are taking to
4 build a new TVA don't prevent him in carrying out his work as
5 specified in that MOU.

6 The Board will stay in very close touch with Mr.
7 White and will continue to be directly involved in the nuclear
8 program. This is imperative because of the critical nature of
9 the program.

10 I will continue my practice of visiting the nuclear
11 corporate offices and the individual nuclear plants on a
12 regular basis. The other Board members will also continue
13 their visits. The Executive Vice President, because of fewer
14 offices reporting to him, will have more time to spend on
15 nuclear matters. The Senior Vice President from Nuclear Power
16 will continue his regular and frequent briefings to the Board.

17 Under the new organization, seven vice presidents
18 will report to Steve White as the Senior Vice President for
19 Nuclear Power. Along with Steve White, each of these vice
20 presidents will serve on TVA's Management Committee which is
21 made up of our senior management team and our Board. The
22 Management Committee is advisory in nature and was not
23 established to make decisions on its own. It is an example,
24 Mr. Chairman, of the principles of participative management
25 that I discussed with the Commission on March 4th.

1 This means that under our new organizational
2 structure, our nuclear program will have even more access to
3 the Board and top management throughout TVA than it did under
4 the old organization.

5 I also want to make any plant manager or site
6 director at our nuclear plants to feel free to pick up the
7 phone and call the Chairman or other Board members directly.

8 In summary, Mr. Chairman, there are no fundamental
9 changes in our organization that will weaken or dilute the
10 direct working relationship with TVA's Board of Directors and
11 Steve White as Senior Vice President of Nuclear Power.

12 In fact, some of the features of our new organization
13 will permit more interaction and direct access and as I
14 mentioned, we will be working very closely with Mr. White to
15 make sure that our new structure does not prevent him from
16 carrying out his essential work.

17 TVA has paid a terrible price and learned an
18 expensive lesson in its past failure to devote adequate
19 management attention to its nuclear program. This is a lesson
20 that will not be forgotten.

21 We are grateful for Mr. White's many contributions to
22 our nuclear program, his hard work and leadership is
23 responsible for the restart of Sequoyah. We can take all
24 confidence in the fact that Steve White's influence will
25 continue even after he decides to leave TVA. For instance,

1 five of the seven nuclear vice presidents we have in our
2 nuclear organization were brought to TVA by Steve White.
3 During the past two years, Mr. White has also been successful
4 in reducing the number of contract and loan managers from 26 to
5 the 11 we have today.

6 In the agenda that came from your office, Mr.
7 Chairman, you asked me to discuss the succession of Mr. White.
8 We have a well known executive search firm with experience in
9 the nuclear industry working with us to help identify top
10 nuclear talent for Mr. White's replacement and other key
11 positions. They began their work on March 23rd and are well
12 into the search process. We expect to be interviewing
13 interested candidates within the next couple of months.

14 In our experience, you can never start searching for
15 highly skilled talent too early. It takes time to find the
16 right people and time for those people to make arrangements for
17 leaving their present jobs.

18 It is going to be difficult, however, to find the
19 replacement for Steve White and for our other contract managers
20 with TVA's present salary limitations. We are continuing to
21 work on a solution to the pay cap issue. We'd appreciate your
22 continued support in addressing this severe limitation.

23 In the meantime, we will continue to use the
24 financial incentives available to us under the law to get the
25 talent we need.

1 In closing, let me say that in the five months I've
2 been at TVA, I've learned that the critical and special needs
3 of nuclear power operations will always require special
4 management attention on the part of TVA's Board. I want to
5 emphasize to you TVA's continued commitment to the advancement
6 of nuclear power, to public health and safety, to continued
7 improvement and to excellence in operation of its nuclear
8 plants.

9 Thank you for your attention, Mr. Chairman. Now,
10 Directors Waters and Dean and General Manager Willis would like
11 to make a statement and then Admiral Steve White will make a
12 review for you on the status of TVA's operations, if that is
13 permissible.

14 CHAIRMAN ZECH: Thank you very much. You may
15 proceed.

16 MR. WATERS: Chairman Zech and Commissioner Roberts,
17 Commissioner Carr, Commissioner Rogers, I appreciate the
18 opportunity to join my colleagues in presenting testimony and
19 responding to your questions.

20 It's been said that the best way to tell that you're
21 making progress is not that you've solved all your problems,
22 but the problems you face today are different than the ones you
23 faced before.

24 We're certainly not here to tell you that we've
25 solved all the problems facing TVA. But by any standard, I

1 believe the record shows that TVA Nuclear Program has made
2 significant progress.

3 Steve White, the nuclear management team he
4 assembled, and our employees throughout TVA, deserve a great
5 deal of credit for that progress.

6 We've also benefitted by reestablishing TVA's
7 relationship with other members of the nuclear industry and the
8 Institute of Nuclear Power Operations.

9 We've benefitted from strengthening our relationship
10 with the NRC and meeting the tough challenges presented by
11 members of this Commission in a way that we hope has earned the
12 confidence and trust of NRC and, indeed, the public.

13 We work hard to correct technical and management
14 problems and throughout our constant emphasis on safety,
15 quality, and good management, we're working to keep future
16 problems from developing.

17 The TVA Board has been very much involved in the
18 nuclear recovery efforts and we intend to stay closely involved
19 with providing policy direction for the future of that program.

20 Mr. Chairman, our aim is to ensure that TVA not only
21 restores nuclear generation, but that rebuild a nuclear program
22 that earns a reputation for safe and efficient operation.

23 I've personally arranged my schedule to give priority
24 attention to the nuclear program. I want to give you a few
25 examples and I know that my colleagues can cite similar

1 experiences.

2 First of all, we have direct communications with
3 Steve White. It's not unusual for me to talk to him daily and
4 often more than once a day.

5 I also have regular meetings with Mr. White, as do
6 other members of the Board. I make frequent inspection visits
7 to our nuclear plants in the company of Mr. White, and with my
8 Board colleagues, and on my own.

9 Memos and reports related to the nuclear program are
10 a staple of my reading list in the office and at home. We
11 review nuclear managers' reports, site activities reports, and
12 selected QA audit findings and engineering reports.

13 The TVA Board has added a corporate support staff. A
14 member of that staff is a nuclear engineer who helps the Board
15 gain a better understanding of some of the highly technical
16 information we get.

17 I'm fortunate to serve on the Executive Committee of
18 INPO's Board of Directors. This relationship has been valuable
19 to me and I hope to TVA.

20 Too often, TVA has not made the most of the good
21 information and advice available from INPO and from other
22 nuclear activities, but that situation has changed in a very
23 positive way.

24 I've benefitted from visiting other nuclear plants to
25 observe and learn about their operation, as well as meetings,

1 briefings, and conferences with INPO people, including
2 President Zach Pate and members of his staff.

3 Of course, I read all INPO correspondence and reports
4 on TVA and I make it a point to attend INPO meetings on the
5 evaluation of TVA plants.

6 We also benefit from the counsel of other authorities
7 on nuclear power. TVA's Nuclear Safety Review Board is staffed
8 by a number of experts, headed by Dr. William Hannum.

9 This group includes both professionals from within
10 TVA and nationally recognized experts beyond TVA. The TVA
11 Board receives minutes and reports from this group and I
12 frequently talk with Dr. Hannum.

13 As I mentioned earlier, and as members of this
14 Commission know, restoring and maintaining good two-way
15 communications between TVA and the NRC has been vital to our
16 nuclear program.

17 Obviously, the Board receives reports related to
18 enforcement action, as well as copies of significant
19 correspondence.

20 When I make inspection tours of the plants, I visit
21 with the NRC representatives. I've found them to be capable,
22 interested, and willing to discuss problems and let me know
23 their perspectives.

24 I'm convinced that they are providing valuable
25 service to TVA, to NRC, and to the citizens that we both serve.

1 I also visit regularly with members of the NRC's Office of
2 Special Projects, keep in touch with Mr. Ebnetter and previously
3 Mr. Keppler, and other NRC personnel that have been assigned to
4 TVA.

5 On my plant visits during the past three years, I
6 estimate that I've talked, I've personally talked with more
7 than 2,000 TVA nuclear employees, from managers to the people
8 on the plant floor.

9 This kind of contact is valuable in gaining insight
10 into the progress of our plants and advancing my own
11 understanding of nuclear power.

12 One way I try to demonstrate the Board's commitment
13 is by asking supervisors which employees are doing exceptional
14 jobs and then by stopping by and personally thanking them for
15 their fine work.

16 My colleagues can give you similar examples of their
17 personal interest and involvement. The point I want to make is
18 that the Board's commitment goes beyond any relationship
19 indicated on any organizational chart.

20 Our new organization clearly recognizes the role of
21 our nuclear power group as a major player on the TVA team. But
22 we also recognize the unique aspects of a nuclear program to
23 require our special stewardship.

24 As Board members, we will continue our direct
25 involvement in the nuclear program and our direct contact with

1 Steve White and his successor.

2 Thank you, sir.

3 CHAIRMAN ZECH: Thank you very much. Mr. Dean?

4 MR. DEAN: Mr. Chairman and members of the
5 Commission, January 1986 was an historic month for the TVA
6 Nuclear Program.

7 The TVA Board, consisting of myself and Directors
8 Waters and Freeman, hired Admiral Steve White as the first
9 contract office manager in TVA's history, with the specific
10 assignment of managing TVA's nuclear recovery program.

11 We also appeared before the NRC that month and
12 committed to giving the nuclear program our closest attention.
13 These actions launched a series of events that could fill many
14 volumes.

15 We had well publicized problems with the Office of
16 Government Ethics. We had to make many unusual arrangements to
17 keep contract managers and still conduct a necessary business
18 with architecture and engineering firms we needed to help bring
19 our nuclear plants back in service.

20 Our efforts have brought fruits, as evidenced by the
21 restart of Sequoyah-2 and tremendous progress at Browns Ferry.
22 We realize that we cannot relax and assume our work is done.

23 We will continue to closely monitor the nuclear
24 program and we'll be happy to discuss the details of our
25 involvement with the Commission at any time.

1 It is also worth noting that the plant staffs are now
2 able to discuss and demonstrate technical progress without
3 losing us in a swirl of strange words.

4 In summary, we're proud of our involvement in the
5 nuclear program. We have no intention of reducing that
6 involvement.

7 Thank you.

8 CHAIRMAN ZECH: Thank you very much. Mr. Willis?

9 MR. WILLIS: Mr. Chairman, members of the Commission.
10 As Chairman Runyon indicated, the new function of TVA's
11 Executive Vice President and Chief Operating Officer, which the
12 Board has asked me to perform, will be quite different from the
13 job that I now have as General Manager.

14 I'm looking forward to filling this position because
15 it will provide me with more time to assist the nuclear program
16 in its continued progress and specifically to assist the Senior
17 Vice President for Nuclear Power in performing his very
18 important duties.

19 The new organization will, of course, not change the
20 Senior Vice President of Nuclear's reporting relationship to
21 both me and to the Board that already exists.

22 Nor is it intended that I will in any way replace or
23 assume any functions being performed by Admiral White. The
24 Senior Vice President for Nuclear Power has been and will
25 continue to be TVA's top nuclear manager.

1 Instead, in my new position, I will be able to
2 further the gains that have already been made in communications
3 with the Board and in the Board's oversight of nuclear power.

4 In addition, the new organization will allow me to
5 function even more effectively and, in fact, permit me to play
6 a different role than I have as General Manager.

7 The biggest change from my role as General Manager,
8 however, will be in reducing my span of control. As Executive
9 Vice President, I'll have only four managers under my
10 supervision where I now have two reporting directly to me.

11 I coordinated such diverse activities as labor
12 relations, finance, economic and community development, public
13 safety, medical services, and purchasing, just to name a few.

14 The new organization represents a major improvement,
15 I believe, in efficiency for the whole TVA organization. This
16 overall improvement will help both me and the Board to increase
17 our focus on nuclear power activities.

18 A little over two years ago, I was intimately
19 involved in hiring Admiral White. And I take great pride in
20 the accomplishments of TVA's Nuclear Program under Admiral
21 White's leadership.

22 And he's made major improvements in TVA's Nuclear
23 Program, of course. The changes to the TVA organization will,
24 I believe, serve to institutionalize the improvements which
25 have been made over the past few years in the Board's oversight

1 of nuclear activities and will perpetuate the considerable
2 progress which has been made in the nuclear program.

3 Thank you.

4 CHAIRMAN ZECH: Thank you very much. Admiral White?

5 MR. WHITE: Chairman Zech and Commissioners, these
6 are the items that you asked me to cover today.

7 [Slide.]

8 MR. WHITE: Starting with the organization, you have
9 a copy of this in your handout. This is the old organization.
10 With very few changes it is the organization I've shown you
11 before, in March of 1986, March of 1987, and in March of this
12 year.

13 This organization gave me considerable flexibility as
14 well as rapid communications into the organization while
15 allowing me to exercise very close control over the
16 organization. Those things were extremely important in order
17 to get our recovery program going quickly and properly.

18 Although I am comfortable with this span of control,
19 late last year as part of succession planning, I decided to
20 modify the organization to a more conventional, hierarchical
21 organization and to plan to place it in effect as we change to
22 a more operational mode some time after the start up of
23 Sequoyah.

24 [Slide.]

25 MR. WHITE: This is the new organization recently

1 approved by the Board of Directors -- actually not shown in
2 this slide I have a small staff also reporting to me. Of
3 interest -- I know it would be of interest to you -- the
4 managers on this slide besides myself there are only three
5 contract managers remaining, the Browns Ferry Site Director,
6 the Licensing Manager and the Maintenance Manager.

7 We are also discussing with your staff other changes
8 that we may want to make in the site organizations. We have
9 submitted to you the Tech Spec changes reflecting this new
10 organization.

11 [Slide.]

12 MR. WHITE: Now with regard to the oversight of
13 nuclear safety, Mr. Runyan has already spoken to you about the
14 Board and the other directors also about the Board oversight of
15 nuclear safety.

16 On this sheet are the principal methods that I use to
17 assure that proper attention is paid to safety. Let me start
18 at the bottom of the slide.

19 The Independent Safety Engineering Group -- I'm sure
20 you are familiar with this. It is a common feature of nuclear
21 power organizations.

22 You have been briefed before on the Employee Concern
23 Program and you'll recall that it is a safety valve for safety
24 concerns. You will recall that this was a major issue,
25 employee concerns were a major issue when I arrived at TVA. I

1 think this program has been very successful.

2 For example, in the first seven months of the
3 program, we were receiving on the average 40 employee concerns
4 per month. In the second seven months of the program the 40
5 had decreased to 20 per month. In the third seven months of
6 the program, the 20 had reduced to 12 per month, and in the
7 last six months, I am pleased to report that we have averaged
8 only two per month -- so we have gone from 40 to two, but I
9 would hasten to add that with the upcoming RIFs at TVA I expect
10 an increase in employee concerns.

11 The site representatives report directly to me on
12 many matters, with emphasis on safety issues. They are an
13 independent source of information to me from the plant sites.

14 The Plant Operations Review Committee -- I'm sure
15 you're familiar with these also from other utilities, but I
16 would say that during the past 8 months we have significantly
17 upgraded the performance of the Plant Operations Review
18 Committee.

19 I use the Nuclear Managers Review Group by assigning
20 them specific areas to review, things of concern to me. For
21 example, they conducted an in-depth review of our maintenance
22 programs throughout the nuclear program and that review
23 provided me the necessary information to launch into major
24 changes in this vital area of maintenance. Periodically they
25 also review incidents that occur in the plant. Of interest to

1 you I'm sure is that the reports from this group not only go to
2 me but go to the Board of Directors.

3 The Operational Readiness Reviews are composed of
4 teams of people. Fifty percent of them are independent people
5 outside of TVA. All the people on these teams are highly
6 qualified and they conduct for me very critical and very hard-
7 nosed inspections of our operators' maintenance and so forth at
8 the plants. They provide me very good input on safety matters.

9 The Nuclear Safety Review Board -- Dr. Hannum has
10 briefed you previously on his work. Again, 50% of the people
11 on the Review Boards are independent outside people, outside of
12 TVA, with national reputations. They are my safety conscience.
13 Also of interest to you, the reports from the Nuclear Safety
14 Review Board not only come to me but those also go to the Board
15 of Directors.

16 Now let me talk about the top two bullets, because to
17 me these are really the most important. My own eyes and ears
18 are my most important source of safety matters in the
19 organization. Likewise, I firmly believe there's nothing
20 better than getting the managers involved, getting them
21 knowledgeable, getting them walking their spaces -- and this is
22 something that I have emphasized in the time I've been at TVA
23 but I would say to you I have a ways to go to be satisfied with
24 management walking the spaces, but we have made great
25 improvement.

1 Now you can see by this total list of things that
2 some of these things are organization. Others are a matter of
3 changing attitudes of people, but I would commit to you that we
4 are trying to institutionalize both the change in attitudes as
5 well as the organizational changes.

6 [Slide.]

7 MR. WHITE: Moving on to --

8 COMMISSIONER ROGERS: Excuse me, just before you go
9 on there -- who are the managers that are on the Nuclear
10 Managers Review Group? How deep down does that go?

11 MR. WHITE: The Nuclear Managers Review Group is
12 actually a group of almost 30 -- approximately 30 --
13 individuals of various disciplines including operations who
14 work for a specific manager and that team then goes out to do
15 those inspections. Periodically if the work load gets too much
16 or we need other expertise we borrow it from line management
17 and make them part of that group.

18 COMMISSIONER CARR: All in-house?

19 MR. WHITE: All in-house. The Nuclear Managers
20 Review Group.

21 COMMISSIONER CARR: How about site representatives?
22 Who are they and --

23 MR. WHITE: I am down to two now. I had one recently
24 leave and I have to obtain another one. They are non-TVA
25 employees who report directly to me.

1 COMMISSIONER CARR: Are there two per site?

2 MR. WHITE: One per site. Right now I don't have one
3 at Sequoyah. We are still looking to replace the one that just
4 left.

5 They provide a service, Commissioner Carr, similar to
6 what you may be familiar with in the Naval Reactors Program of
7 Admiral Rickover's representatives.

8 You have asked me also to discuss management
9 development.

10 [Slide.]

11 MR. WHITE: You've seen this slide -- get me the one
12 on Nuclear Objectives, please - Slide 7.

13 [Slide 7.]

14 MR. WHITE: You have also seen this slide before, my
15 goals and objectives and they remain the same. You asked that
16 I report to you on management development and retention of mid-
17 level managers and these are really covered by that second
18 goal. You will recall that the Nuclear Corporate Performance
19 Plan sets forth in detail what must be done in our recovery
20 effort with regard to this item. We said we would hire, train
21 and retain management in order to get a strong management team
22 in place.

23 Let me update you now on where we stand on management
24 development.

25 [Slide.]

1 MR. WHITE: We are approaching this in two phases
2 because remember we are making a basic cultural change.

3 The Organization and Policy Manual has been
4 completed, because you must understand that we first had to
5 know what are the responsibilities and how you're doing
6 carrying out those responsibilities before knowing what were
7 our developmental needs, so the Organization and Policy Manual
8 was the first step.

9 We determined who was supposed to do what and with
10 whom and to define the interfaces. Next we assigned
11 responsibilities and authorities and we did that by a complete
12 rewriting of the position descriptions, and that is the second
13 bullet. Finally, we had to modify the management appraisal
14 system to provide for the accountability that I wanted to
15 properly and accurately reflect performance, to provide
16 emphasis in certain areas, for example, walking your spaces, as
17 well as to provide quarterly documented discussions between
18 managers and subordinates with regard to performance.

19 The new management appraisal system has been
20 promulgated. Training of managers in that new system is
21 starting this month. In the last quarter of this fiscal year
22 we will make a trial run on that system to ensure it meets our
23 expectations and it formally goes into effect on the first of
24 October.

25 With regard to developmental activities, you will

1 recall in previous testimony we have spoken about deputy
2 positions. This is where we put TVA generally, TVA management
3 as deputies to contract managers to train them, kind of an
4 understudy role. That worked very well. It was particularly
5 important in our success in replacing contract managers.

6 Coaching and communications, frankly, is just
7 leadership. The slating conferences were a major step in our
8 development in Phase I. I first required all of my direct
9 reports to submit to me a list of their managers, their direct
10 reports and to rank them in terms of performance.

11 We then commenced having slating conferences,
12 consisting of myself, my two deputies and my personnel person,
13 where we would review not only the records but the reputations
14 of individuals in the organization to determine which of these
15 mid-level managers had the largest future potential for the
16 organization, and then determined what additional skills those
17 individuals needed to pick up, and then we would assign them to
18 positions where they could pick up those skills and experience
19 for future benefit of the organization. We have already slated
20 about almost three dozen people in that process.

21 The Top Performers Assistance Program is a program we
22 designed where we go out and find the top notch, the head and
23 shoulders performers in the mid-level management ranks with
24 potential as future TVA leaders. We actually then assign them
25 to my office. We have done this with six so far. While they

1 are in the office, they are assigned specific responsibilities.
2 They give us, the top management, the chance to personally
3 observe these mid-level managers in action. In turn, the mid-
4 level managers learn from their experience of the operation of
5 the organization from the top down.

6 After about six months, we then slate these people
7 back into the organization into other positions where we feel
8 they can further develop their potential as future leaders.

9 [Slide]

10 With regard to management training, this slide shows
11 you the numbers. I think we have made a lot of progress in 14
12 months. Of course, we have made more progress in those courses
13 which we started early on rather than those that started later.
14 These courses are for managers all the way down to and
15 including general foremen.

16 The 1800 attendants in the second bullet are
17 electives, and I am pleased with that because these are
18 managers that determine that they wanted and sought additional
19 help in honing their management skills, and I am very pleased
20 that we have that many managers who want to do that.

21 Future actions. We are presently expanding the core
22 curriculum. For example, from 72 hours for the lowest level
23 managers, we are going to go to about 120 hours. The next step
24 we need to take is one -- well, you have to understand that at
25 present we are providing training to managers and supervisors

1 who are already managers and supervisors. We are playing
2 catch-up ball. The next step is to provide this training for
3 those managers and supervisors en route to the positions,
4 training en route. This is done by Marilyn Blackburn, who
5 briefed you in March, and her staff at the training center near
6 Sequoyah.

7 CHAIRMAN ZECH: TVA people?

8 MR. WHITE: TVA people. I might say that initially
9 it was a desire of TVA to hire contractors, in fact had hired a
10 contractor to come in and do this training, and I terminated
11 that contract as soon as I determined it existed when I arrived
12 at TVA because I felt that TVA knew best how to train their own
13 people.

14 CHAIRMAN ZECH: You want to keep, then, the line
15 management organization.

16 MR. WHITE: There are two aspects of it, Chairman
17 Zech. One clearly is the training of giving the people the
18 tools to do the job, but let me say very clearly that my
19 philosophy is the line managers are always ultimately
20 responsible for the training of their people, clearly, clearly.

21 [Slide]

22 In Phase II of management development, let me address
23 the first and third bullets first. We need now to inventory
24 the skills that exist in our organization at TVA. We also need
25 to catalogue what skills are needed for each position. Then we

1 will compare those two -- in other words, what our inventory is
2 and what is needed -- and from that we will determine what must
3 be done to obtain needed skills for individual managers. This
4 Phase II is a big bite.

5 The second bullet, succession planning. As a first
6 step I am expanding the slating conference that I spoke to you
7 earlier about, and I am now bringing in all of the vice
8 presidents under our new organization to be part of that
9 process, so they will now be assisting me in slating
10 individuals, reviewing reputations and records and determining
11 what people need what experience for future potential to the
12 organization.

13 Now, you also asked me to discuss retention of mid-
14 level managers. You know, retention is a very complex subject
15 because it is job satisfaction. Retention is job satisfaction,
16 and anyone who has been in a leadership position, as all four
17 of you know, know exactly what I am speaking of. Different
18 things motivate different people in different ways, and that is
19 why the management development process is so very important to
20 me and to our organization, because we simply have to train our
21 leaders to be better motivators of individuals, of individual
22 managers because that is where the retention is.

23 Let me tell you what our record to date is. You
24 might be interested. Since I arrived at TVA, we have hired in
25 143 mid-level managers. Of those 143, there has been one

1 voluntary termination. There were three others that didn't pan
2 out, but only one who has left the organization voluntarily out
3 of 143, and I think to date I am satisfied with that record.

4 If I, on the other hand, look at overall all the mid-
5 level managers in the TVA nuclear program, we have recently run
6 a check, and our turnover rate per year in the mid-level
7 management is only three percent per year. Again, I am very
8 satisfied with that number. So at present I don't have any
9 major concerns in terms of mid-level management. That doesn't
10 mean we are going to relax because we simply must do better.

11 COMMISSIONER CARR: That three percent is outside of
12 TVA? You lost them?

13 MR. WHITE: Yes.

14 Now, you also asked that I discuss Sequoyah and the
15 recent events there.

16 Let me start out by saying I anticipated there would
17 be trips. That doesn't mean I wanted any, because I didn't
18 want any. As I will show you, we took extensive actions before
19 startup to minimize the occurrence of any problems, including
20 trips. I am annoyed by the fact we had five trips. I am very
21 annoyed by the fact. So we have gone back and we have reviewed
22 our actions before startup to see if we should have done
23 anything differently to avoid these occurrences, and we have
24 concluded that we would not have done anything significantly
25 differently than we did.

1 Nevertheless, we had five trips. We have taken these
2 events and used them to further improve our program, and I will
3 discuss those improvements with you also.

4 [Slide]

5 First of all, the actions that we took before
6 startup. We spent a lot of time instilling the nuclear ethic.
7 We did a lot of emphasis, a lot of walking the spaces by not
8 only myself but many of our managers. We upgraded the conduct
9 of operations procedure to raise the standards of operations.
10 We conducted operational professional seminars, and I attended
11 one of these. They are given by Westinghouse. It is a very
12 effective seminar, very effective seminar to get operators to
13 understand what standards you desire them to operate at.

14 The operability lookback. We went back and we asked
15 the operators and the maintenance people and the test people:
16 What hasn't worked right in the history of this plant; what is
17 hard to maintain; what breaks too frequently? From those, we
18 determined the large number of things to fix that we fixed in
19 the past two years, including many in the balance-of-plant.

20 I would be candid with you to say that nevertheless
21 we missed one, the gland seal regulator which caused the last
22 trip. It should have been picked up in that program but it
23 wasn't.

24 We have been involved with the Westinghouse Owners
25 Group and we have taken a number of actions, including hardware

1 changes in the plant.

2 We have launched what I believe is a very aggressive
3 balance-of-plant preventive maintenance program. As you can
4 see, we have had INPO evaluate us, we have done the operational
5 readiness reviews, which I told you were those very critical
6 hard-nosed reviews, we did simulator training before startup
7 with special sessions for each crew where they went in the
8 simulator and not only started up the reactor but the turbine
9 generator.

10 The non-nuclear heatup. We scheduled that for a
11 lengthy period. Actually, we scheduled it for six weeks and it
12 was really longer than that, and we wanted that period to shake
13 down the equipment and the operators to try to prevent problems
14 after startup. We also took each crew and took them out into
15 the plant and had them line up and operate the auxiliary feed
16 system and line up and operate the main feed system and line up
17 and operate and roll the main turbine to 600 rpm.

18 I am told that that type of thing is probably not
19 generally done. I felt it was important to kind of give them
20 what I would call a fast cruise, a dock trial of how do they
21 operate. We observe them very closely in those. We critique
22 them. We upgraded performance.

23 Finally, the shift operating advisers. We placed on
24 watch additional evaluators, experienced people to give us what
25 I call the super-nuke look of another experienced person to

1 oversee what we were doing and make comments. Of course, we
2 also had heavy QA involvement.

3 [Slide]

4 Nevertheless, despite those actions we had these five
5 trips.

6 Let me tell you what we've done; the actions we've
7 taken as a result of those. We have formed work control
8 groups. I'd like to speak to that for a minute.

9 In my experience in nuclear power, one of the
10 fundamental principles has always been that the operators tour
11 the plant before they take the watch, including the top watch
12 stander, always tours the entire plant before taking the watch.
13 Obviously that's impracticable or impossible in a commercial
14 plant because of the size.

15 Frankly, that's troubled me; it's been a matter of
16 concern to me, how do I get an operator who hasn't toured the
17 plant to get a full picture of everything that's going on in
18 the plant? Now, the way we did it in the past was, if you went
19 to the control room and you wanted the operator, the shift
20 supervisor wanted to know what maintenance was going on, he had
21 a folder there and he could go through and look at these sheets
22 of paper.

23 It doesn't give you a very good picture of what you
24 have to do. I'd like to take a minute to show you what we've
25 converted to and I've got a couple of these and this happens to

1 be Sequoyah I, with a code on it which is self explanatory.

2 [Slide.]

3 You can see what's tagged in the system. You can see
4 where draining is required. Where attendant equipment is being
5 worked on, for example, a gauge that monitors a pump. You can
6 see electrical tagging on there -- things that can be worked at
7 any time.

8 You see post maintenance testing. So you see a code.
9 Now, inside that code there's a number. The individual --
10 there's a log that goes with this, the individual, the shift
11 supervisor, for example, can take that number and look and see
12 specifically what job's to be done.

13 I'm using this as a substitute for touring the plant
14 before watch relief. We require our shift supervisors to come
15 to the work control center and review this. We're trying to
16 come up with other ideas. I'm still --

17 COMMISSIONER ROGERS: How many of these would be on
18 file or would have to be reviewed?

19 MR. WHITE: Well, what we've done is converted the
20 war room. Let me answer this way. The war room which you've
21 been in at Sequoyah and you'll find that around that entire
22 room now, are various -- Unit 1 is separate from Unit 2 -- are
23 these diagrams; some with more and some with less things, but
24 they come in and review that entire thing as part of the watch
25 relief process now.

1 COMMISSIONER CARR: Eleven or twelve diagrams?

2 MR. WHITE: Oh, no, I would say -- Joe, what are
3 there, about 20 or 30?

4 MR. BYNUM: Thirty or forty. Yes, I think there's 30
5 -- 30-40. There's been another wall put in that room so that
6 there's more wall space divided into two. Basically it's all
7 the major primary and secondary systems.

8 MR. WHITE: So we split the room in two. We have the
9 Unit 1 on one side and the Unit 2 on the other. Frankly, I'm
10 still looking at other ways. I'm still uncomfortable. This
11 has been, frankly -- the operators really like this.

12 CHAIRMAN ZECH: Do you encourage the operators,
13 perhaps to take one of these systems or maybe two and go out in
14 the plant and take a look at it?

15 MR. WHITE: We have not done that but that's a very
16 good suggestion. I'm looking for other ways in which we can
17 improve. This is the first step and I want other ways and
18 we've got a lot of --

19 CHAIRMAN ZECH: It seems to me that might fit with
20 your, you know, getting them to walk the plant. You might pick
21 out one or two of these areas and go out and take a look at it.

22 MR. WHITE: That's a very good suggestion. I'm glad
23 I brought it up. I've got a good suggestion already.

24 CHAIRMAN ZECH: Good.

25 MR. WHITE: It's one step that we're trying to take

1 to give the operators truly a sense of the entire plant.

2 COMMISSIONER ROGERS: How often are these updated?

3 MR. WHITE: Well, they're continually updated.

4 There's a group of people who work in the work control center,
5 including a licensed operator and they are updated constantly.
6 Now understand, we have just put this in effect. We put in
7 effect -- well, we actually got these on Friday, so we're just
8 staring Unit 2 and we'll have a shakedown period. We'll, I'm
9 sure, learn a lot of lessons and we'll probably want to make
10 some changes to the system as a result. We're just launching
11 into this.

12 CHAIRMAN ZECH: How many annunciators do you have
13 lighted at Sequoyah 2 now?

14 MR. WHITE: Well, right now, probably quite a few
15 because we're down at 1 or 2 percent power.

16 CHAIRMAN ZECH: What's the least you've had since
17 you've been operating?

18 MR. WHITE: Annunciators, I would say, when we were
19 up in power, probably a dozen. Joe, can you help me out? Less
20 than two dozen. I want to get it down to where there's zero,
21 which is what I'm accustomed to.

22 CHAIRMAN ZECH: Two dozen is too many.

23 MR. WHITE: I agree. I think one dozen is too many.

24 CHAIRMAN ZECH: I agree with that, too.

25 MR. WHITE: I keep pushing. I want zero. They tell

1 me, you don't understand these plants. I said, we're going to
2 understand them, because I want to get to zero.

3 CHAIRMAN ZECH: Zero is the answer.

4 MR. WHITE: That's what we're shooting for. We've
5 not gotten close to it yet. Understand though, we're still
6 shaking out that plant. As we speak, we have just conducted
7 some balance of plant maintenance, repairing the governors on
8 both feed pump turbines. We're in the process of aligning
9 those. We're still shaking out the plant.

10 You can read a lot of these yourself. The first one
11 that you might be interested in -- after the fourth trip I went
12 over to the simulator. That was a trip for low power. I went
13 over to the simulator and went through with a fault inserted in
14 the simulator that caused oscillations in the plant caused the
15 plant to trip in that fourth trip and I went over and went
16 through that and my immediate instinct was a decision which
17 was, I immediately directed another operator in the control
18 room, in the horseshoe for all future startups.

19 You are familiar with the sensitivity of Westinghouse
20 four new plants to trips while at low power level. I think
21 we're all familiar with that. An additional operator in there,
22 I feel will help and so we immediately went to that. We've
23 done additional simulator training as you see.

24 Finally, as I say, you can read these, but we did
25 another in-depth look at balance of plant and I frankly realize

1 -- we had emphasized balance of plant before the startup. I
2 realize that we didn't emphasize it enough. The fact that I
3 want the same standards that we insist in the NSSS systems, I
4 want those systems in the balance of plant.

5 [Slide.]

6 We have gone back to reemphasizing those standards in
7 the balance of plant. I would conclude by saying that we
8 didn't want the trips. We worked very hard to avoid them, but
9 they happened. They happened nevertheless. We've taken
10 advantage of each trip to get lessons learned and improve our
11 performance. Your staff has been complementary on our actions
12 on these matters.

13 We believe that our root cause analysis program and
14 our post-trip review programs are good programs.

15 [Slide.]

16 Now I think your staff would confirm that. I would say that
17 most importantly, most importantly what I see is the attitude
18 of our people -- a complete reversal of only eight months ago.
19 Eight months ago, we were defensive. Our operators felt they
20 could do no wrong. Now, today, what I see is that we are our
21 own strongest critics and I think that's very healthy. I've
22 seen a dramatic turnaround in eight months with regard to that.

23 Let me go on to Sequoyah Unit 1. We are on schedule
24 for heatup in September. The engineering and modifications are
25 going along very well. We expect to complete all physical work

1 at Sequoyah Unit 1, by the end of July. We have already
2 started an operational readiness review, which we'll complete
3 in August.

4 On Unit 1, we have found there is significantly less
5 discovery work because of our experience on Unit 2. The major
6 programs are progressing very well and we're getting much
7 better planning and execution. Let me tell you, that just
8 didn't kind of happen by itself. You've all visited the war
9 rooms at either Brown's Ferry, Commissioner Carr, where you
10 were and the other three at the Sequoyah war room.

11 You recall, in that room we kept a log --

12 COMMISSIONER ROBERTS: Is that name permanent?

13 MR. WHITE: Yes, maybe we'll call it the peace room
14 eventually. We took those log books where the individuals for
15 months prior to the startup -- for about five months -- kept
16 track of what was going on. I learned frankly a number of
17 years ago, in a very complex overhaul, the importance of
18 keeping logs and records of all actions that were being taken
19 in that particular overhaul. We used this same pattern here.
20 We kept logs there. The system engineers also kept records and
21 logs of things that were going on.

22 What we did was, we took a bunch of senior people,
23 put them with those log books for three hours a day, for three
24 weeks. They reviewed everything that had happened in that
25 period of time. They reviewed good decisions, bad decisions,

1 problems that came up, why did they come up, how do you prevent
2 them?

3 From that effort, we came up with 113 activities and
4 something like 17 programmatic issues -- things that we said,
5 look, we can do a lot better in Unit 1 than Unit 2, if we do
6 these other things.

7 That has been a very effective program. I think
8 that's the reason we are having less discovery work on Unit 1
9 and things are just progressing much smoother. Now, you know,
10 we will make other mistakes. I'm sure we will make other
11 mistakes, other decisions that we will wish that we'd done
12 something differently, but we really have a leg up on this.

13 The items that you've heard a lot about and those are
14 the examples listed here. You've heard a lot about that at
15 Sequoyah Unit 2, and as far as I'm concerned, we've either
16 solved those or we are well on the way to solving those on Unit
17 1. I would like to take a couple of minutes to discuss the
18 steam generators with you.

19 You recall that after the heatup of Unit 2, we had a
20 tube leak which occurred between heatup and criticality on Unit
21 2. We spent considerable time in eddy current testing and
22 finally in helium leak testing. I was appalled to find out
23 that the state-of-the-art eddy current probe that is used to
24 determine leaks in the U-bend area, not only wouldn't detect
25 partial through-wall defects, but wasn't very reliable in

1 detecting actual through-wall leaks in the U-tube area in Steam
2 Generator 2.

3 I was appalled to find that out. As you know, we
4 finally just plugged all the Row 1 tubes in all four generators
5 to assure that we'd have leak-free operation. But frankly, I
6 sat down with our people and I said, you know, this is just
7 unsatisfactory; let's see if this can be fixed somehow. By the
8 way, we have some very, very good steam generator people who
9 work for TVA.

10 They took this; they took this challenge. They went
11 out and they go a number of industry people together. They
12 burned a lot of midnight oil and in three weeks time, they came
13 up with a development and qualification program for a new
14 probe. Now, first, if I may, here's the U-tube we're talking
15 about.

16 This is the U-tube from Row 1. As you know, the area
17 we're talking about is in this area. It's very difficult to
18 use even the state-of-the-art. We had the state-of-the-art,
19 rotating pancake probe on Unit 2, and that just wasn't reliable
20 in detecting even known leaks.

21 What we are going to, as a result of this effort by
22 these contractors, is this device, which I'll pass around to
23 you. If you look at it, some things have been changed on it.
24 They eye, which is where the eddy current focal point is -- I
25 guess that's the proper terminology -- you'll find it moves

1 now. It didn't use to. The shoes have been changed. The
2 spring tension has been changed. They whiskers have been
3 changed to better center. I'll just pass it around to you.

4 That device that Commissioner Carr has in his hand
5 right now, I think it's true today, it was last week, TVA is
6 the only utility in the world that now has those.

7 COMMISSIONER ROBERTS: Would you share that with
8 others?

9 MR. WHITE: Well, it isn't a TVA product. It's a
10 product of a manufacturer. We spent \$75,000 in getting this
11 thing going, but it's a vendor product, but --

12 COMMISSIONER ROBERTS: Whose the vendor, may I ask?

13 MR. WHITE: Z-Tech. Now, what we have, we already
14 have one foreign utility clamoring to get hold of these and we
15 are getting calls from utilities all over the country now.

16 COMMISSIONER ROBERTS: But it works.

17 MR. WHITE: It works. It has, on Unit 1, in the mess
18 -- I'm sorry, the messages on Unit 1, this thing will detect
19 leaking tubes, it will detect partial through-wall defects in
20 tubes.

21 And to date, it's been very reliable. It's gone
22 through quite a qualification program. So we're very pleased
23 with this effort and it's one example, I think, of what we're
24 trying to do to lessen our problems on Unit 1.

25 And our people in the industry, I think, did a

1 remarkable job in a very short time to come up with that
2 device.

3 [Slide.]

4 MR. WHITE: I'll go on to Browns Ferry now. What we
5 did on that, Commissioner Rogers, we were looking at the
6 whiskers.

7 It's the simplest change in the diameter, one of the
8 things that will change the diameter of those, make them a
9 stiffer whisker, which allowed better centering.

10 Browns Ferry, as you see on this slide, we expect to
11 load fuel in September, and we expect it to restart four to six
12 months later.

13 In the overall sense what we have done is we have
14 patterned our efforts at Browns Ferry after the successful
15 programs at Sequoyah.

16 We have factored in the lessons learned. For
17 example, the three week effort of lessons learned that I
18 mentioned for Unit 2, from Unit 2 for Unit 1 startup at
19 Sequoyah.

20 That also has gone to Browns Ferry. Browns Ferry is
21 already taking advantage of what we've learned from Unit 2 at
22 Sequoyah.

23 Because of it's different design, of course, we
24 expect that Browns Ferry will have some unique problems. It's
25 a different design.

1 But I feel we have a good restart team at Browns
2 Ferry, composed of both TVA and three major contractors. And
3 let me tell you, there is an immense amount of talent working
4 the problems.

5 Commissioner Carr, I believe you were at one of our
6 war-room meetings down there, and it's even better. I would
7 invite you to come back and see the improvements we've made.
8 It's even better than when you were there.

9 We are now seeing an orderly closure of engineering
10 and modifications activities at Browns Ferry, and we have
11 already scheduled an operational readiness review for that
12 plant in August.

13 We have also already started that very vital element
14 of changing the operators' mentality from the outage mentality
15 to operations mentality.

16 We've already started that effort. So, you know, I
17 would say that we are making a lot of progress at Browns Ferry,
18 but we recognize that we still have a lot of work ahead of us
19 to do.

20 You will notice that we presently have the other two
21 schedules, Browns Ferry one and three. Those restarts are
22 under review.

23 Mr. Chairman, that concludes my comments.

24 CHAIRMAN ZECH: All right. Thank you very much.
25 Questions, my fellow Commissioners? Commissioner Carr?

1 COMMISSIONER CARR: Yes. I've got a couple of
2 questions. One, on your -- I noticed today you're working on
3 feedwater pump controls.

4 What's the problem there and why weren't you able to
5 catch that in the pre-startup phase? Undoubtedly, there's a
6 history of feedwater pump control problems.

7 MR. WHITE: No, no. As a matter of fact, the history
8 is quite different. The history is one of leaks in the valves.
9 What we did during this outage was we took the governor valves
10 and opened them up, because what I determined as a result, one
11 of the lessons out of one of the trips was I found out that one
12 of the governor valves was leaking.

13 So we said, well, let's inspect them both. We
14 inspected them. We found both of them had erosion, steam
15 erosion.

16 It was leaking by, in other words, the seat. So we
17 went in and repaired both of the governor valves. As a result,
18 those valves now work like they're supposed work, and we now
19 have to realign the governor control system.

20 Those valves are probably working, the valves
21 themselves, in terms of steam leaks, are probably different
22 than they've been for years.

23 And now we've got to get the rest of the system to
24 operate properly and that's what we're doing at present.

25 COMMISSIONER CARR: You didn't have a history of

1 problems with those.

2 MR. WHITE: No. We had -- the history was with the
3 steam leaks. I don't know of any, you know, history of
4 difficulties with that regulation.

5 COMMISSIONER CARR: I guess I've got one other
6 question, probably for Chairman Runyon. In your nuclear
7 objectives, it says establish a stable organization and put a
8 strong management team in place.

9 And we've been in it about a year or so and we're
10 really shuffling and I don't know about the stability of the
11 organization, since you've just changed from a 22-man span of
12 control to a 7 or 8-man span of control.

13 I guess I also worry a little bit about the stability
14 when I read about all the people you're going to have to let
15 go. I don't know how much of that triggers over into the
16 nuclear end of the operation.

17 But it draws a little question in my mind as to which
18 of those objectives -- how you rationalize those objectives
19 with what you're having to do to reorganize.

20 MR. RUNYON: Well, in our procedures that we've dealt
21 with you with before, one of the objectives that the NRC had
22 for us was to reduce the span of control, which is one of the
23 things that we're doing.

24 The span of control to the Senior Vice President of
25 Nuclear Power drops from 20 some odd to 7.

1 COMMISSIONER CARR: I'm not arguing. I think that's
2 a very commendable idea. Just that and the stability didn't
3 quite jive.

4 MR. RUNYON: Well, we're trying to do -- make a good
5 stable organization throughout TVA. We also, at the same time,
6 are trying to reduce the layers of management that we have
7 within TVA so that we get better communication throughout the
8 organization so that we can get better participation by people
9 lower in the organization to help us make decisions.

10 We would like to get decisions pressed as low as
11 possible in the organization. The people who actually do the
12 work know the most about the organization in any organization
13 that you go in.

14 And our effort and thrust is to get those people into
15 the process of making decisions as much as we possibly can, and
16 also to get the levels that they had to go through reduced to
17 the point that we don't have communication problems.

18 Now, as far as the reduction in force is concerned,
19 we have reported that the numbers of people will be
20 substantial.

21 We have not given any numbers because we still have
22 not made final decisions on everything and will not until June
23 the 29th.

24 On June the 29th, we will be addressing all of our
25 employees to explain to them those programs that are affected,

1 those organizations that are affected.

2 In the meantime, of course, we're talking to many,
3 many people about possibilities. We've had hundreds of
4 suggestions from employees on how we should go about doing what
5 we're setting about to do.

6 What we're trying to do is really stay in business.
7 If we continue as we are now, with raising our rates the way
8 we've been doing it, we've been raising our rates approximately
9 four and a half percent for the past three years, and this year
10 we would have to have a six percent rate increase.

11 We can't stay in business. We're not competitive
12 with other people. And the reason for that is that we've got a
13 cost of \$5 billion right now to produce the power that we have.

14 We have to recover that on an annual basis from our
15 ratepayers. Now, that \$5 million, \$5 billion is --
16 approximately 40 percent of that comes from debt service, just
17 to pay for the debt that we have.

18 Another roughly 30 percent is for fuel, both nuclear
19 fuel and fossil fuel. That leaves the remainder of that in
20 costs that we have some control over.

21 We have control of fuel costs, but we're pretty much
22 at the mercy of the market as far as coal or whatever is
23 concerned.

24 So that leaves us in the neighborhood of \$1 billion
25 in personnel costs that we have, to a \$1.5 billion in total

1 costs that we have that kind of control over, and we have to
2 reduce that by \$300 million and that's what we're setting about
3 to do.

4 We need to get an organization that is more
5 streamlined, that's doesn't have so many steps to go through,
6 and that will be a more efficient and productive organization.

7 At the same time, it will be a less expensive
8 organization.

9 CHAIRMAN ZECH: Commissioner Roberts?

10 COMMISSIONER ROBERTS: That's an awesome task.

11 MR. RUNYON: Yes, sir, it is. And I'm very pleased
12 that we've got support of the people in the Valley. We've got
13 support of the legislators.

14 We've got support of the people at TVA that want to
15 see this happen. Now, we have some people that are very
16 concerned about their jobs at TVA.

17 Quite a number of people who are very concerned about
18 their jobs. And that's something that I'd like to mention now,
19 if I could.

20 We started -- the announcement we made to our
21 employees on the organization was in May, late, May 19th I
22 believe was the date, on the 55th anniversary of TVA, as a
23 matter of fact.

24 And we also notified the NRC at that time. We said
25 at that time that we would announce our organizations and they

1 would go into effect on the first of July.

2 Now, in order for the organization in nuclear to go
3 into effect, there are some tech specs that have to be changed
4 and there is notice that has to be given.

5 I would very much like to ask the Board to allow us
6 to make the changes that we're talking about on the first of
7 July so that we would do this simultaneously across the Board.

8 We have, within TVA, which is also within government
9 the way we do our RIFing, people that are eligible to move from
10 one position to another.

11 Not a lot, because they usually go by their groups,
12 but we have some and we would certainly ask that we have
13 permission to go forward on July the 1st with our organization
14 so that we can notify people.

15 Now, no one would leave TVA for 30 days at least.
16 Everyone has a minimum of 30 days notice when we do this, and
17 some people, where organizations change, it's 90 days before
18 those people would be leaving us.

19 CHAIRMAN ZECH: You're asking our permission, is that
20 what you're saying? You're asking our permission to approve
21 what you're doing?

22 MR. RUNYON: We have a Tech Spec change that we
23 require your permission.

24 CHAIRMAN ZECH: Yes, that's before us now. That's
25 being reviewed. I understand. All right. Commissioner

1 Roberts, any other questions?

2 COMMISSIONER ROBERTS: No.

3 CHAIRMAN ZECH: Commissioner Rogers?

4 COMMISSIONER ROGERS: Well, just to pursue this
5 question of stability or building on the strengths that you've
6 already amassed, if we look at the Nuclear Power Group
7 organization chart that is in the handout in your slides that
8 starts with the Senior Vice President, Nuclear Power, is it
9 correct that none of the Vice President level titles are people
10 who are contract employees?

11 MR. WHITE: That's correct.

12 COMMISSIONER ROGERS: No Vice President level --

13 MR. WHITE: Oh, I'm sorry -- Quality Assurance is a
14 contract employee.

15 COMMISSIONER ROGERS: Quality Assurance. This one
16 is. I see. I heard Licensing Maintenance in Browns Ferry.

17 MR. WHITE: Yes, I should have said QA also, I'm
18 sorry.

19 COMMISSIONER ROGERS: Okay, but the only VP is the
20 Quality Assurance, is that right?

21 MR. WHITE: Yes.

22 COMMISSIONER ROGERS: Now of the I guess it is 139
23 mid-level managers, that you started out with 140-some and you
24 said that's gone down by four. Where are they in this -- are
25 they on this chart?

1 MR. WHITE: Oh, no, no, no.

2 MR. ROGERS: They are below this chart?

3 MR. WHITE: Oh, yes, yes, because those are M-6 or M-
4 8. They are below this. They'd be in the lower tier
5 organizations.

6 COMMISSIONER ROGERS: So the only Vice President
7 person besides Admiral White then that is a contract employee
8 is the QA?

9 MR. WHITE: That's correct.

10 COMMISSIONER ROGERS: I see. Do you anticipate any
11 fundamental difficulties? Obviously in a RIF, there are always
12 difficulties. It is never an easy thing to do, but in avoiding
13 the "last in, first out" procedure, that could devastate, I
14 would imagine, the strengths that you have built if you have to
15 follow that kind of a procedure.

16 MR. RUNYON: One of the things we did was have a
17 voluntary RIF program, which we have established. Under the
18 normal RIF program, employees receive four days severance pay
19 for every year of employment that they have up to 30 years,
20 which means that they would receive 120 days pay. We have
21 doubled that amount, and we are allowing 8 days for every year
22 up to 30 years, which means that they can receive 240 days
23 severance pay.

24 In addition to that, by the rules as they were, when
25 a person takes a voluntary RIF, they cannot retire if they are

1 below 55, so they couldn't start their retirement pay. We have
2 made a change for this RIF only, so that if they do want to
3 voluntarily take a RIF and retire, if they have met 52 or what
4 have you, their retirement benefits would start immediately.
5 They would be actuarially reduced from 55 to 52 but they could
6 start to take those. In addition to that we are offering all
7 employees who take the RIF to continue their health insurance
8 for 18 months at their expense, but that's about roughly half
9 of what the expense would be outside.

10 Now we think that this program, as we have designed
11 it, will encourage employees who have been there longer to
12 leave. The more of those that leave, the less we'll have left.

13 We have several reasons for wanting this. For
14 example, minorities and women tend to be the last hired in the
15 organization, and we certainly don't want to damage that area
16 of our operation. We want to protect those people also, so we
17 had several reasons for making this severance pay the way we
18 did it, and we think it will be helpful in eliminating the last
19 in/first out syndrome that you normally have.

20 MR. WHITE: If I may follow up on that a little bit,
21 the thrust of your question, Commissioner Rogers. We of course
22 won't know until we actually do it, but we have looked very
23 carefully, and based on my knowledge as of this time, my review
24 of this, we do not expect a significant impact on those new
25 hires.

1 Now it will change because of bumping rights and
2 other things, but we do not expect a significant impact, and we
3 have done that review.

4 COMMISSIONER ROGERS: Just coming back to that same
5 chart, there are only those contract employees that we have
6 just identified now that are on the chart. Were any of the
7 other Vice President level or other people reporting to the
8 Senior Vice President contract employees at one time who
9 elected to or you managed to persuade to become regular TVA
10 employees?

11 MR. WHITE: Oh, yes. For example -- and I'd have to
12 go through check -- but our Director of Nuclear Engineering,
13 Mr. Kirkable, was initially a contract manager and he is now a
14 TVA manager. I really frankly have to go back and review each
15 of the items to determine if there are others, but there have
16 been some that have definitely of the 26 --

17 CHAIRMAN ZECH: I'd like to ask a question on Browns
18 Ferry. It is my understanding that Browns Ferry is not fully
19 in compliance with the fire protection requirements. Do you
20 intend to get them in compliance prior to restart of Browns
21 Ferry?

22 MR. WHITE: There are two issues in fire protection
23 at Browns Ferry. One is Appendix R. When I arrived at TVA, I
24 found when I first arrived that TVA had requested a complete
25 exemption from Appendix R for Browns Ferry, and I was

1 interested because, of course, Browns Ferry caused Appendix R.

2 I withdrew that TVA request and said I want to comply
3 with Appendix R. We have and are complying. There are five
4 technical exemptions that we've asked that are the same, as I
5 understand, all of the utilities or many of the utilities have
6 asked for. So, yes, we intend to be in compliance with
7 Appendix R.

8 The National Fire Protection Code, we have in place a
9 program -- it's a long-term program; we estimate it's a \$50
10 million program. It lasts five or seven years. We've already
11 launched into that program, and we intend to bring Browns Ferry
12 into compliance with that, but not before start-up. It's, as I
13 say, a long-term program.

14 CHAIRMAN ZECH: But with the exception of those
15 exemptions that you mentioned --

16 MR. WHITE: Oh, Appendix R, yes, yes, definitely.

17 CHAIRMAN ZECH: You intend to have in compliance with
18 Appendix R.

19 MR. WHITE: Yes, we will.

20 CHAIRMAN ZECH: I guess I'd like to ask another
21 question concerning -- we heard from the Board and the
22 prospective Senior Vice President about their organization.
23 You talked about your organization below you. You've heard
24 from the Board. Are you satisfied with the new organization,
25 and do you think you'll continue to get the support that the

1 nuclear program needs in the TVA organization?

2 MR. WHITE: As Chairman Runyon stated, last week, the
3 past several weeks, I've met with the Board over my concerns,
4 and they have reconfirmed their intent to allow me to operate
5 in the framework and within the spirit of the Memorandum of
6 Understanding, which is the document -- the spirit and the
7 words in that give me the authority that I need. So the result
8 of those meetings, they certainly have given me a statement of
9 their intent to comply with that, and I would expect that I
10 will have that authority.

11 CHAIRMAN ZECH: That means you're satisfied.

12 MR. WHITE: Yes, sir.

13 CHAIRMAN ZECH: Thank you.

14 Let me just say that, you know, the purpose, the real
15 purpose of your being here is to assure the Board under the new
16 organization that the nuclear program will continue strong
17 support of the Board, and when we started looking into the
18 problems of TVA many months ago now, it was important to the
19 Commission that in order to make improvements and changes at
20 TVA, that the Board itself involve itself directly with the
21 Nuclear Manager and allow the Nuclear Manager to come to the
22 Board directly with his support.

23 If I understand you, Mr. Runyon, and your colleagues
24 here, you've made such a commitment here today that you will
25 continue to support the nuclear program at TVA in a very strong

1 priority manner; is that correct?

2 MR. RUNYON: That's right. You heard correctly.

3 Absolutely.

4 CHAIRMAN ZECH: And that's important to the
5 Commission, because -- and also the second thing I think that's
6 important to us is to recognize that even though you have that
7 organization in place right now -- and I guess what troubled me
8 was that line you have from your Senior Vice President directly
9 to the Board, which I understand on your chart, and I refer to
10 the one that you're saying is going to be effective 1 July, and
11 maybe they could put that on the viewgraph, if we could.

12 [Slide.]

13 CHAIRMAN ZECH: Good. As we're looking at it, the
14 lefthand line that goes at the bottom to the lefthand corner
15 from the Senior Vice President to the Board of Directors. And
16 my question is, under the succession plan under the new
17 organization, do you continue to have that line there, or is
18 that just for as long as Admiral White is here?

19 MR. RUNYON: That line would continue to be there,
20 regardless of who would be in that job.

21 CHAIRMAN ZECH: Fine. And I think that's important
22 to the Commission, to recognize that that is what you intend to
23 do.

24 COMMISSIONER CARR: Mr. Chairman, what I heard was
25 that a lot of Mr. White's authority and responsibilities come

1 on the MOU with STEMAR, and obviously the successor is not
2 going to be a STEMAR MOU type guy, so I'm a little bit -- we'll
3 have to watch that guy.

4 MR. RUNYON: Commissioner Carr, we did have a box in
5 there that said MOU/STEMAR in there, and I talked to the
6 Chairman, and he said, well, if someone else comes in, there
7 won't be an MOU with STEMAR and that's of concern to me, and so
8 we took it out, and we put the line there instead.

9 COMMISSIONER CARR: It concerns me, too.

10 MR. RUNYON: So the box is not there.

11 COMMISSIONER CARR: What I heard today, Mr. White
12 say, and I thought I heard you say that you had been
13 negotiating with Mr. White over the last week or so about --
14 and confirmed that all these things that were in the MOU were
15 still going to be applicable. But that doesn't hold for his
16 successor, I'm sure.

17 MR. RUNYON: His successor will have the
18 responsibility of --

19 COMMISSIONER CARR: He'll have to negotiate his own
20 MOU.

21 CHAIRMAN ZECH: That was the purpose of my question.

22 MR. RUNYON: It may be necessary to have an MOU, by
23 the way, with his successor, because if we can't find someone
24 who is willing to come there for \$77,500, we may have to have
25 another contract employee there.

1 COMMISSIONER CARR: Fine one who wouldn't come for
2 \$77,500.

3 MR. RUNYON: Yes, we can find some of those.

4 [Laughter.]

5 MR. RUNYON: But to find some that will, we more than
6 likely will have to have a contract with that employee.

7 CHAIRMAN ZECH: That was the point of my question,
8 and Commissioner Carr picked up on it, too. As I understand
9 your new organization that we have shown here just a minute
10 ago, that solid line from the Senior Vice President for Nuclear
11 Power with Steven A. White's name in there, when you put a new
12 name in there, that solid line would continue to report to the
13 Board.

14 MR. RUNYON: Yes, sir, that's exactly right. That
15 solid line stays there.

16 CHAIRMAN ZECH: Thank you very much.

17 COMMISSIONER ROBERTS: May I ask a question?

18 CHAIRMAN ZECH: Certainly.

19 COMMISSIONER ROBERTS: In these forthcoming RIFs, do
20 you come under the aegis of OPM, the Office of Personnel
21 Management?

22 MR. RUNYON: Yes, sir, we do. And as a matter of
23 fact, let me --

24 COMMISSIONER ROBERTS: Do you control these things in
25 consultation with them?

1 MR. RUNYON: No, sir, we don't go in consultation
2 with them, but we have regulations that we have to follow that
3 are causing some problems for us right now.

4 COMMISSIONER ROBERTS: I would suspect so.

5 MR. RUNYON: And let me explain the problem. In
6 1986, there was a change made so that the evaluation of
7 performance entered into a RIF decision, and the way it entered
8 into the RIF decision is that there are three classifications
9 that our salary policy people have, that for the bottom
10 classification, if they received a performance review that put
11 them in the bottom classification, they would get zero points
12 toward this RIF calculation.

13 If they had the second classification, they would get
14 12 points, and if they had the third classification, they would
15 get 16 points. And in order to determine the points as related
16 to RIF, these are added to the years. You take the last three
17 ratings. If the last three ratings were all in the middle,
18 that would be 3 times 12 or 35 divided by 3, would be 12 points
19 that would be added to the years of service that they had. So
20 if they had five years of service or ten years of service and
21 rated 12, then there would be 12 plus 10 or 22 points.

22 If another person had only been there a year and had
23 no other ratings, they would receive 12 points for those two
24 years to make the calculation, so they'd have the 16 plus the
25 12 plus the 12, or they would have 24 plus 16, 40 points,

1 divided by 3 would be 13 points plus there one year of service
2 would be 14 points.

3 Those are coming into play, and frankly the union
4 representatives at TVA are not happy about the fact that we're
5 using appraisals at all, because they think that we can be too
6 subjective in the way we do it. The facts are, however, that
7 appraisal systems by and large made by most any organization
8 are not too good at best. People really have a hard time
9 sitting across the table from somebody and looking at them and
10 saying, "I'm rating you the bottom rating because you're not
11 doing a good enough job." It's easier to give them the middle
12 rating and not have to face that.

13 So as you go back and go through these things, you
14 find that the ratings that had been given at TVA over the years
15 tend to be the second or third rating. There are very few of
16 the zero ratings that are there. And that's true of a lot of
17 organizations. Unless somebody really makes a definite decided
18 effort, like Steve is starting to do now and like we're all
19 going to be doing at TVA in the future.

20 So we have some problems with that right now, but we
21 are, by law, required to do it the way that we're doing it,
22 which is to take into consideration those numbers.

23 Now that's the only OPM regulation that I'm aware of
24 that we have any kind of problem with.

25 CHAIRMAN ZECH: I guess the only other emphasis I'd

1 like to bring forth is again the importance of the succession
2 plan that you're working on, Mr. Runyon, to this agency, and
3 let me commend you and your entire organization for the efforts
4 you've brought forth to date as far as not only meeting the
5 challenges of TVA, but of putting in place certainly what would
6 appear to be a strong organization. And those of us who have
7 observed first hand at your sites, I think I can speak for my
8 colleagues, I've discussed it with them, too. They, too, feel
9 that you have made aggressive changes there and certainly
10 should bode well for the future.

11 But you have many challenges. We've talked about
12 some of them here today. I think it would appear that you're
13 meeting your challenges, but you have many more to confront, I
14 believe, and I think you've pointed out that you recognize
15 that, too.

16 Our interest, of course, is for safety, safety of
17 operations, and we believe that that is the most important
18 challenge that you have, to make sure that those plants operate
19 safely. The management organizational changes you've put in
20 would appear to contribute to that objective of safety.

21 The resources are important. We've just touched on
22 them a little bit today. We have an understanding of the
23 challenges you face in the TVA organization regarding
24 resources, talking people and dollars both. But keeping in
25 mind all of those challenges, our primary concern is for safety

1 of operations, and it's your concern too, as you've expressed
2 here today, and your commitment to strong oversight of the
3 nuclear organization as you proceed.

4 So I recognize your need to get approval of the tech
5 spec amendment that you've talked about, and I would ask the
6 Staff to come forth with a recommendation prior to the 1st of
7 July if you can and if you find it feasible to the Commission,
8 so that we can review that prior to your going forward with
9 that.

10 I would hope that we're able to do that. We take
11 aboard your request, and we will do what we can within our area
12 of responsibility to be responsive. But again, the
13 organization changes you're making are important to us because
14 we do see that although it would appear that you have made
15 significant and aggressive positive changes, we want to see
16 those changes continue, not only as long as Mr. White is here,
17 but his successor and the others in the organization.

18 So those are the things that we're interested in. We
19 appreciate very much your excellent presentation here today,
20 your continued commitment to safety of operations in the
21 nuclear area in the TVA organization.

22 Are there any other comments from my fellow
23 Commissioners?

24 COMMISSIONER ROGERS: Well, just a question that
25 didn't occur to me a little earlier that I think I might like

1 to ask Mr. Willis just a little bit about, how he sees this --
2 the impact of -- resource impact on his general
3 responsibilities and this change of span of control insofar as
4 it affects his ability to visit plants and get a firsthand
5 feeling about things as they're taking place onsite.

6 MR. WILLIS: Yes, sir, I'd be glad to comment on
7 that. As General Manager, one of my primary responsibilities
8 in working with the Manager of Nuclear Power has been to see
9 that he gets the resources and attention that he needs, to
10 assist him in getting roadblocks out of the way, coordination
11 with other parts of TVA when he needs to get things done.

12 Under my new position, I'll have a smaller span of
13 control, and I'll be able to pay more attention to that, see
14 that he gets the resources, so that he gets the table set
15 quickly, and TVA can respond quickly to the resources and needs
16 of the nuclear power organization. I see my time in the future
17 that I'll be able to pay a lot more attention to that.

18 COMMISSIONER ROGERS: Well, I'd also like to just say
19 that it's very encouraging to hear about the direct involvement
20 of all the Directors in visiting the plants, involvement with
21 INPO, trying to be on top of the developments in the general
22 nuclear business, because this is such a major part of your
23 commitments that to really have a firsthand view is terribly
24 important, and I don't know -- I'm new to the Commission, and
25 I'm new to looking at TVA, but my guess is that someplace in

1 the past that that direct involvement is not what it is today.

2 MR. WATERS: Commissioner Rogers, I'd like to respond
3 to that. I well remember one of the most important dates in
4 meetings that I'll ever forget, I don't think, as far as TVA
5 Nuclear, was December the 23rd, 1985. I sat across the table
6 with Mr. Dean and Mr. Freeman and listened to then Commissioner
7 Zech tell us some things about Sequoyah and TVA's nuclear
8 plants, and I remember it well. He did a very good job of
9 pointing out some problems.

10 I never will forget it, because he told all three of
11 us the same thing. He looked me in the eye and he told me, and
12 he looked Dean in the eye, and he looked Freeman in the eye,
13 and there wasn't much question about some of the problems we
14 had in TVA Nuclear and Sequoyah, and I think we've come a long
15 ways since that December 23, 1985. It didn't make a very good
16 Christmas, but Christmases since then have been better.

17 MR. DEAN: Since you weren't there, Commissioner
18 Rogers, what the essence of it was is, we had -- some of our
19 people had created one of these line charts that showed that
20 plant on line in 60 days, and the essence of Commissioner
21 Zech's comment was, it ain't going to be on in 60 days.

22 [Laughter.]

23 MR. DEAN: And that's been a long time ago. That was
24 1985.

25 MR. WATERS: December 23rd.

1 COMMISSIONER ROBERTS: I love to hear the voices of
2 the two Board members. It makes me homesick.

3 [Laughter.]

4 COMMISSIONER ROGERS: Just to commend you all for
5 really being so involved, that it is terribly important, and to
6 be realistic about your scheduling. You didn't touch on your
7 full schedule for the future, and that's probably just as well,
8 but I think that it is important to be realistic in what can be
9 done. There's a very big hill to climb there, to get over, and
10 while it's good to be enthusiastic and optimistic, you also
11 have to be prepared to really slug it out on every single
12 thing, even if it takes the time.

13 Thank you very much.

14 CHAIRMAN ZECH: Since you have brought up the
15 December 23, 1985 -- my visit to Sequoyah, let me just say very
16 briefly that, yes, I was very disappointed with what I saw. I
17 thought it was my obligation to be very candid with you and
18 tell you that I thought you had very serious problems at that
19 time. It was just my judgment that I thought you had very
20 important things to do. The schedule you presented, I thought,
21 was entirely unrealistic. I think I told you that in probably
22 other words than that maybe.

23 But, you know, I do feel that although it's taken two
24 and a half years to get to this point, that TVA has made great
25 strides, and although we're not there yet -- there's still room

1 for improvement in my judgment -- I do commend you for the
2 courage that you've shown and the management actions you've
3 taken and certainly what would appear to be getting TVA on the
4 right track, which is, of course, in the best interest of our
5 fellow citizens, of our country, and the TVA organization, the
6 TVA area, as well as all of our fellow citizens.

7 So I commend you for that, and I just say let's not
8 be complacent. You've taken on a big challenge. You're making
9 progress, it would appear. Let's keep it up, and we'll be
10 watching you carefully, but in the meantime you deserve, I
11 think, great credit for the progress you've made to date.

12 With that, we'll be expecting continued progress.
13 Thank you very much. We'll stand adjourned.

14 [Whereupon, at 11:40 o'clock, a.m., the hearing was
15 adjourned.]

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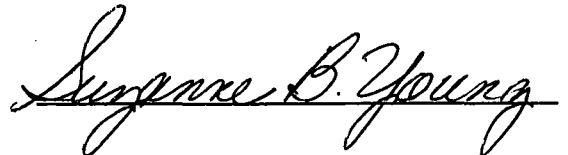
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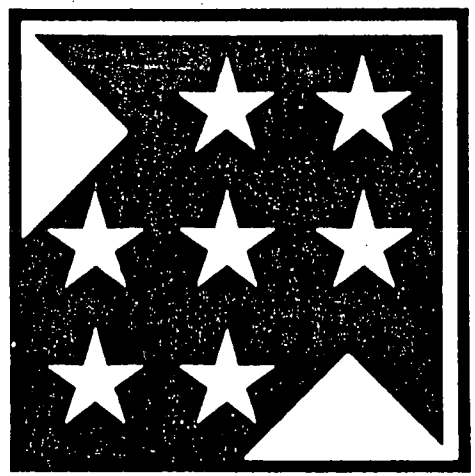
TITLE OF MEETING: Briefing by TVA on TVA Reorganization and
Plant Status
PLACE OF MEETING: Washington, D.C.

DATE OF MEETING: Tuesday, June 21, 1988

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of my ability, and that the transcript is a true and
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A handwritten signature in cursive script, reading "Suzanne B. Young", is written over a horizontal line.

Ann Riley & Associates, Ltd.



TVA NUCLEAR

TENNESSEE VALLEY AUTHORITY

BRIEFING TO THE

NUCLEAR REGULATORY COMMISSION

JUNE 21, 1988

AGENDA

OFFICE OF NUCLEAR POWER ORGANIZATION

- CORPORATE OVERSITE OF NUCLEAR SAFETY**
- CONTINUING MANAGEMENT DEVELOPMENT PROGRESS**
- RETENTION OF MID-LEVEL MANAGERS**

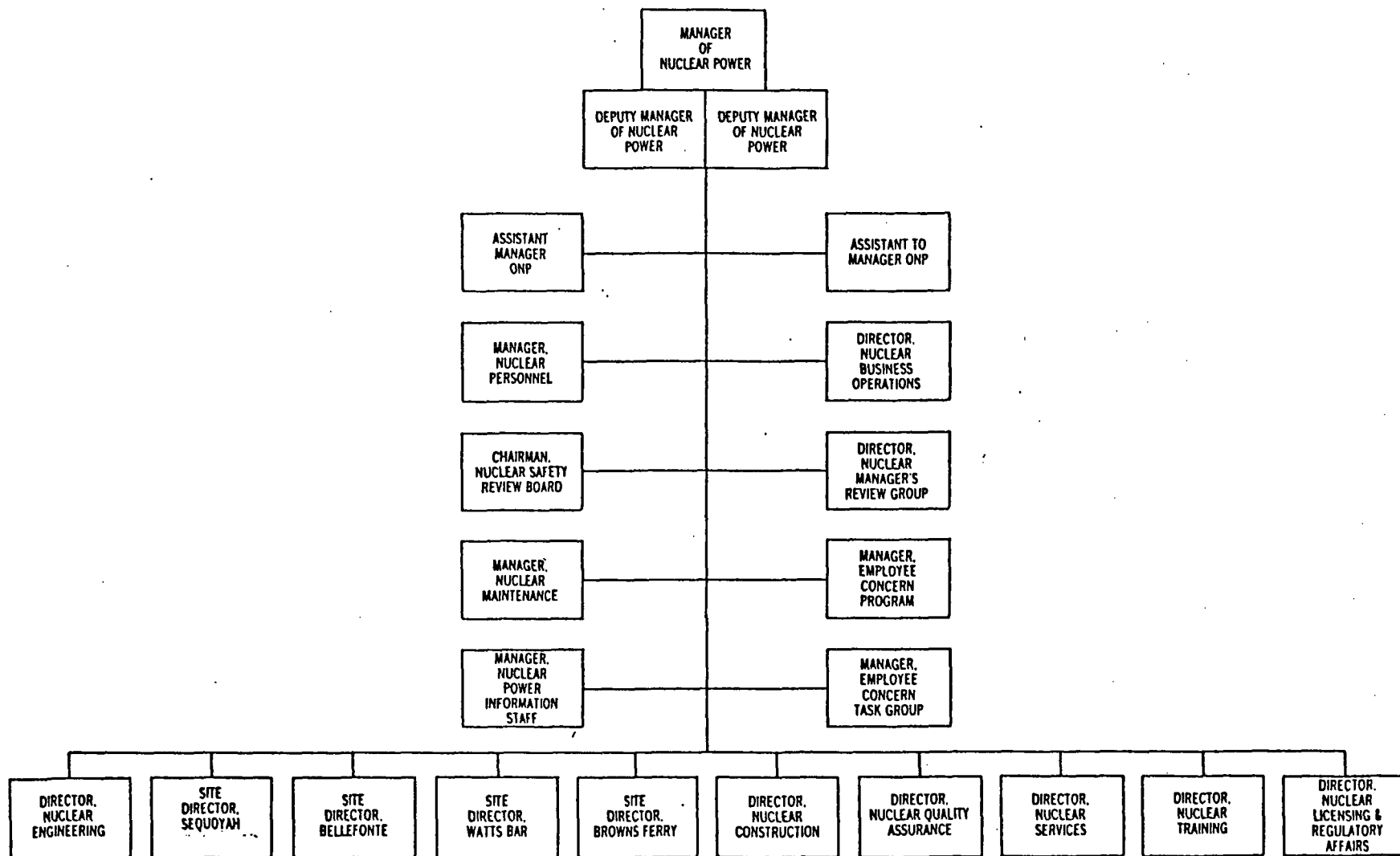
SEQUOYAH UNIT 2 INITIAL OPERATING EXPERIENCE

SEQUOYAH UNIT 1 PROGRESS TOWARD RESTART

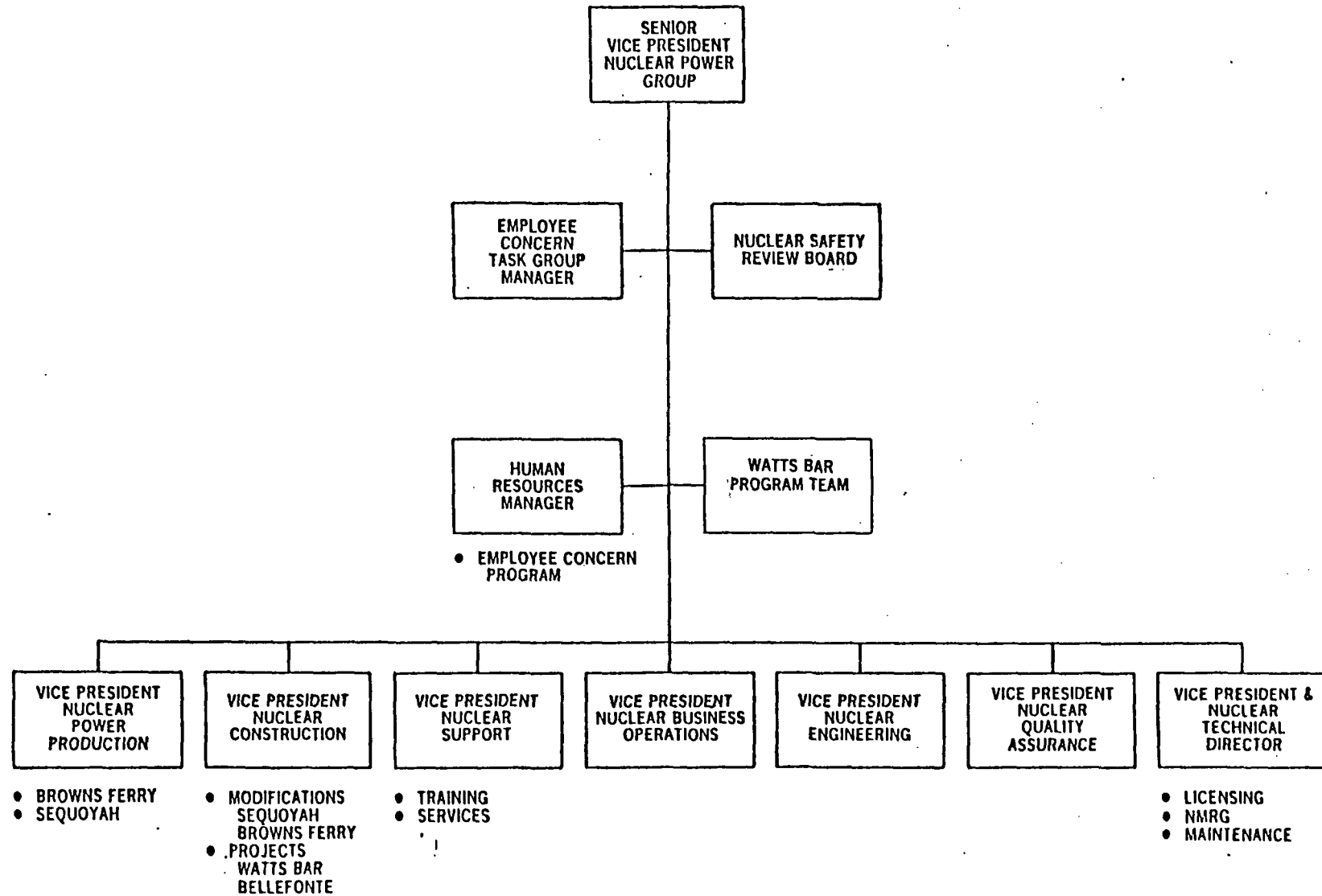
BROWNS FERRY UNIT 2

**OFFICE OF NUCLEAR POWER
ORGANIZATION**

OFFICE OF NUCLEAR POWER



NUCLEAR POWER GROUP



OVERSIGHT OF NUCLEAR SAFETY

NUCLEAR SAFETY OVERSIGHT

- **WALKING SPACES**
- **MANAGEMENT INVOLVEMENT**
- **NUCLEAR SAFETY REVIEW BOARD**
- **OPERATIONAL READINESS REVIEWS**
- **NUCLEAR MANAGERS REVIEW GROUP**
- **PLANT OPERATIONS REVIEW COMMITTEE**
- **SITE REPRESENTATIVES**
- **EMPLOYEE CONCERN PROGRAM**
- **INDEPENDENT SAFETY ENGINEERING GROUP**

NUCLEAR OBJECTIVES

TVA OFFICE OF NUCLEAR POWER OBJECTIVES TO ASSURE SAFE PLANT OPERATION

- 1. ESTABLISH A STABLE ORGANIZATION**
- 2. PUT A STRONG MANAGEMENT TEAM IN PLACE**
- 3. ESTABLISH PROCEDURALIZED AND DISCIPLINED WAY OF
DOING BUSINESS**
- 4. ENSURE THE TECHNICAL INTEGRITY OF THE PLANTS**
- 5. REESTABLISH TRUST AND CONFIDENCE IN MANAGEMENT**

MANAGEMENT DEVELOPMENT

MANAGEMENT DEVELOPMENT PHASE I

- **ADMINISTRATIVE IMPROVEMENTS**
 - **ORGANIZATION AND POLICY MANUAL**
 - **POSITION DESCRIPTIONS**
 - **MANAGEMENT APPRAISAL SYSTEM**
- **DEVELOPMENTAL ACTIVITIES**
 - **USE OF DEPUTY POSITIONS**
 - **COACHING AND COMMUNICATION**
 - **SLATING CONFERENCES**
 - **TOP PERFORMERS ASSISTANCE PROGRAM**
 - **MANAGEMENT TRAINING**

MANAGEMENT DEVELOPMENT MANAGEMENT TRAINING PLAN

- | ● IMPLEMENT CORE CURRICULUM
(MARCH 1987) | TARGET
<u>POPULATION</u> | ATTENDANCE
<u>(5-31-88)</u> | PERCENT
<u>COMPLETE</u> |
|---|-----------------------------|--------------------------------|----------------------------|
| ORIENTATION TO NUCLEAR SUPERVISION | 2945 | 1341 | 45.5 |
| SUPERVISOR DEVELOPMENT COURSE | 2389 | 1533 | 64.2 |
| MANAGING FOR EXCELLENCE | 556 | 164 | 29.5 |
| SKILLS ASSESSMENT | 2945 | 360 | 12.2 |
- CONTINUING EDUCATION BASED ON NEED
 - OVER 1800 ATTENDANCE AT NONREQUIRED COURSES OVER LAST 2 YEARS
 - FUTURE ACTIONS

MANAGEMENT DEVELOPMENT PHASE II

- **IDENTIFICATION OF SKILL AND STAFFING NEEDS**
- **EXPAND SUCCESSION PLANNING**
- **IMPLEMENT INDIVIDUAL DEVELOPMENT PLANNING**

SEQUOYAH

UNIT 2 RESTART

- **CRITICALITY MAY 13, 1988**
- **TWO TRIPS DURING INITIAL POWER ASCENSION**
- **PLANT ACHIEVED 100% ON MAY 31, 1988**
- **PLANT OPERATED AT FULL POWER FOR 6 DAYS**
- **TRIP FROM FULL POWER ON JUNE 6, 1988**
- **TWO TRIPS DURING STARTUP JUNE 8 AND 9, 1988**

UNIT 2 TRIPS

- MAY 19, 1988 - TRIP FROM 72% POWER DUE TO ADJUSTMENTS IN HEATER DRAIN TANK NO. 3 LEVEL. THE EVENT WAS COMPOUNDED BY A PLUGGED SITE GLASS.**
- MAY 23, 1988 - TRIP FROM 70% POWER DUE TO FAILURE TO FOLLOW A SURVEILLANCE INSTRUCTION ON A REACTOR COOLANT SYSTEM FLOW INSTRUMENT.**
- JUNE 6, 1988 - TRIP FROM 98% POWER DUE TO MISSING A DIODE IN A SAFEGUARDS' TEST CABINET. THIS RESULTED IN A FEEDWATER ISOLATION.**
- JUNE 8, 1988 - TRIP FROM 15% POWER DUE TO OPERATOR FAILING TO CONTROL STEAM GENERATOR LEVELS PROPERLY DURING THE SWAPOVER FROM THE FEEDWATER REGULATING BYPASS VALVE TO THE MAIN FEEDWATER REGULATING VALVE.**
- JUNE 9, 1988 - TRIP FROM 20% POWER DUE TO A FAILURE IN THE MAIN TURBINE GLAND SEALING STEAM CAUSING THE ISOLATION OF THE A AND B LOW PRESSURE FEEDWATER HEATER SYSTEM.**

ACTIONS TAKEN BEFORE STARTUP

- **INSTILL NUCLEAR ETHIC**
- **OPERABILITY LOOKBACK**
- **WESTINGHOUSE OWNERS GROUP TRIP REDUCTION AND ANALYSIS PROGRAM INVOLVEMENT**
- **BALANCE OF PLANT MAINTENANCE PROGRAM**
- **INPO EVALUATION OF EACH OPERATING CREW**
- **OPERATIONAL READINESS REVIEW**
- **SIMULATOR TRAINING JUST BEFORE HEATUP**
- **NONNUCLEAR HEATUP**
- **SHIFT OPERATING ADVISORS**

ADDITIONAL ACTIONS TAKEN SINCE STARTUP

IMPROVEMENTS IN OPERATIONS

- **FORMED WORK CONTROL GROUP**
- **IMPROVED STARTUP PROCEDURES**
- **ADDITIONAL OPERATOR IN HORSESHOE DURING STARTUP AND MAJOR EVOLUTIONS**
- **ADDITIONAL SIMULATOR TRAINING FOR EACH CREW ON FEEDWATER CONTROLS**
- **REVIEWED PERSONNEL-RELATED TRIPS WITH OPERATORS AND MAINTENANCE PERSONNEL**

IMPROVEMENTS IN PHYSICAL PLANT

- **WORKED 125 BALANCE OF PLANT ITEMS DURING RECENT OUTAGE**
- **REVIEWING SURVEILLANCE TEST PROGRAM TO MINIMIZE POTENTIAL CHALLENGES TO SYSTEMS**
- **EVALUATING ADDITIONAL FEEDWATER SYSTEM IMPROVEMENTS**

SEQUOYAH

UNIT 1

- ON SCHEDULE FOR HEATUP IN SEPTEMBER
- OVERALL STATUS
- REVIEW OF LESSONS LEARNED
- EXAMPLES:
 - PRESSURIZER RELIEF VALVES/LOOP SEALS
 - STEAM GENERATORS
 - BALANCE OF PLANT MAINTENANCE
 - START UP PROCEDURE IMPROVEMENTS
 - WORK CONTROL GROUP
 - SURVEILLANCE INSTRUCTION IMPROVEMENT
 - RAYCHEM
 - SILICONE RUBBER CABLE

BROWNS FERRY

BROWNS FERRY SCHEDULE AND STATUS

- RESTART SCHEDULE
 - UNIT 2
 - OVERALL STATUS
 - FUEL LOAD - SEPTEMBER 1988
 - RESTART - 4 TO 6 MONTHS LATER
 - UNIT 3
 - RESTART UNDER REVIEW
 - UNIT 1
 - RESTART UNDER REVIEW