



Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

July 31, 2013

This responds to your letter dated May 10, 2012, requesting information under the Freedom of Information Act (FOIA) 5 U.S.C. § 552 (2012). You requested the report of investigation, the final report and closing memo for a list of TVA OIG investigations.

Enclosed is a disk containing the records you requested. We have redacted some information from the enclosed records pursuant to FOIA exemptions 6 and 7.

Exemption 6 and 7(c) protect personal privacy. Exemption 7(a) protects information that would interfere with law enforcement proceedings. Exemption 7(e) protects information that would reveal the techniques of law enforcement procedures and investigations.

There was no written report for one investigation you requested, 14D12847. Thus, we are unable to provide information for this matter.

For non-commercial requests, TVA's FOIA regulations (18 C.F.R. § 1301) provide that the fees for the first two hours of search time and the first 100 pages of copying are waived. Since this response was made within those guidelines, there is no charge for processing your request.

You may appeal this initial determination of your FOIA request by writing to Ms. Janet J. Brewer, Vice President, Communications, Tennessee Valley Authority, 400 W. Summit Hill Drive (WT 7C), Knoxville, TN 37902-1401. Any appeal must be received by Ms. Brewer within 30 days of the date of this letter.

Sincerely,

A handwritten signature in black ink that reads "Denise Smith". The signature is written in a cursive, flowing style.

Denise Smith  
TVA FOIA Officer

Enclosure

**CASE CLOSING**

File Number: 1H-12985

Subject Name: [REDACTED]

Location: Chattanooga, TN

Special Agent: [REDACTED]

Date Opened: 12/01/2009

Date Closed: 4/19/10

Basis for Investigation: This investigation was initiated based upon an anonymous Empowerline complaint that alleged that [REDACTED] influenced the hiring and retention of his daughter as a contract employee on a TVA contract. During our preliminary review of this matter, questions were raised as to the validity of [REDACTED] daughter being listed as a dependent on his TVA benefits.

Findings: Our investigation revealed (1) [REDACTED] advocated for the hiring of his daughter on an ongoing contract between Bechtel and TVA for the WBN Unit 2 project; (2) numerous senior level TVA managers became substantially involved due to [REDACTED]' position; (3) [REDACTED]' daughter was not eligible to be listed as a dependent as of January 1, 2009, and (4) [REDACTED] did not take appropriate action to remove her from his benefits even after being requested to verify her eligibility by a TVA Employee Service Center employee.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments:

_____ [REDACTED] Agent Name	_____ [REDACTED] Agent Signature	_____ 04/19/10 Date
_____ Special Agent in Charge	_____ [REDACTED] Special Agent in Charge Signature	_____ 4/19/10 Date





**Office of the Inspector General  
Report of Administrative Inquiry**

April 12, 2010

John M. Thomas, III, MR 3A-C

[REDACTED] - HUMAN RESOURCES  
EMPLOYEE MISCONDUCT - MISCELLANEOUS  
OIG FILE NO. 1H-12985

This investigation was initiated based upon an anonymous complaint that [REDACTED] [REDACTED] Human Resources, influenced the hiring and retention of his daughter, [REDACTED] as a contract employee on a TVA contract. Specifically, it was alleged that [REDACTED] was originally employed as an Administrative Assistant by Sun Technical on the Bechtel contract in Knoxville but was terminated for tardiness issues. The complainant alleged that [REDACTED] was then immediately hired under a different contract at the Watts Bar Nuclear Plant (WBN) due to her father's position at TVA. Although not raised in the initial complaint, our preliminary review of the potential nepotism issues raised questions regarding the validity of [REDACTED] dependents covered under his TVA benefits so this matter was also included in the scope of our investigation.

**FINDINGS**

To date, our investigation has revealed (1) [REDACTED] advocated for the initial hiring of his daughter on an ongoing contract between Bechtel and TVA for WBN Unit 2; (2) due to [REDACTED]' position, numerous senior level TVA managers became substantially involved in the hiring and retention of an individual working as a contract Administrative Assistant making approximately \$16 per hour; (3) [REDACTED]' daughter was not eligible to be listed as a dependent for TVA medical insurance purposes as of January 1, 2009; and (4) [REDACTED] did not take the appropriate action to remove his daughter from his benefits when she became ineligible, even after being requested to verify her eligibility status in July 2009 by a TVA Employee Service Center (ESC) employee.

## **Nepotism Issues**

### Knoxville

Our investigation revealed that [REDACTED] initiated a conversation with [REDACTED] Vice President, WBN Unit 2, around late 2008/early 2009 in which [REDACTED] inquired about positions for his daughter. [REDACTED] provided his daughter's resume to [REDACTED] after he [REDACTED] notified his subordinate that [REDACTED] was [REDACTED] daughter and to consider hiring her for a position. [REDACTED] was then hired on January 26, 2009, by Sun Technical as an Administrative Assistant (Discipline Clerk) working on the Bechtel contract in TVA's East Tower. Her work hours were Monday through Friday 7 a.m. to 5:45 p.m. During his Office of the Inspector General (OIG) interview, [REDACTED] stated he told his daughter not to tell anyone who she was [REDACTED] daughter) because she would then have a target on her back. However, [REDACTED] also advised in the interview that it had not been a secret and that Tom Kilgore was aware of it because he ([REDACTED]) had told Mr. Kilgore one day in Knoxville that he was going to eat with his daughter who worked for Bechtel.

Interviews and documentation in her personnel file reveal that during [REDACTED] employment in Knoxville, she consistently failed to show up for work on time and was counseled repeatedly regarding time and attendance issues. In the summer of 2009, Bechtel attempted to terminate [REDACTED] due to these issues but the attempt was stopped based on [REDACTED] decision that they continue monitoring her performance and attendance. [REDACTED] claimed he based this decision on her direct supervisors' statements that Brienne was a good performer. Approximately three months later, however, [REDACTED] still failed to meet the time requirements and [REDACTED] supported Bechtel's decision to release her from the contract. [REDACTED] notified [REDACTED] that [REDACTED] was going to be released but denied that [REDACTED] asked him to find her another position. [REDACTED] was then terminated on November 18, 2009.

### WBN Unit 2

Our investigation revealed that [REDACTED] asked [REDACTED], General Manager, Supply Chain WBN Unit 2, to find a position for [REDACTED] in his group at WBN after it became apparent that Bechtel was going to release [REDACTED] from the Bechtel contract. During this conversation, they discussed that [REDACTED] was [REDACTED] daughter and it was [REDACTED] impression that [REDACTED] was doing [REDACTED] a favor. In his interview, [REDACTED] stated that he now sees that [REDACTED] probably took it that he needed to find [REDACTED] a job. [REDACTED] stated in his interview that "I screwed up" but he continued to state that his actions were based on his thinking that [REDACTED] was a good performer. As a result of [REDACTED] conversation with [REDACTED], [REDACTED] came to work at WBN Unit 2 through Sun Technical as an Administrative Assistant (Discipline Clerk) in [REDACTED] organization. This was a newly created position for which there was no

posting. The effective date of this employment at WBN was November 19, 2009, one day after she was released from the Knoxville position for tardiness. [REDACTED], who was aware of [REDACTED] former timeliness issues, advised he thought it was unusual that she would be placed in a position which required her to drive from Knoxville to WBN to begin work at 6:30 a.m.

According to [REDACTED], there were immediate issues with [REDACTED] showing up for work at the WBN site. [REDACTED] reported the attendance problems to [REDACTED], Vice President, Supply Chain, who contacted [REDACTED] about his daughter "out of respect for a peer." [REDACTED] stated that [REDACTED] said he would talk to her. However, during his OIG interview, [REDACTED] did not disclose this conversation with [REDACTED] and was adamant that his only contact with TVA management about [REDACTED] position and performance issues were the two contacts he had with [REDACTED].

[REDACTED] was terminated from the position at WBN on December 21, 2009, after continually being absent from work.

#### **Dependent Issue/TVA Benefits**

As identified on the Summary Plan Description in eBenefits, medical coverage for a dependent between the ages of 19 and 25 can be continued as long as the dependent meets all of the following requirements: a full-time student, single, not working full-time (described as 30 hours or more per week), and the employee pays for at least 50 percent of his/her support. With a birth date of July 24, 1986, [REDACTED] would have had to meet all these requirements to be eligible to be carried as a dependent on [REDACTED]' insurance in 2009 and 2010.

A review of the Human Resources Information System (HRIS) on February 22, 2010, revealed that [REDACTED] was still listed as a dependent on [REDACTED]' benefits and had been continuously listed as a dependent since at least 1996 (the earliest record in the HRIS system). However, when interviewed [REDACTED] stated he knew [REDACTED] was not in school beginning in January 2009 when she began working for Sun Technical. When questioned as to why he continued to carry his daughter on his TVA benefits [REDACTED] stated he was unaware that Brienne was still listed as a dependent on his TVA benefits because he just lets his benefits roll over year to year. He also stated it "never crossed my mind to look" and "if I knew, I would have taken her off."

While our investigation confirmed that [REDACTED] made no changes to his benefits for the two-year period in which [REDACTED] was ineligible (2009/2010), there is evidence as detailed in the following information that [REDACTED] was aware of the benefits requirements and that his daughter was still listed as a dependent.

- Each TVA employee with a 19-year old or over dependent receives a computer generated form letter two months prior to the dependent's birthday. The form specifically states the dependent "must be single, must not work 30 hours or more per week, must depend on you for at least 50 percent of his/her support, and must be a full-time

student.” It then requires the employee to state “Y (yes) or N (no)” that they meet each requirement and certify by signature that the information is accurate. The form further states that if the form is not returned, the dependent will be terminated from all TVA benefit coverage. If they do not want to fill out and mail in the form, employees also have the option of electronically verifying the eligibility through Self Service Solutions. Our investigation revealed that [REDACTED] filled out and signed the forms for [REDACTED] in 2005, 2006, 2007, and 2008 certifying that she met the requirements. However, there was no form filled out in 2009 nor did [REDACTED] verify her eligibility using the Self Service option. Due to [REDACTED]’s birthday, the eligibility forms were routinely sent to [REDACTED]’ home address in May. However, [REDACTED] stated he did not receive an eligibility form on [REDACTED] in 2009.

- At the beginning of each month, the HRIS project manager provides a report to the TVA ESC listing the dependents who had a 19–24 birthday during the previous month, but whose dependent status had not been verified either electronically or on the form letter. Based on ESC written policy, the dependents whose eligibility criteria have not been verified are to be removed from all benefit coverage effective on the dependent’s birthday. Our investigation revealed that [REDACTED] and [REDACTED] names appeared on the July 2009 report but coverage was not stopped. Rather, the call representative who was processing the report, [REDACTED], stated in his interview that he spoke directly with [REDACTED] by telephone and told him that his daughter had shown up on the report so he needed to verify her status or take her off. According to [REDACTED], [REDACTED] told him that he would get it filled out and send it to him immediately. However, no documentation was ever received and [REDACTED] “never thought about it after that.” [REDACTED] acknowledged in his interview that [REDACTED] is the Senior Manager over the [REDACTED] and that he [REDACTED] is the only person that he is aware of who maintained coverage after they failed to update the system. However, [REDACTED] stated this occurred due to their being friends and “I thought I was doing good by giving him a heads up.”
- Between January 1, 2009, and February 23, 2010, medical, dental, and prescription drug claims were paid on behalf of [REDACTED] totaling \$1,645.97. Prescription drug claims totaling \$955.51 were paid by Medco. Medical claims totaling \$192.03 and dental claims totaling \$498.43 were paid by Blue Cross Blue Shield of Tennessee. As TVA is self-insured, these charges were ultimately paid by TVA. [REDACTED] admitted he was aware his daughter was taking a prescription medication but was unaware of whether there were any medical bills or EOBs (Explanation of Benefits) because he does not see the mail that comes to his house.

- At the beginning of his OIG interview when discussing [REDACTED] employment, [REDACTED] stated that [REDACTED] told him she was making "\$16 an hour and no bennies (benefits)." However, during the same interview when questioned regarding the dependent situation, [REDACTED] said he thought she had benefits through her employer, Sun Technical. [REDACTED], Project Manager, Sun Technical, stated that [REDACTED], like other Sun Technical employees, was paid a straight hourly wage and no benefits were included.

After being interviewed by the OIG [REDACTED] contacted the TVA ESC and requested [REDACTED] be removed as his dependent effective January 1, 2009.

### **Potential Violations**

#### TVA's Employment Practice 7 (Relevant Portions)

- TVA desires to fill positions with the best candidates available. However, TVA must avoid any actions that might result in or create the appearance of giving preferential treatment to the relatives of TVA employees.
- Restrictions in Employing Relatives -- Any employee, regardless of grade level, who has the authority to employ, promote, or recommend individuals for employment must comply with additional federal requirements. Employees with this authority typically include supervisors, human resource representatives, and employment specialists. These employees may not employ, promote, transfer, or recommend for TVA employment or promotion of a relative or the relative of another employee who advocates the action and who also has employment or promotion authority. Federal law provides that a relative of an employee placed in a TVA position in violation of this provision is not entitled to pay and may not be paid for serving in that position.

#### TVA Code of Conduct

TVA management will:

- Exhibit the highest standards of ethical conduct at all times and avoid behavior that could reasonably be perceived as improper.
- Act impartially and avoid situations in which an employee or contractor within their scope of supervision or oversight reasonably could be perceived as receiving an unfair advantage, such as because of a romantic, financial, or other personal relationship.

#### The Standards of Ethical Conduct

- Issued in 1993 by the U.S. Office of Government Ethics, cover the basic ethics laws and rules for all federal employees (including TVA).



- These standards include general principles such as: public office is a public trust, don't use public office for private gain, don't give preferential treatment to any persons or organizations, and avoid actions that would appear improper to the public.

#### Benefit Claims for Ineligible Dependent

- Medical, dental, and prescription drug claims totaling \$1,645.97 were paid on behalf of Brienne during a period in which she was not an eligible dependent.

#### REMARKS

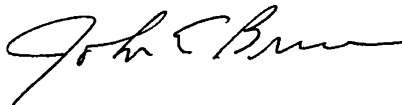
In accordance with our procedures, [REDACTED] was given an opportunity to comment on a draft copy of this report. [REDACTED]' comments are attached.

#### RECOMMENDATIONS

In view of the fact that [REDACTED] has announced his retirement effective June 1, 2010, we have no recommendations.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Our investigation of this matter is closed.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**CASE CLOSING**

File Number: Case File - 01H13580

Subject Name: UNKNOWN

Location: Knoxville/Bull Run Fossil Plant

Special Agent: [REDACTED]

Date Opened: 10/06/2010

Date Closed: 10/26/2010

Basis for Investigation: [REDACTED], TVA Procurement BRF, purchased a Remington automatic shotgun from Craig's Firearm Supply. The Purchase Request form identifies [REDACTED], TVA Financial Analyst, as the requestor; [REDACTED], GUBMK Contractor, as the approving official; and [REDACTED] BRF Plant Manager, as the recipient of the shotgun. This transaction was identified during a review of transactions obtained in another ongoing OIG Investigation.

Findings: A Remington automatic shotgun from Craig's Firearm Supply was purchased for Bull Run Fossil Plant. The shot gun was purchased by BRF procurement. The shotgun was locked in the plant safe and handled according to plant policy. The shot gun is used to shoot slag down in the boiler.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments:

[REDACTED]	[REDACTED]	10/26/2010
_____ Agent Name	_____ Agent Signature	_____ Date
[REDACTED]	[REDACTED]	10/26/10
_____ Special Agent in Charge	_____ Special Agent in Charge Signature	_____ Date



**CASE CLOSING**

File Number: 03C-13771

Subject Name: [REDACTED]

Location: Chattanooga, TN

Special Agent: [REDACTED]

Date Opened: February 7, 2011

Date Closed: August 10, 2011

**Basis for Investigation:** On February 2, 2011, a CONFIDENTIAL SOURCE (CS) met with Investigations regarding actions by [REDACTED] that caused him concern. CS provided a black notebook filled with documentation that was unofficially known as the Black Book – Kingston Failure. The notebook had been created by [REDACTED] and according to CS, he had overheard discussions indicating [REDACTED] had gone to several law firms with this book in attempts to get them to use the information to file a lawsuit against TVA. CS believed [REDACTED] had a goal of getting a lot of money from TVA through a lawsuit or causing a movie to be made with her as the heroine. CS said the book contained damaging information, to include reports detailing the cause of the Kingston Ash Spill, documentation regarding engineers and vice presidents not taking appropriate action in regards to dealing with the root cause of the ash spill. Also, there was information about SVP Bob Deacy directing work be done without proper coordination, e-mails between [REDACTED] and management that could be embarrassing, and information about other problems at fossil plants that have not been made public.

**Findings:** Because of the nature of the allegations and the fact the CS provided the black notebook to the OIG, [REDACTED]  
[REDACTED] EX 5

**Report to management:** Yes ☒ No ☐

**Prosecutive status:** Accepted ☐ Declined ☐ Not referred ☒

**Basis for closing:** Allegation unsubstantiated ☐ Management response ☐

**Comments:** This matter was properly referred to OGC, and due to the nature of the issues, no response was necessary from OGC. Recommend this matter be closed.

[REDACTED] _____ Agent Name	[REDACTED] _____ Agent Signature	August 10, 2011 _____ Date
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[REDACTED] _____ Agent Name	[REDACTED] _____ Agent Signature	8/10/11 _____ Date
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Special Agent in Charge

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Special Agent in Charge Signature

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Date



**CASE CLOSING**

File Number: 04C-12278  
 Subject Name: [REDACTED]  
 Location: Watts Bar Nuclear Facility  
 Special Agent: [REDACTED]  
 Date Opened: 12/12/2008  
 Date Closed: 08/07/2009

Basis for Investigation: Complainant advised that [REDACTED] misuses [REDACTED] assigned take home TVA vehicle. Complainant is a neighbor of [REDACTED] and their two family have been feuding for years. It should be noted that the complainant contacted the OIG anonymously, then let SSA [REDACTED] know that he did not care if it became known that he was the complaining party.

Findings: [REDACTED] is on-call 24 hours a day. He does drive his assigned TVA vehicle after normal work hours when TVA contacts him outside of normal work hours and sends him to do a job after hours.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments:

[REDACTED]	[REDACTED]	08/07/2009
_____ Agent Name	_____ Agent Signature	_____ Date
[REDACTED]	[REDACTED]	08/24/2009
_____ SAC - West Name	_____ SAC - West Signature	_____ Date
John E. Brennan	[REDACTED]	[REDACTED]
_____ AIG - Investigations Name	_____ AIG - Investigations Signature	_____ Date





**CASE CLOSING**

File Number: 9B-13653

Subject Name: TVA Management

Location: WCF

Special Agent: [REDACTED]

Date Opened: 11/29/2010

Date Closed: 01/28/2011

Basis for Investigation: Engineer [REDACTED] alleged there were hazardous atmospheric conditions above WCF scrubber tanks and falling solid material in the scrubber area. There have been two safety investigations completed in reference to these allegations and 20 recommendations suggested. [REDACTED] claimed that only two recommendations have been instituted.

Findings: In November 2010, TVA Safety Manager [REDACTED] related that 9 of 20 recommendations have been addressed and closed. Concerning the other 11, 9 had some progress and 2 had very little. TVA, however, was continuing to address all recommendations and will present the matter to OSHA for closure. In January 2011, [REDACTED] advised that OSHA wanted the TVA Health and Safety Committee (HSC) to review TVA's progress and the recommendations. The HSC unanimously voted that no further action was needed. [REDACTED], however, is still tracking one remaining issue to closure. [REDACTED] has since retired from TVA.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: Based on the aforementioned information, it is recommended that no further investigation or monitoring is required and this matter should be closed.

[REDACTED] _____ Agent Name	[REDACTED] _____ Date	01/28/2010 _____ Date
[REDACTED] _____ Special Agent in Charge	[REDACTED] _____ Date	1/28/11 _____ Date



**CASE CLOSING**

File Number: 9B-13283

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Subject Name: Serious Accident Investigation ( [REDACTED] )

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Location: Paradise Fossil Plant

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Special Agent: [REDACTED]

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Date Opened: May 14, 2010

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Date Closed: October 21, 2010

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Basis for Investigation: At approximately 10:10 a.m. on Tuesday, May 11, 2010, a serious accident occurred at the Paradise Fossil Plant (PAF). [REDACTED] Electrician Technician III, received an electrical shock while working in one of the bushing boxes for the Unit 3 H section precipitator at Paradise.

[REDACTED] and a co-worker were assigned to replace the H1B wire rapper insulator on Work Order 10511785. While moving into position to remove bolts holding the insulator in place [REDACTED] contacted the H2B rapper just below its insulator which was energized at approximately 17,500 volts DC. After being hospitalized for a few days, [REDACTED] returned to work the following week.

The Serious Accident Investigation Team (SAIT) was established and met onsite Wednesday, May 12, 2010. The SAIT provided FPG management with initial lessons learned that could be shared fleet wide on May 16, 2010. The Accident Report was issued May 19, 2010 by the SAIT in accordance with Conduct Serious Accident Investigation TVA Safety Procedure 11.

Findings: The root cause of the accident was determined to be the failure to clear (lockout and tag) energized equipment in the vicinity of the work to be performed. In addition, there was no live-dead-live test on the equipment in the vicinity of the work to be performed. Another contributing factor to the accident was Paradise had abandoned the precipitator hatch and personnel access door key interlock system.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments: The SAI team provided 42 recommendations to fossil management in the final Accident Analysis Report. The SAIT made the presentation of finding to William McCollum, COO, and senior fossil management on June 11, 2010.

<div data-bbox="269 281 448 306"></div> <hr/> Agent Name	<div data-bbox="737 184 1066 300"></div> <hr/> Agent Signature	<div data-bbox="1256 243 1390 306">August 16, 2010</div> <hr/> Date
<div data-bbox="259 459 456 489"></div> <hr/> Special Agent in Charge	<div data-bbox="683 403 1058 489"></div> <hr/> Special Agent in Charge Signature	<div data-bbox="1256 455 1390 518">10/21/2010</div> <hr/> Date



**CASE CLOSING**

File Number:	10B-12719
Subject Name:	Charah, Inc./Ash Management Services (AMS)
Location:	Bull Run Fossil Plant
Special Agent:	[REDACTED]
Date Opened:	7/13/09
Date Closed:	2/2/10

**Basis for Investigation:** Information was received from a complainant alleging that [REDACTED], Operator Apprentice with Charah/AMS at Bull Run Fossil Plant, had been terminated for allegedly failing a drug test when [REDACTED] test results were actually inconclusive. In addition, information was provided that [REDACTED] had been wrongly banned from TVA property. The complainant further alleged that an email stating that [REDACTED] had failed his drug screen was sent to individuals who had no right to the information, in violation of [REDACTED] privacy.

**Findings:** [REDACTED] drug test results specimen substituted: not consistent with normal human urine.”

At the time of [REDACTED] test failure, AMS was not allowed on TVA’s Web Contractor Security System (WCSS) used to place restrictions on employees and contractors. [REDACTED] supervisor notified his TVA HR contact about the drug test results. On 7/2/09, a 1<sup>st</sup> Positive Drug Test restriction was placed for [REDACTED]. The restriction was effective 4/30/09 and prevented [REDACTED] from TVA employment for three years.

RAI was issued to management.

Based on our investigation, we determined that AMS’s access to and training on TVA’s WCSS system was not handled accurately. Also, the incorrect restriction code was applied to [REDACTED] in the WCSS. It was recommended that TVA Management ensure that Contractors were informed of the requirement of the use of the WCSS and provided training on the system. Contractors should have immediate access to WCSS to insure that safeguards had been set in place to provide that Contractor employees who violate TVA hiring policies are immediately terminated from the site and not allowed to work on TVA property for the time established by TVA policy.

It was also recommended that [REDACTED] restriction code in the WCSS system be changed to reflect a permanent ban from TVA employment due to a drug screen result that was not consistent with normal human urine, a tampered test.

As a result of the recommendations, TVA was currently granting immediate access to WCSS to TVA suppliers and providing training on TVA’s website. [REDACTED] restriction was also changed to a permanent ban in the WCSS system

Report to management:      Yes    ☒      No    ☐

Prosecutive status:      Accepted    ☐      Declined    ☐      Not referred    ☒

Basis for closing:      Allegation unsubstantiated    ☐      Management response    ☒

Comments:

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Agent Name	Agent Signature	Date
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Special Agent in Charge		Date
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## TVA RESTRICTED INFORMATION



EX 6, 7(c)

### Office of the Inspector General Report of Administrative Inquiry

December 16, 2009

John E. Long, Jr., WT 7B-K

TRADES AND LABOR  
TERMINATION COMPLAINTS  
OIG FILE NO. 10B-12719

We have completed our investigation of an allegation our office received through the Office of the Inspector General (OIG) Empowerline that [REDACTED], Operator Apprentice, formerly with Ash Management Services (AMS) at TVA's Bull Run Fossil Plant (BRF) in Clinton, Tennessee, had been inappropriately terminated for allegedly failing a drug test. Our investigation determined that [REDACTED] drug screen results with AMS stated "specimen substituted: not consistent with normal human urine."

### BACKGROUND

The OIG received information alleging that [REDACTED] had been terminated for allegedly failing a drug test when, in fact, [REDACTED] test results were actually inconclusive. In addition, information was provided that [REDACTED] had been wrongly banned from TVA property. The complainant further alleged that an e-mail stating that [REDACTED] had failed his drug screen was sent to individuals who had no right to the information, which was in violation of [REDACTED] privacy.

[REDACTED] reported for his first day of work with AMS on April 24, 2009. On this date, [REDACTED] was familiarized with BRF and escorted by his supervisor to MMC HealthWorks in Oak Ridge, Tennessee, for a pre-employment drug screen. [REDACTED] was allowed to work on-site until the results of his drug screen were obtained by AMS on April 29, 2009, which stated that "specimen substituted: not consistent with normal human urine." [REDACTED] supervisor was immediately notified by AMS's Safety Department in Louisville, Kentucky, and advised to remove [REDACTED] from work and escort him off of the plant property due to a failed drug test.

On July 29, 2009, a "1<sup>st</sup> Positive Drug Test" restriction was placed for [REDACTED] in TVA's Web Contractor Security System (WCSS). The restriction was effective April 30, 2009, and prevented [REDACTED] from TVA employment for three years. Since approximately

TVA RESTRICTED INFORMATION

May 2009, [REDACTED] had been employed as an Operator Apprentice with Bechtel Jacobs at the U.S. Department of Energy's East Tennessee Technology Park in Oak Ridge, Tennessee. [REDACTED] stated he had passed the required drug screen for his current employment with Bechtel Jacobs.

## **FINDINGS**

We obtained documents and conducted interviews with AMS personnel and MMC HealthWorks staff and determined that [REDACTED] was terminated due to a tampered drug screen. [REDACTED] former supervisor with AMS was contacted and stated he was notified by AMS's Safety Department late one afternoon and advised that [REDACTED] had failed his drug screen. This was all the information he was given because of privacy reasons. [REDACTED] supervisor received this call after [REDACTED] and the rest of the crew had gone home after work hours.

The following morning, [REDACTED] supervisor called the Teamster responsible for driving [REDACTED] crew to the job site and advised him not to bring [REDACTED] on-site. No further information was provided to the Teamster. [REDACTED] then contacted his supervisor and was informed that he had failed his drug screen and was terminated from AMS. At the time of [REDACTED] test failure, AMS was not allowed on the TVA WCSS, which was used to place restrictions on employees and contractors, so [REDACTED] supervisor notified the TVA Human Resources contact about the drug test results.

The Medical Review Officer (MRO) with MMC HealthWorks was contacted and reviewed [REDACTED] file. The MRO stated that [REDACTED] drug screen showed that his specimen was not consistent with normal human urine. The MRO advised that urine tests check the amount of creatinine in a specimen. The fact that no creatinine was detected in [REDACTED] specimen meant the sample was a liquid other than urine. The MRO advised this finding usually meant that a sample of pure water, apple juice, coca-cola, tea, or some other non-urine substance was provided as the specimen. The MRO was unaware of any medications, vitamins, or supplements that would have provided a test result of not consistent with normal human urine. Through all of the MRO's training, he was unaware of any other reason for this test result other than tampering.

## **Statements by [REDACTED]**

[REDACTED] was originally interviewed following the initial complaint received by the OIG and stated that he had not used any drugs prior to his drug screen. [REDACTED] was recontacted at a later date and advised that the results of his April 24, 2009, drug screen determined that the sample provided was not consistent with human urine. [REDACTED] stated he did not know why the test result would show that the specimen was not human urine. He stated it was his urine and that he had not tampered with the test. [REDACTED]

urinated in the cup and provided the specimen to the nurse. He did not tamper with the specimen in any way and did not add any substance to the cup. [REDACTED] commented that if he were going to tamper with his drug test, he "would do it right." [REDACTED] stated he knew you could pay good money for a clean urine sample and stated that he could have purchased a rubber penis that contained urine.

[REDACTED] stated the Teamster who first advised him that he was not allowed on TVA property was not specifically told that [REDACTED] had failed his drug test. [REDACTED] supervisor had told the Teamster there was a problem with [REDACTED] hire in order. However, that comment was enough for the Teamster to perceive that [REDACTED] had failed his drug screen. [REDACTED] commented that he would have taken a second drug screen on that day if asked. [REDACTED] wanted his name cleared and the ability to work for TVA again.

[REDACTED] stated he was not on any drugs or medication on April 24, 2009. He had drunk alcohol the night before the drug test and stated he had heard that alcohol could dilute the test result. [REDACTED] stated he did not have anything on him when he went in for his drug screen and did not put anything in the sample cup but his own urine. [REDACTED] stated he had been completely truthful with the information he had provided to the OIG.

## **TVA'S WCSS**

Our investigation determined that a failure to properly flag [REDACTED] and to post his restriction in a timely manner occurred as a result of his drug screen. TVA's Personnel Security was first notified of [REDACTED] drug test failure on May 5, 2009, by a TVA Human Resources Consultant but did not receive formal documentation from AMS. Numerous e-mails dated May 5 through July 29, 2009, were exchanged in an attempt to get AMS registered with and using the WCSS.

An issue restriction was placed in the WCSS system by Personnel Security for "Administrative Reasons" against [REDACTED] on May 27, 2009, due to a failed drug test. This restriction prevented [REDACTED] from being hired at a TVA site while the office was waiting on official documentation to confirm the positive drug test result.

On July 2, 2009, AMS was listed as registered in the WCSS and on July 29, 2009, AMS submitted a "1<sup>st</sup> Positive Drug Test" restriction for [REDACTED] on WCSS. The restriction was effective April 30, 2009, and prevented [REDACTED] from TVA employment for three years.

## **TVA POLICIES**

TVA's WCSS Training dated November 2008 states that "Contractors are required to check all of their employees and all employees of their subcontractors through TVA's Web-based Contractor Security System (WCSS) before permitting them to work on a TVA site." The instructions further state that "Contractors are also required to report employees and subcontractor employees who are discharged for cause from a TVA assignment or have health and safety violations (positive drug tests tampering/refusal) to TVA Police Personnel Security so that restrictions can be entered. This must be done immediately at the time of termination utilizing WCSS."

The contract manager was responsible for ensuring the contractor completed a registration form which identified a vendor administrator for WCSS. This completed form would ensure the contractor's vendor administrator received a user ID and password for WCSS access.

Employment Procedure 10, Pre-Employment Drug Testing for Non-Nuclear Organizations, states that "Contractors are responsible for their own testing program which must meet TVA's testing requirements established by TVA's Psychology & Fitness for Duty Program as set out in their contracts." The policy further states that "Any applicants for contract work who test positive for the first time in a TVA or other governmentally regulated program shall be immediately removed by the contractor from TVA property, and will not be considered for TVA employment or be considered for assignment to perform work or provide service under contract with TVA for a period of three years. A permanent hiring and contract restriction for TVA work will be imposed for a second positive TVA and/or any other governmentally regulated test, and for any episode of adulteration, substitution, tampering or attempting to tamper with the testing process or results, refusal to test, and/or failure to cooperate fully in a timely manner with the test."

## **RECOMMENDATIONS**

Based on our investigation, we determined that AMS's access to and training on TVA's WCSS was not handled accurately. Also, the incorrect restriction code was applied to [REDACTED] in the WCSS. Management should consider taking the following corrective actions.

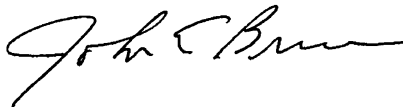
- Insure that contractors are informed of the requirement of the use of the WCSS and provided training on the system. Contractors should have immediate access to WCSS to insure that safeguards have been set in place to provide that contractor employees who violate TVA hiring policies are immediately terminated from the site and not allowed to work on TVA property for the time established by TVA policy.
- [REDACTED] restriction code in the WCSS be changed to reflect a permanent ban from TVA employment due to a drug screen result that was not consistent with normal human urine--a tampered test.

John E. Long, Jr.  
Page 5  
December 16, 2009

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Our investigation of this matter is closed.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being the most prominent part.

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**TVA RESTRICTED INFORMATION**



EX 6, 7(c)

**Memorandum from the Office of the Inspector General**

February 15, 2011

[REDACTED]

[REDACTED], SENIOR VICE PRESIDENT  
FOSSIL POWER GENERATION GROUP  
FALSIFICATION OF RECORDS – EMPLOYMENT RECORDS  
OIG FILE NO. 12B-13641

An investigation was initiated following the receipt of a complaint from a TVA employee who advised [REDACTED] came to TVA in November 2009, from the position of Chief Nuclear Officer (CNO) for Bruce Power, Ontario, Canada. The complainant noted that it was his understanding that [REDACTED] was terminated or fired from his position of CNO at Bruce Power. A review of TVA Form 1, Application for Employment, completed by [REDACTED] and dated October 17, 2009, revealed he worked for Bruce Power from January 2007 – July 2009. He reported his reason for leaving as “Philosophical Misalignment with the Chief Executive Officer (CEO).” In response to the question, “Have you ever been discharged, fired, or terminated for cause?” [REDACTED] responded, “No.”

In coordination with your office, it was noted that on October 28, 2010, [REDACTED] signed a Standard Form (SF) 86, Questionnaire for National Security Position. On that document [REDACTED] indicated that he had been fired from his employment at Bruce Power in June 2009, and cited the reason as “misalignment of styles and approach between the CEO and himself as CNO.”


In order to assist your office in completing a security clearance background investigation, we interviewed [REDACTED] to address the discrepancy between the TVA Form 1 and the SF 86. We obtained information regarding the circumstances surrounding his termination and the official reason he was terminated. The explanation provided by [REDACTED] clearly showed there were no attempts at falsification and his security clearance should be promptly adjudicated.

**TVA RESTRICTED INFORMATION**



Page 2  
February 15, 2011

If we can be of further assistance, please do not hesitate to contact our office.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being more prominent.

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**CASE CLOSING**

File Number: 12B13641

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Subject Name: [REDACTED]

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Location: Chattanooga, TN

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Special Agent: [REDACTED]

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Date Opened: 11/18/2010

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Date Closed: 02/15/2011

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Basis for Investigation: An investigation was initiated following the receipt of a complaint from an individual who advised Senior Vice-President [REDACTED] came to TVA in November 2009, from the position of Chief Nuclear Officer (CNO) for Bruce Power, Ontario, Canada. The complainant noted [REDACTED] was fired from his position at Bruce Power, and referred to a Canadian newspaper article.

Findings: A review of TVA Form 1, Application for Employment, completed by [REDACTED] and dated October 17, 2009, revealed he worked for Bruce Power from January 2007 – July 2009. He reported his reason for leaving as “Philosophical Misalignment with the Chief Executive Officer (CEO).” In response to the question, “Have you ever been discharged, fired, or terminated for cause?” [REDACTED] responded, “No.” On October 28, 2010, [REDACTED] signed a Standard Form 86, Questionnaire for National Security Position. On that document, [REDACTED] indicated that he had been fired from his employment at Bruce Power in June 2009, and cited the reason as “misalignment of styles and approach between the CEO and himself as CNO.” In coordination with Personnel Security, the OIG was advised [REDACTED] would not be granted a Secret clearance unless the discrepancy regarding this issue was resolved satisfactorily. The OIG conducted an interview to address the discrepancy between the TVA Form 1 and the SF 86, and obtain information regarding the circumstances surrounding his termination and the official reason he was terminated.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments: Note: Basis for closing: Allegation Disproved! (**Significantly** different from the choice above, "Allegation unsubstantiated." The discrepancy between the two forms was resolved during the interview with [REDACTED]. The OIG provided the documented results of the investigation to Personnel Security in order for [REDACTED] security clearance to be adjudicated.

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>Feb 11, 2011</u>
Agent Name	Agent Signature	Date

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>Feb 15, 2011</u>
Special Agent in Charge	Special Agent in Charge Signature	Date



**CASE CLOSING**

File Number: 12C-12688

Subject Name: [REDACTED]

Location: Knoxville, TN (Bechtel)

Special Agent: SSA [REDACTED]

Date Opened: 6/29/09

Date Closed: 09/02/2009

Basis for Investigation: Information obtained in regard to data mining on OIG File No. 20Z-12157 revealed that [REDACTED] has purchased a home at his temporary work location of Knoxville, TN. To date, [REDACTED] has received over \$29,000 in temporary living allowance (TLA) for maintaining a permanent residence over 60 miles away from his temporary work location.

Findings: It has been determined that [REDACTED] does maintain a permanent residence in Hixson, TN which meets the requirements to obtain TLA.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments:

[REDACTED]

[REDACTED] 9/2/09  
Agent Name Agent Signature Date

[REDACTED] 09/02/2009  
Special Agent in Charge Special Agent in Charge Signature Date



**CASE CLOSING**

File Number: Case File 12E12141

Subject Name: [REDACTED]

Location: Chattanooga/Sequoyah Nuclear Plant (SQN)

Special Agent: [REDACTED]

Date Opened: 11/10/2008

Date Closed: 2/3/2009

Basis for Investigation: [REDACTED] TVA Human Resources(HR) Manager, SQN notified the OIG that [REDACTED], Mgr, Performance Improvement, SQN had questioned why his Winning Performance payout amount was not 15% as stated in his offer letter. [REDACTED] was hired by TVA in April 2008. [REDACTED] stated that Winning Performance amounts are not typically stated in offer letters. [REDACTED] obtained a copy of the offer letter sent by TVA from [REDACTED], TVA HR, Chattanooga, and the letter did not contain a Winning Performance amount. [REDACTED] obtained the letter from [REDACTED] that he states is his offer letter and it does contain a statement regarding 15% Winning Performance. [REDACTED] questions the validity of the letter provided by [REDACTED].

Findings: This case was brought to the United States Attorney's Office, Eastern District of Tennessee, in Chattanooga, TN. The case was presented to [REDACTED], Assistant United States Attorney. [REDACTED] advised that no clear criminal violation had occurred since there was no monetary loss to the government. [REDACTED] has since resigned from TVA. [REDACTED] was allowed by TVA HR to receive a 10% Winning Performance payout. He was not required to repay TVA the signing bonus he received, nor was he required to reimburse TVA for his moving expenses.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments: It is recommended that this case be 'Administratively Closed'.

[REDACTED] Agent Name	[REDACTED] Agent Signature	2/2/2009 Date
[REDACTED] SAC - West	[REDACTED] SAC - West Signature	02/03/2009 Date





**CASE CLOSING**

File Number: 12E-12918

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Subject Name: [REDACTED]

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Location: Sequoyah Nuclear Plant, Soddy Daisy, TN

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Special Agent: [REDACTED]

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Date Opened: 10/23/2009

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Date Closed: 04/14/2010

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**Basis for Investigation:** [REDACTED] a Sequoyah Nuclear Plant (SQN) Site Security Training Specialist and Lead Armorer, falsified security training records in violation of 10 CFR 50.7 and 10 CFR 50.9 of the SQN physical security plan. [REDACTED], SQN Site Security Training Specialist, conspired with [REDACTED] to falsify and conceal the documents.

The falsified documents consisted of sixteen (16) targets divided into eight (8) sets of two (2). Each target set consisted of three (3) [REDACTED] shots into an 8.5" x 11" target fired at a distance of twenty five (25) yards. The top target consisted of three (3) bullet holes with gunpowder residue around each hole. The back target contained the exact same bullet pattern without the black powder residue. Each target in all eight sets contained [REDACTED] name and a different serial number, indicating that a different weapon had been fired on separate targets. The targets were dated 10/14/2009 and 10/15/2009.

**Findings:** [REDACTED], SQN Site Security Manager, advised that on 10/21/2009, [REDACTED], SQN Site Security Training Supervisor, located discrepancies in the [REDACTED] inspection targets while conducting a records review. [REDACTED] located eight (8) pairs of identical targets used during [REDACTED] inspections on 10/14 & 15/2009. The paired targets appeared to be overlays and used simultaneously. A separate [REDACTED] serial number was listed on each target. In addition, the targets were mixed together to conceal their pairing. SQN Site Security Training Specialist [REDACTED] name was written on all the targets.

In addition, [REDACTED] advised that at a training meeting during the week of 10/19/2009, [REDACTED] asked [REDACTED], SQN Site Security Training Specialist, if the [REDACTED] inspections conducted on 10/14 -15/2009 were completed. [REDACTED] verified that the inspections were "good". [REDACTED] responded for [REDACTED] who was absent on sick leave.

[REDACTED] further advised that [REDACTED] and [REDACTED] were suspended with pay pending the results of an investigation. [REDACTED] when advised of the suspension by [REDACTED], stated "I had nothing to do with the test firing of the weapons".

A review of the records by SSA [REDACTED] concluded that there were eight (8) sets of identical targets. The targets contained [REDACTED] name and were dated either 10/14/2009 or 10/15/2009. A separate [REDACTED] serial number was listed on each target.

A subsequent review of all SQN Site Security weapons training records for the previous three (3) years was conducted. Two (2) additional pairs of identical [REDACTED] targets, dated 2/12/2009 and 4/7/2009, were located. All four (4) targets contained [REDACTED] name.

On 10/21/2009, [REDACTED] was interviewed regarding this investigation and provided the following timeline:

During the week of 10/12/2009, [REDACTED] instructed his training staff to cycle the weapons [REDACTED] [REDACTED]). This includes test firing the weapons and disassembling them for cleaning.

On 10/21/2009, [REDACTED] addressed his training staff at a meeting to inquire if all weapons were test fired. SQN site Security Training Specialist [REDACTED] stated that all the weapons cycled on 10/13/2009 were test fired and cleaned. [REDACTED] stated that the remaining weapons were cleaned and test fired. [REDACTED], who actually cleaned and test fired the remaining weapons, was out on sick leave and did not attend the meeting.

During a subsequent inspection and document review, ██████ noticed a discrepancy in the targets used for the test firing of ██████ on 10/14 and 10/15/2009. Some of the targets contained black powder markings around the edge of the bullet holes, while other targets appeared to have a broken/ripped bullet entry hole with no black powder markings. ██████ compared the targets and noticed that some of them were identical and appeared to be overlays. (Targets containing the black powder markings were placed on top of the broken/ripped targets and shot. The overlay caused the powder markings on the front target and the broken/ripped effect on the back target.) ██████ located eight (8) pairs of identical targets test fired on 10/14 & 15/2009. All targets with discrepancies were shot by ██████. In addition, the targets were scattered through the file to conceal their similarities.

On 10/22/2009, ██████ provided the following information:

██████████ was not present on the shooting range when ██████ test fired the ██████ on 10/14 & 15/2009. ██████ assisted other SQN Site Security Training Specialist disassemble and clean ██████ on those days. In addition, ██████ was assigned a separate uniform detail away from the range on 10/14 & 15/2009.

On 10/16/2009 (Friday), ██████ assisted ██████ with documenting the cycling of all the SQN Site Security ██████ that occurred during the week. ██████ involvement with the documentation consisted of calling off ██████ serial numbers, listed on the TVAN Security Weapons Spreadsheet, to ██████ who responded whether the listed ██████ had been cycled (disassembled, cleaned, and test fired) and on what day the event occurred. ██████ wrote the dates on the spreadsheet next to the ██████ serial number. ██████ identified his hand writing on the TVAN Security Weapons Spreadsheet.

Based on the paperwork ██████ helped ██████ complete on 10/16/2009, ██████ vouched for the cycling of all remaining SQN Site Security ██████ not conducted on 10/13/2009, to ██████ during the meeting on 10/21/2009 that ██████ did not attend due to sick leave.

On 10/22/2009, ██████ provided the following information:

On 10/14 & 15/2009, ██████ conducted the SQN Site Security ██████ test firing alone. ██████ identified his handwriting on all targets used for the ██████ test firing on the same dates.

██████████ claimed that the sixteen (16) targets used for test firing on 10/14 & 15/2009, were shot by him, one (1) at a time, using sixteen (16) separate weapons. Each target identifying the weapon used by the listed serial number. ██████ could not provide any explanation for the discrepancies in the targets used on 10/14 & 15/2009. ██████ admitted that there were eight (8) pairs of identical targets and acknowledged that they appeared to be overlays or used simultaneously. However, ██████ denied using overlay targets to test fire the weapons on 10/14 & 15/2009. In addition, ██████ denied shuffling the targets together in an attempt to conceal their identical characteristics.

██████████ further admitted that the two (2) pairs of identical ██████ targets, dated 2/12/2009 and 4/7/2009, contained his handwriting which identifies him as the individual who shot the targets. ██████ could not provide an explanation for the discrepancies in the ██████ targets either.

## RECOMMENDATIONS

Based on the facts of the investigation, the TVA OIG recommended the following:

1. The implementation of new measures to decrease the likelihood of the falsification of site security training records from reoccurring. (For example: an internal policy/requirement that two (2) Site Security Training Specialist are present on the range whenever live fire weapon testing is conducted.)
2. ████████████████████ actions be addressed by management in a manner you deem appropriate.

Our investigation of this matter is closed.

## RESULTS

1. The Manager, SQN Site Security Operations, implemented the aforementioned recommendation that an internal policy require that two (2) Site Security Training personnel are present on the range whenever live fire weapon testing is conducted. (See text below)

Effective immediately, it is a fleet security management expectation that two trainers are present when conducting test firing of security weapons at the range. This is in response to the falsification issue that occurred at Sequoyah. This corrective action will help prevent another falsification issue, but is also directed to provide protection to our trainers by having a second party presence for safety and for confirmation of activities. This expectation will be captured in procedure NSDP 26; "Weapons Accountability," which is scheduled for revision by April 1, 2010.

2. [REDACTED] was terminated from his employment with TVA as a direct result of the investigation conducted by the TVA OIG.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: The investigating agent requests that this matter be closed.

<u>[REDACTED]</u> Agent Name	<u>[REDACTED]</u> Agent Signature	<u>2/17/2010</u> Date
<u>[REDACTED]</u> Acting Special Agent in Charge	<u>[REDACTED]</u> Acting Special Agent in Charge Signature	<u>April 14, 2010</u> Date



**TVA RESTRICTED INFORMATION**



EX 6, 7(c)

EX 7(e)

**Office of the Inspector General  
Report of Administrative Inquiry**

December 2, 2009

Timothy P. Cleary, OPS 4A-SQN

██████████  
SEQUOYAH NUCLEAR PLANT (SQN)  
FALSIFICATION OF RECORDS  
MISCELLANEOUS  
OIG FILE NO. 12E-12918

We have completed our investigation of an allegation that ██████████, a former Nuclear Security Training Specialist at SQN and Lead Armorer, falsified security training records in violation of 10 C.F.R. 50.7 and 10 C.F.R. 50.9 of the SQN physical security plan. ██████████ ██████████ SQN Nuclear Security Training Specialist, allegedly conspired with ██████████ to falsify and conceal the documents. Our investigation found no evidence to support the allegation that ██████████ conspired with ██████████.

The falsified documents consisted of 16 targets divided into 8 sets of 2. Each target set consisted of ██████████ shots into an 8.5" x 11" target fired at a distance of 25 yards. The top target consisted of three bullet holes with gunpowder residue around each hole. The back target contained the exact same bullet pattern without the black powder residue. Each target in all eight sets contained ██████████ name and a different serial number, indicating that a different weapon had been fired on separate targets. The targets were dated October 14 and 15, 2009. Details of our investigation are included below.

**FINDINGS**

██████████, SQN Nuclear Site Security Manager, advised that on October 21, 2009, ██████████ SQN Nuclear Security Training Supervisor, located discrepancies in the ██████████ inspection targets while conducting a records review. ██████████ located eight pairs of identical targets used during ██████████ inspections on October 14 and 15, 2009. The paired targets appeared to be overlays and used simultaneously. A separate ██████████ serial number was listed on each target. In addition, the targets were mixed together to conceal their pairing. ██████████ (SQN Nuclear Security Training Specialist) name was written on all the targets.

**TVA RESTRICTED INFORMATION**

In addition, [REDACTED] advised that at a training meeting during the week of October 19, 2009, [REDACTED] asked [REDACTED], SQN Nuclear Security Training Specialist, if the [REDACTED] inspections conducted by [REDACTED] on October 14 and 15, 2009, were completed. [REDACTED] verified that the inspections were "good." [REDACTED] responded for [REDACTED] who was absent on sick leave.

[REDACTED] further advised that [REDACTED] and [REDACTED] were suspended with pay pending the results of an investigation. [REDACTED], when advised of the suspension by [REDACTED], stated "I had nothing to do with the test firing of the weapons."

A review of the records by the Office of the Inspector General (OIG) concluded there were eight sets of identical targets. The targets contained [REDACTED] name and were dated either October 14 or 15, 2009. A separate [REDACTED] serial number was listed on each target.

A subsequent review of all SQN Nuclear Security weapons training records for the previous three years was conducted. Two additional pairs of identical [REDACTED] targets, dated February 12 and April 7, 2009, were located. All four targets contained [REDACTED] name.

#### Remarks by [REDACTED]

On October 21, 2009, [REDACTED] was interviewed regarding this investigation and provided the following information.

- During the week of October 12, 2009, [REDACTED] instructed his training staff to cycle the weapons [REDACTED]. This includes test firing the weapons and disassembling them for cleaning.
- On October 21, 2009, [REDACTED] addressed his training staff at a meeting to inquire if all weapons were test fired. SQN Nuclear Security Training Specialist [REDACTED] stated that all the weapons cycled on October 13, 2009, were test fired and cleaned. [REDACTED] stated the remaining weapons were cleaned and test fired. [REDACTED], who actually cleaned and test fired the remaining weapons, was out on sick leave and did not attend the meeting.
- During a subsequent inspection and document review, [REDACTED] noticed a discrepancy in the targets used for the test firing of [REDACTED] on October 14 and 15, 2009. Some of the targets contained black powder markings around the edge of the bullet holes, while other targets appeared to have a broken/ripped bullet entry hole with no black powder markings. [REDACTED] compared the targets and noticed that some of them were identical and appeared to be overlays. (Targets containing the black powder markings were placed on top of the broken/ripped targets and shot. The overlay caused the powder markings on the front target and the broken/ripped effect on the back target.) [REDACTED] located eight pairs of identical targets test fired on October 14 and 15, 2009. All targets with discrepancies were shot by [REDACTED]. In addition, the targets were scattered throughout the file to conceal their similarities.

**Remarks by** [REDACTED]

On October 22, 2009, [REDACTED] was interviewed regarding this investigation and provided the following information.

- [REDACTED] was not present on the shooting range when [REDACTED] test fired the [REDACTED] on October 14 and 15, 2009. [REDACTED] assisted other SQN Nuclear Security Training Specialists in disassembling and cleaning [REDACTED] on those days. In addition, [REDACTED] was assigned a separate uniform detail away from the range on October 14 and 15, 2009.
- On October 16, 2009 (Friday), [REDACTED] assisted [REDACTED] with documenting the cycling of all the SQN Nuclear Security [REDACTED] that occurred during the week. [REDACTED] involvement with the documentation consisted of calling off [REDACTED] serial numbers which were listed on the TVAN Security Weapons spreadsheet to [REDACTED] who responded whether the listed [REDACTED] had been cycled (disassembled, cleaned, and test fired) and on what day the event occurred. [REDACTED] wrote the dates on the spreadsheet next to the [REDACTED] serial number. [REDACTED] identified his handwriting on the TVAN Security Weapons spreadsheet.
- Based on the paperwork [REDACTED] helped [REDACTED] complete on October 16, 2009, [REDACTED] vouched for the cycling of all remaining SQN Nuclear Security [REDACTED] which were not cycled on October 13, 2009. [REDACTED] made this statement to [REDACTED] during a meeting on October 21, 2009, because [REDACTED] was not present due to being on sick leave.

**Remarks by** [REDACTED]

On October 22, 2009, [REDACTED] was interviewed regarding this investigation and provided the following information.

- On October 14 and 15, 2009, [REDACTED] conducted the SQN Nuclear Security [REDACTED] test firing alone. [REDACTED] identified his handwriting on all targets used for the [REDACTED] test firing on the same dates.
- [REDACTED] claimed the 16 targets used for test firing on October 14 and 15, 2009, were shot by him, one at a time, using 16 separate weapons. Each target identified the weapon used by the listed serial number. [REDACTED] could not provide any explanation for the discrepancies in the targets used on October 14 and 15, 2009. [REDACTED] admitted there were eight pairs of identical targets and acknowledged they appeared to be overlays or used simultaneously. However, [REDACTED] denied using overlay targets to test fire the weapons on October 14 and 15, 2009. In addition, [REDACTED] denied shuffling the targets together in an attempt to conceal their identical characteristics.



- [REDACTED] further admitted the two pairs of identical [REDACTED] targets, dated February 12 and April 7, 2009, contained his handwriting which identified him as the individual who shot the targets. [REDACTED] could not provide an explanation for the discrepancies in the [REDACTED] targets either.

## RECOMMENDATIONS

Based on the facts of the investigation, we recommend:

- The implementation of new measures to decrease the likelihood of the falsification of nuclear security training records from reoccurring. For example, an internal policy/requirement that two Nuclear Security Training Specialists are present on the range whenever live fire weapon testing is conducted.
- As a result of the OIG investigation [REDACTED] was terminated from his employment with TVA. In addition, [REDACTED] personnel information has been flagged by TVA HR prohibiting any future TVA employment. Therefore, there are no recommendations concerning his actions.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Our investigation of this matter is closed.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K

TEL:MSW

cc: [REDACTED]

Maureen H. Dunn, WT 6A-K  
Peyton T. Hairston, Jr., WT 7B-K  
John E. Long, Jr., WT 7B-K  
OIG File No. 12E-12918



## CASE CLOSING

File Number: 12E-13589  
Subject Name: Unknown  
Location: Paradise Fossil Plant  
Special Agent: [REDACTED]  
Date Opened: October 19, 2010  
Date Closed: March 1, 2011

Basis for Investigation: This case was initiated from a complaint to Empowerline. The complainant believed that generating units at the Paradise Fossil Plant were placed in Not in Demand (NID) status during the summer 2010, to improve Paradise's winning performance, and hide poor performance by the plant.

Findings: [REDACTED], General Manager, Transmission Reliability Organization (TRO), contended neither Paradise, nor any other fossil plant in TVA made the decision when to place a unit in NID status. NID meant the plant unit was available for power; however, it was not needed at that particular time. The decision on placing units in NID was made by TRO and not plant management. In addition, NID had zero impact on winning performance goals within TVA.

According to [REDACTED], a Paradise unit was placed in NID by TRO twice during the summer 2010. The first situation occurred when Unit 2 had been down during an outage, and it was held off line for a few hours until the system load increased enough to take the unit. The second situation occurred when Unit 3 at Paradise was held off line by TRO for 77 hours to minimize a load shed risk for the Kentucky area.


[REDACTED] explained that TRO would have to take down 10-15 smaller units to match the megawatts generated by one unit at Paradise. The shut down and start-up of costs for 10-15 units was more expensive than one larger unit at Paradise. [REDACTED] believed this was good business on TVA's part.

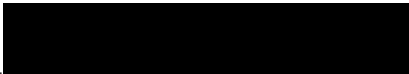
Report to management: Yes ☐ No ☒  
Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒  
Basis for closing: Allegation unsubstantiated ☒ Management response ☐  
Comments:

[REDACTED]  
Agent Name

[REDACTED]  
Agent Signature

January 27,  
2011  
Date

  
Special Agent in Charge

  
Special Agent in Charge Signature

03/01/2011  
Date



**CASE CLOSING**

File Number:	Case File 13D13324 [REDACTED]
Subject Name:	Scottsboro Electric Power Board
Location:	North Alabama/
Special Agent:	[REDACTED]
Date Opened:	6/8/2010
Date Closed:	10/27/2010

**Basis for Investigation:** During an audit of the Scottsboro Electric Power Board, a municipal utility provider, OIG auditors discovered that Vulcan Materials appeared to be getting favored treatment from Scottsboro which resulted in TVA not being fully compensated for the electricity it sells to Scottsboro and the violation of non-discrimination regulations and contractual terms. The audit found that Vulcan (1) was the reason Scottsboro left TVA rate-setting authority, (2) received a customized retail rate at its own request, (3) was being metered only for time of use, but not being metered for demand as required by the wholesale agreement (and necessary for TVA to accurately calculate the amount of remuneration owed by Scottsboro for the electricity it obtains from TVA), and (4) did not receive fuel cost adjustments or rate increases/decreases that were applied to other customers.

**Findings:** Vulcan Materials does have a special rate classification - a Stone, Clay and Glass classification - which SEPB set-up for them after SEPB received independent rate setting authority from TVA. Vulcan Materials' electric bill is calculated outside the regular SEPB billing system under the stone, clay and glass (SC&G) rating schedule created for Vulcan by SEPB. Every month, SEPB calculates Vulcan Materials' bill manually and enters the information into the SEPB billing system. Vulcan's rate is manually entered from the time of use meter installed at Vulcan. There is no demand meter installed at Vulcan. No one else in Scottsboro qualifies for this rate (no one may want to go through the process of qualifying for the rate), and the rate is not published - only standard retail rates are published. But if any other customer qualifies for the rate it will be provided to them, or if anyone enquires about alternate rates they will be told about the other classifications.

Scottsboro Electric Power Board's (SEPB) position on this issue is that when the SEPB received retail rate setting authority that authority meant an "apples to apples" transition - that any retail rates that SPEB adjusted meant TVA would have to adjust the wholesale price side. When SEPB established a time of use rate for Vulcan, they did not include any demand use component to the retail rate. To SEPB, since there are no retail demand charges there cannot be any wholesale demand charges. It is SEPB's position and they do not believe they owe TVA any money on the wholesale side at all; since there are no demand meters at Vulcan, and no demand use could be measured, that TVA cannot possibly accurately determine any wholesale "amount owed," and SEPB suspects, maybe not

entirely but to some degree, the OIG auditors "made-up" the \$88,000 figure.

Vulcan materials in Scottsboro has historically used about 600 to 700 kilowatts per hour at a cost of \$0.15 to \$0.20. Currently, they use anywhere from 76 to 124 kWh, well in excess of the 50 kWh required under the TVA contract to install demand meters. From 2003 to 2004 SEPB sought to obtain a time of use rate structure from TVA, and in doing so had help from TVA personnel. However the TVPPA rejected the plan and so TVA did not accept it. SEPB sought and obtained retail rate setting authority at that time.

SEPB maintains that Vulcan is an inexpensive customer. SEPB only maintains one line and pole at the entrance to Vulcan. Vulcan maintains its own transmission system; it owns the lines, poles, switches, etcetera, and performs all of the maintenance on them, thus SEPB puts almost no investment into the power supplied to Vulcan so the approximate \$2000 per month they receive in net revenue from Vulcan is almost pure revenue. SEPB asserted that TVA may not care about losing the \$8,000 per month it gets from Vulcan on the wholesale side, but SEPB is not interested in losing the \$2,000 per month it gets on the retail side - this makes a difference in a small community.

In addition to the reasons that SEPB asserts it established the special SC&G Rate, there may be additional reasons:

First, SEPB admitted that demand meters cost an additional \$1500 to install, but the additional revenues generated above the demand-use free amount (above 50kWh) are minimal to SEPB - most of it goes to TVA on the wholesale side. Thus it takes SEPB a long time to recoup the cost of investment. Further, SEPB agrees that the TVA/SEPB contract requires demand-use meters but asserts that the contract is vague as to when a meter must be installed.

Second, [REDACTED] is the Procurement Energy Manager at Vulcan Materials. [REDACTED] was instrumental in convincing SEPB to establish a Stone, Clay and Glass time of use rate similar to that which exists at the Alabama Power Company and has been working toward getting an industrial time of use rate established through the SEPB. [REDACTED] is an industry advisor to the South Eastern Power Users Group (SEPUG). SEPUG (1) espouses as its mission the promotion of fair and equitable utility rates and energy cost savings while creating strategic partnerships for the good of all member companies, (2) feels that TVA is subsidizing residential rates, to abnormally low numbers, at the expense of commercial and industrial businesses, and (3) is a non-profit coalition of large power users of electricity and natural gas, which pay \$500 per month for membership, and seeks to reduce energy costs by all means possible, and (4) among their "action items" include "inject new rate ideas into the rate proposals being reviewed for industry by TVA and the TVPPA for implementation in 2009 and 2010" and "high load factor customers provide higher rates of return to TVA and its Distributors and should have load factor discount riders or proper time-of-day rates to lower their

costs."

In addition, Vulcan seeks to tightly manage costs. Vulcan aggregates sell, on average, for \$10.30 per ton, and Vulcan is accustomed to rigorous cost management throughout economic cycles. Small savings per ton of production add up to significant cost reductions. Vulcan uses large amounts of electricity and other energy that are subject to significant price fluctuation and potential supply constraints. Variability in the supply and prices of these resources materially affect Vulcan's operating results and rising power costs erode Vulcan's profitability. Since one of Vulcan's largest expenses is power, it constantly seeks to minimize costs in this area.

Vulcan asserted it could not afford the electricity rates it was paying at its Scottsboro quarry and told the SEPB that if it did not get some type of time of use rate that Vulcan would leave SEPB and provide its own power. Some of Vulcan's sites in other parts of the Tennessee Valley have generated their own power in places where they have not received good rates from retailers buying power from TVA. Vulcan's Scottsboro site purchased diesel generators and had them staged in their quarry area, prepared to provide their own energy. They currently have them on stand-by as back-up power. In Wichita, Kansas, the electricity provider told the Vulcan plant in Wichita, as well as other large industrial consumers in the area, that it needed to curtail its electric use due to system-wide shortages and Vulcan began generating its own electricity there.

Vulcan Materials has had contracts with the City of Scottsboro. For example, in 2005, Vulcan Materials was awarded a contract to provide a variety of products to the Scottsboro street department as the responsible low bidder, to include supplying crusher run rock, surge stone and dense grade stone. However, SA could find no evidence or other indications of any particular illicit incentive, such as kickbacks, favoritism, gratuities, etcetera, that prompted SEPB to go out of their way to accommodate Vulcan.

During the investigation TVA management responded to the Audit Report. TVA management agreed that SEPB may owe TVA money on the wholesale side, which SEPB denies, however, in every facet of the retail side TVA management agreed with the SEPB that TVA has no argument on the retail side nor any basis to interfere in how SEPB handles retail customers; SEPB has the authority to charge its customers however it sees fit.

Whether SEPB owes TVA money on the wholesale side of its contract is a civil contractual issue for which OIG Audits and OGC appear to have sufficient information to proceed in TVA's interest. The investigations matter is closed.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒



Basis for closing:

Allegation unsubstantiated



Management response



Comments:

[REDACTED]

Agent Name

[REDACTED]

Agent Signature

09/28/10

Date

[REDACTED]

Special Agent in Charge

[REDACTED]

Special Agent in Charge Signature

10/27/2010

Date



**CASE CLOSING**

File Number:	Case File 13E00449 [REDACTED] [Empowerline LCKL9]
Subject Name:	Hixson, Tony Brian / Susan Michelle O'Rourke
Location:	Chattanooga/Watts Bar Nuclear Plant
Special Agent:	[REDACTED]
Date Opened:	11/15/2007
Date Closed:	7/15/2011

**Basis for Investigation:** Theft of TVA materials - Empowerline LCKL9: An anonymous TVA employee stated that a Lincoln welder, cable reels, and gravel were taken from the Watts Bar Nuclear site and are being stored on Tony Hixson's (Facilities Manager) property which is located at [REDACTED] in Decatur, TN. These items were taken for Hixson's personal use, and Hixson has been stealing TVA equipment since approximately March 2007.

On 11/08/2007, TVAP gained the subject's consent to search his residence and located what was then believed to be \$20,000 in tools and materials either directly stolen from TVA or purchased for personal use with a TVA credit card.

Susan Michelle O'Rourke, TVA contractor and Hixson's girlfriend, was later identified as an accomplice in the theft. O'Rourke was with Hixson during fraudulent purchase card transactions and assisted Hixson with the delivery of stolen TVA property.

TVAP requested assistance with financial analysis. Subject had use of three TVA Purchasing cards over the last several years.

Subpoenaed records and subsequent financial analysis provided no new evidence or investigative leads.

**Findings:** On 3/24/2008, Tony Brian Hixson and Susan Michelle O'Rourke were indicted by a Tennessee state grand jury in Meigs County, TN. Hixson was charged with one count, Tennessee Code Annotated 39-14-103 (\$10,000 - \$60,000). Susan Michelle O'Rourke was charged with one count, Tennessee Code Annotated 39-14-103 (\$1,000 - \$10,000).

On 4/21/2010, Hixson pled guilty to a Tennessee state class "D" felony of Theft of Property (over \$1,000.00) and was sentenced to two years in jail. On 4/15 2011, Hixson was resented to a two year term of pretrial diversion.

On 4/21/2010, O'Rourke was sentenced to a two year term of pre-trial diversion and ordered to pay \$1,107.50 in court costs/fines.

Report to management:            Yes    ☐        No    ☒

Prosecutive status:            Accepted    ☒            Declined    ☐            Not referred    ☐

Basis for closing:            Allegation unsubstantiated    ☐            Management response    ☐

Comments:    Allegation substantiated. Hixson and O'Rourke were prosecuted by the Meigs County (TN) District Attorneys Office.

<div><div></div></div>	<div><div></div></div>	7/7/2011
Agent Name	Agent Signature	Date
<div><div></div></div>	<div><div></div></div>	07/15/2011
Special Agent in Charge	Special Agent in Charge Signature	Date



**CASE CLOSING**

File Number: Case File 13E12371 [Empowerline OIGEOK0723]

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Subject Name: [REDACTED] Engineering Consulting

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Location: Chattanooga, TN

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Special Agent: [REDACTED]

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Date Opened: 2/17/2009

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Date Closed: 09/23/2009

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Basis for Investigation: A source advised that the subject, [REDACTED] (Company Name: [REDACTED] Engineering Consulting), provided engineering services to TVA, apparently beginning after [REDACTED] retired from TVA. According to the source, these reports addressed critical structural problems at some of TVA's hydro and fossil plants, as well as TVA's pump storage facility at Raccoon Mountain. The earliest report the source could identify was dated June 13, 2004.

It was the sources understanding that any engineering consultant practicing in the state of Tennessee is required by the Tennessee State Board of Architectural Engineering Examiners to have an active professional engineering license and have demonstrated competence in the area they are supplying engineering consulting.

The source was informed by TVA management that [REDACTED] was qualified to provide consulting engineering services on complex stress analyses and TVA Management wanted [REDACTED] to make "the decisions". The source questioned [REDACTED] qualifications but was told that was not his decision.

Findings: The investigation revealed that [REDACTED] was not in compliance with the Tennessee State Board of Architectural Engineering Examiners guidelines when he used the term "Engineering" in his company's name. As a result, [REDACTED] changed his company's name to "[REDACTED] Metallurgical Consulting" to comply with the Tennessee guidelines.

The investigation also revealed that [REDACTED] educational qualifications include a Bachelor of Science degree in Mechanical Engineering, a Masters degree in Mechanical Engineering, and a Masters degree in Metallurgical Engineering all from the University of Tennessee in Knoxville. [REDACTED] also has 12 years experience as an engineer with TVA.

Interviews with TVA management revealed that TVA did not require the work performed by [REDACTED] to be "Stamped" as completed by a professional engineer. They further advised that [REDACTED] had not implied that he ([REDACTED]) was a professional engineer.

In short, the investigation revealed that [REDACTED] was qualified, both with educational accomplishments and work experience, to perform the tasks associated with his contracting tasks at TVA, and he complied with the guidelines required by the Tennessee State Board of Architectural Engineering Examiners as to the wording of his company's name.

Report to management:            Yes    ☐        No    ☒

Prosecutive status:            Accepted    ☐            Declined    ☒            Not referred    ☐

Basis for closing:            Allegation unsubstantiated    ☒            Management response    ☐

Comments:    It is recommended that this case be administratively closed.

<div><div></div></div>	<div><div></div></div>	09/22/2009
Agent Name	Agent Signature	Date
<div><div></div></div>	<div><div></div></div>	09/23/2009
Special Agent in Charge	Special Agent in Charge Signature	Date





**CASE CLOSING**

File Number:	14D-11979
Subject Name:	██████████
Location:	Nashville, Tennessee
Special Agent:	██████████
Date Opened:	08/05/2008
Date Closed:	2/3/09

**Basis for Investigation:** An Empowerline complaint alleged that TVA provided \$500,000 in connection with the creation of the ARTE Center (Advancement of Research Technology and Entrepreneurship), 1111 Foster Avenue, Nashville, TN. TVA's contribution was for laboratory and office space. Other investors included Wilson Bank & Trust; the US Department of Commerce, Economic Development Administration; and the Tennessee Department of Economic and Community Development.

According to the complainant, ██████████ may have obtained financial commitments from TVA and other lenders to invest in a nonprofit technology incubator and then used the loan proceeds to complete the purchase of a building located at 1111 Foster Avenue which ██████████, along with his wife, owned under the partnership agreement of Foster Business Park LLC (purchased in 1994). It further appeared ██████████ used the name of the non-profit technology center, ARTE, in his personal investments by acquiring the Holiday Inn located at 760 Old Hickory Blvd, Brentwood, TN, in August 2007, for about \$9,000,000 in the name of ARTE HOTELS LLC. The complainant was concerned that ██████████ may have diverted the money obtained from Wilson Bank, TVA, U. S. Department of Commerce Economic Development Administration and The Tennessee Department of Economic & Community Development to make a personal investment in the hotel rather than investing the grant money and loan proceeds in the non-profit ARTE CENTER.

**Findings:** TVA ED entered into a participation loan with Wilson Bank & Trust in which the bank loaned approximately \$2.3 million and TVA loaned \$500,000. TVA relied solely on the due diligence performed by the bank in the evaluation of the loan. The participation loan was made to ARTE for the purpose of funding the purchase of a warehouse at 1111 Foster Ave. as the site for a technology incubator. Both the bank and TVA were aware that ██████████ owned the Foster building and ██████████ was required to step down from his position on the board of ARTE prior to the loan being funded. The loan proceeds were released and went to purchase the Foster property as designated in the loan agreement. Later, ARTE defaulted on the note. Months passed after the loan defaulted, yet TVA ED did not contact the OIG. The OIG was notified of the potential fraud via an Empowerline complaint. The Foster building was eventually liquidated and both the bank and TVA recovered their principal loan amounts in full.

TVA's loan funds were used for the specified purpose of purchasing the Foster building and would not have been directly available to be used toward the later acquisition of the Holiday Inn as was set forth as a concern in the original Empowerline complaint. However, there were points of concern related to this loan transaction. Based on interviews, it did not appear that any other sites were considered for the location of the incubator. On or about September 8, 2004, while owner of the Foster property, [REDACTED] filed a Chapter 11 Bankruptcy in which he ultimately made a payment of approximately \$1,502,037.29 in connection with said Foster property. Regardless of whether it was the best option for ARTE, the incubator project provided [REDACTED] with an opportunity to dispose of the property. The settlement statement for the transfer of the Foster property revealed the majority of the TVA and Wilson Bank & Trust loan funds went toward paying off liens on the commercial property. However, several of these liens were held by individuals, possibly relatives of [REDACTED]. Whether any of the loan proceeds ever filtered back into the possession of [REDACTED] was unknown. Also, unknown were the conditions of the loan agreement between ARTE and the U.S. Department of Commerce.

On November 13, 2008, the facts of the investigation were presented to AUSA [REDACTED]. Since TVA suffered no financial losses, AUSA [REDACTED] declined to prosecute [REDACTED] based on the fact that the case failed to meet federal prosecutive guidelines for dollar losses.

Based on certain unanswered questions and the fact that U.S. Department of Commerce suffered significant financial losses, this matter was referred to U.S. Department of Commerce – Office of Inspector General for whatever action was deemed appropriate.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments:

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>01/27/2009</u>
Agent Name	Agent Signature	Date
<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>02/03/2009</u>
SAC - West	SAC - West Signature	Date





**Office of the Inspector General  
Report of Administrative Inquiry**

January 28, 2009

John J. Bradley, OCP 2A-NST

██████████  
WASTE AND FRAUD  
OIG FILE NO. 14D-11979

We have completed our investigation of an Empowerline complaint alleging ██████████ ██████████ may have obtained financial commitments from TVA and other lenders to invest in a nonprofit technology incubator and then used the loan proceeds to orchestrate the sale of a building which he owned under a partnership agreement. Details of our investigation follow.

**SUMMARY OF ALLEGATION**

An Empowerline complaint alleged that TVA provided \$500,000 in connection with the creation of the ARTE (Advancement of Research Technology and Entrepreneurship) Center, 1111 Foster Avenue, Nashville, Tennessee. TVA's contribution was for laboratory and office space. Other investors included Wilson Bank & Trust; the U.S. Department of Commerce, Economic Development Administration; and the Tennessee Department of Economic & Community Development.

According to the complainant, ██████████ may have obtained financial commitments from TVA and other lenders to invest in a nonprofit technology incubator and then used the loan proceeds to orchestrate the sale of a building located at 1111 Foster Avenue which ██████████, along with his wife, owned under the partnership agreement of Foster Business Park LLC (purchased in 1994). It further appeared ██████████ used the name of the nonprofit technology center, ARTE, in his personal investments by acquiring the Holiday Inn located at 760 Old Hickory Boulevard, Brentwood, Tennessee, in August 2007, for about \$9 million in the name of ARTE HOTELS LLC. The complainant was concerned that ██████████ may have diverted the money obtained from Wilson Bank & Trust, TVA, the U.S. Department of Commerce, and the Tennessee Department of Economic & Community Development to make a personal investment in the hotel rather than investing the grant money and loan proceeds in the nonprofit ARTE.

## FINDINGS

TVA Economic Development entered into a participation loan with Wilson Bank & Trust in which the bank loaned approximately \$2.3 million and TVA loaned \$500,000. The due diligence in evaluating the participation loan was performed by the bank. [REDACTED] Commercial Loan Business Development Officer for Wilson Bank & Trust, stated the bank had no prior experience in dealing with loans for business incubator projects prior to ARTE and that the decision to fund the loan was made primarily based on the value of the collateral with other factors having little or no influence. The participation loan was made to ARTE for the purpose of funding the purchase of a warehouse at 1111 Foster Avenue as the site for a technology incubator. Both the bank and TVA were aware that [REDACTED] owned the Foster building and was the founder and a board member of ARTE. Wilson Bank & Trust was not concerned over [REDACTED] apparent conflict of interest, but the U.S. Department of Commerce required [REDACTED] step down from his board position at ARTE prior to the loan being funded. According to [REDACTED], [REDACTED] remained in control of the borrower aspects of the loan process even after resigning from the board of directors of ARTE. The loan proceeds were released and went to purchase the Foster property as designated in the loan agreement. Later, ARTE defaulted on the note. Months passed after the loan defaulted, yet TVA Economic Development did not contact the OIG. The OIG was notified of the potential fraud only by way of the above-referenced Empowerline complaint. The Foster building was eventually liquidated and both the bank and TVA recovered their principal loan amounts in full.

TVA's loan funds were used for their specified purpose of purchasing the Foster building and would not have been directly available to be used toward the later acquisition of the Holiday Inn as was set forth as a concern in the original Empowerline complaint. However, there were other points of concern related to this loan transaction. As represented by [REDACTED], no other sites were proposed to Wilson Bank & Trust as an alternative location of the business incubator. [REDACTED], Chairman of the Board for ARTE, said the Foster Avenue building was the only location ever discussed for the incubator during his association with ARTE. In May 2003, as owner of the Foster property, [REDACTED] filed a Chapter 11 Bankruptcy in which he ultimately made a payment of approximately \$1,502,037.29 in connection with said Foster property. Regardless of whether it was the best option for ARTE, the incubator project may have provided [REDACTED] with an opportunity to dispose of a property he, for whatever reason, no longer wanted. The settlement statement for the transfer of the Foster property revealed the majority of the TVA and Wilson Bank & Trust loan funds went toward paying off liens on the commercial property. [REDACTED] asserted that most of these liens were held by individuals, purportedly family members of [REDACTED]. Whether any of the loan proceeds ever filtered back into the possession of [REDACTED] was unknown. Also, unknown were the conditions of the loan agreement between ARTE and the U.S. Department of Commerce.

## **RECOMMENDATIONS**

Based on our investigation, it is recommended that TVA Economic Development exercise extreme caution when presented with a proposal appearing to involve a less than arms-length transaction (i.e., a real estate transfer where the seller possesses significant influence over the actions of the buyer). In the above-referenced matter, requiring the borrower to provide more than one potential location to select from for the incubator might have discouraged potential fraud.

In addition, TVA Economic Development should consider, where feasible, conducting or requiring a specific level of due diligence to guard against the mistakes of financial institutions with little or no experience in the area of high-risk lending, such as, in this case, Wilson Bank & Trust never having done a loan involving a business incubator. This could be achieved by TVA Economic Development either conducting the due diligence or providing its banking partners with a checklist of steps that must be satisfied to insure the credibility of the project and borrower, as well as to identify warning signs to look for that might indicate a problem (i.e., a seller of property who is on the board of directors for the buyer, a business venture where no evidence can be offered of multiple locations having been considered, or why the chosen location was best).

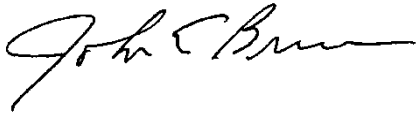
It should be noted that this matter was not reported to the OIG by TVA Economic Development but by an Empowerline complaint. Timely reporting of problem and potentially fraudulent loans to the OIG could have a positive impact on the ultimate outcome of these matters. However, it bears mentioning that since the default of the aforementioned loan, members of TVA Economic Development and the OIG have worked together and arranged for monthly delinquent loan reports to be forwarded to an OIG representative to aid in timely notification of the OIG in the event of potential fraud. Further, with the OIG having recently added a presence in One Century Plaza, Nashville, Tennessee, where TVA Economic Development resides, a more consistent line of communication has been established to help combat future fraud and minimize losses suffered by TVA as a result.

The OIG does not require a response regarding any actions taken pursuant to this communication.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

John J. Bradley  
Page 4  
January 28, 2009

Our investigation of this matter is closed.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being more prominent.

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K





**CASE CLOSING**

File Number:	Case File 15B12455
Subject Name:	Drug-Related Charges From Copper Wire Theft Allegations
Location:	Nashville/
Special Agent:	[REDACTED]
Date Opened:	3/10/2009
Date Closed:	03-23-11

**Basis for Investigation:** Drug Related Charges  
 During the investigation of copper theft (Matters 2008-11694 and 2007-11393 for subjects McKinney and Barnes, respectively), the following individuals were arrested and indicted on 7/28/08 in the 15th Judicial District of Tennessee (Smith County) for drug-related charges.

Haney, Jason S. TCA 39-17-417 - 1 count.  
 Hendricks, Vicque J. TCA 39-17-417 - 2 counts.  
 Kersey, Nicole Michelle TCA: 39-17-417(j)(3) - 1 count, 39-17-418 - 1 count, 39-17-425 - 1  
 Knight, Andrew Vann TCA: 39-17-417 - 2 counts, 39-17-425 - 1 count.  
 McCormick, Randall Scott TCA: 53-11-402 - 1 count, 39-17-417 - 3 counts.  
 McKinney, William Shawndell TCA: 53-11-402 - 1 count, 39-17-417(j)(3) - 2 counts, 39-17-417- 1  
 Menchaca, Matthew William TCA: 39-17-417(j)(3) - 1 count, 39-17-418 - 1 count, 39-17-425 - 1  
 Morse, Harry Wilson Jr. TCA 39-17-417 - 2 counts.  
 Woods, Aaron M. TCA 39-17-417 - 1 count.  
 West, Elbert L. TCA: 39-17-417(j)(3) - 1 count, 39-17-417 - 2 counts.

Subjects at Case File 15B-12455 were originally part of the matter 11A-11694, but for reporting purposes were to be treated separately per AIGI Brennan ([REDACTED] 3/13/09).

Morse and McKinney have been sentenced. The remaining subjects are awaiting sentencing..

**Findings:** Morse sentenced 11/9/09 McKinney sentenced. Other sentences include:  
**Andrew Knight** Not found in the system  
**Elbert West** Waiting on Pretrial order from attorney  
**Jason Haney** Has not been served with indictment yet

**Vicque J. Hendricks** Pre-trial diversion for one year  
**Aaron M. Woods** Judgment – 11 months-29 days  
**Matthew W. Menchaca** Pre-trial diversion for two years  
**Nicole M. Kersey** Pre-trial diversion for two years  
**Randal S. McCormick** Pre-trial diversion for two years

Report to management:        Yes    ☐        No    X

Prosecutive status:        Accepted    X        Declined    ☐        Not referred    ☐

Basis for closing:        Allegation unsubstantiated    ☐        Management response    ☐

Comments:    Closed due to dispositions being obtained.

<div><div></div></div>	<div></div>	03-16-11
Agent Name	Agent Signature	Date
<div><div></div></div>	<div></div>	3/23/11
Special Agent in Charge	Special Agent in Charge Signature	Date

Doc. 209977



**CASE CLOSING**

EX 6, 7(c)

File Number: 15C-12835  
Subject Name: Billy W. Johnson  
Location: Watts Bar Nuclear Plant, Spring City, TN  
Special Agent: [REDACTED]  
Date Opened: September 3, 2009  
Date Closed: March 26, 2010

Basis for Investigation: This investigation was initiated based upon information brought to the attention of the OIG by an Assistant United States Attorney, Eastern District of Tennessee, of a newspaper account that a "senior TVA official" had threatened a local businessman in order to not pay money owed under contract.

Findings: Investigation revealed that subject committed the criminal act of extortion, in violation of Title 18 USC, Section 872

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☒ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: After initially accepting this matter for prosecution, the USAO, Eastern District of TN, declined in lieu of TVA administrative action. Further, TVA management issued a letter of warning to Johnson in such a quick fashion, it could only have been issued after obtaining information from Johnson himself, without benefit of other facts from any other source, and the letter of warning was not placed in Johnson's personnel file in accordance with policy. Further, the victim told Johnson he did not have to pay the money that he owed Fox Marina under the contract, because of threats. In TVA's response to the investigation, they did not cause Johnson to remedy the financial issue. Mr. Johnson has not paid the money he was contractually obligated to pay to Fox Road Marina.

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>03/22/2010</u>
Agent Name	Agent Signature	Date
<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>3/26/2010</u>

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Special Agent in Charge

---

Special Agent in Charge Signature

---

Date





EX 6, 7(c)

**Office of the Inspector General  
Report of Administrative Inquiry**

March 3, 2010

Preston D. Swafford, LP 3R-C

BILLY W. JOHNSON  
MANAGER, NUCLEAR PLANT SHIFT OPERATIONS  
WATTS BAR NUCLEAR PLANT  
GENERAL CRIMINAL ACTS - EXTORTION  
OIG FILE NO. 15C-12835

We have completed our investigation of an allegation based on information in an article which appeared in the Knoxville News Sentinel, dated September 2, 2009, titled, E-mails cause wave of dismay. The article concerned an allegation that a TVA employee, Billy Johnson, responded to a marina owner's request for payment for a boat slip in a threatening manner.

**PREDICATION**

The Office of the Inspector General (OIG) was made aware of the September 2, 2009, article in the Knoxville News Sentinel, by writer Josh Flory, titled E-mails cause wave of dismay (see Attachment 1). The article alleged that Mr. Johnson had claimed to have a high-level position with TVA and would use that influence to negatively impact Fox Road Marina's business due to a disagreement over a lease for a boat dock slip.

Mr. Johnson signed the Marina Boat Slip Lease Agreement with Fox Road Marina on May 12, 2009 (see Attachment 2). Mr. Johnson made two payments to Fox Road Marina until July 8, 2009, when he informed the Fox Road Marina Financial Controller by e-mail that he had sold his boat and no longer needed the boat slip.

Mr. Johnson was advised by the Financial Controller that he had signed a one-year lease with Fox Road Marina, with the term of the contract through April 30, 2010. Mr. Johnson was advised there was a three-month buyout of his lease for early termination. Mr. Johnson then claimed, **"I have a very high position within TVA and can do your business much more harm than you know by spreading the word to our 13,000 employees about how rude and greedy you are trying to be about this."**

The Financial Controller forwarded the e-mail exchange with Mr. Johnson to David E. Kiger, Chief Manager with Fox Road Marina (see Attachment 3). Mr. Kiger requested to know Mr. Johnson's position with TVA and continued to send Mr. Johnson a monthly bill for the boat slip. On August 20, 2009, Mr. Johnson e-mailed Mr. Kiger and stated that he was unhappy about receiving further bills from Fox Road Marina. Mr. Johnson further stated, **"You can't even imagine the lengths I'll go and the resources I have and will use against you to get out the negative publicity on all of your businesses if you push me to it. You may get a few hundred dollars from me in the beginning of this and if that is what you think is the most important thing then so be it. But I'm advising you nicely to use your common sense and tell your employees to stop sending me bills and lets forget about all this."**

Mr. Kiger e-mailed Mr. Johnson on August 21, 2009, to advise him that his bill had been cancelled and Mr. Kiger further stated that he did "not appreciate the threats." Mr. Kiger forwarded the sequence of e-mails between himself, his staff, and Mr. Johnson to Mr. Flory with the Knoxville News Sentinel.

Mr. Flory contacted Mr. Johnson by telephone at which time Mr. Johnson claimed to be a low-level shift worker that had never threatened Mr. Kiger. Upon being advised of the e-mails that had been forwarded to Mr. Flory, TVA spokesman James C. Allen advised there were more than one Billy or William Johnson that worked at TVA and that he could not confirm the authenticity of the e-mails.

#### **INTERVIEW OF MR. JOHNSON**

Mr. Johnson was interviewed by the OIG after he had read and signed a Garrity warning (form OIG 65), which advises TVA employees they will not be subject to discipline solely for exercising their right against self-incrimination. Mr. Johnson was advised the interview was being recorded. Mr. Johnson was provided a summary of the newspaper article, including the direct quotes the newspaper attributed to Mr. Johnson making in the e-mails.

Mr. Johnson advised he had advertised his boat in the TVA Value Ads and the Knoxville News Sentinel starting in approximately the March/April 2009 timeframe. He told the employee at Fox Road Marina, who took the application for the boat slip, that he needed a boat slip for a limited time because he was trying to sale his boat and did not want to sign a one-year lease for the slip that he was only going to need for a little while. The employee told him that for insurance purposes he would have to sign a one-year lease; however, he did not have to worry. If Mr. Johnson sold the boat, they could cancel the lease without a problem. The Fox Road Marina employee told him that when he sold his boat, just to let them know and they would let him out of the lease. As a result, Mr. Johnson signed the one-year lease.



Mr. Johnson sold his boat the first part of July 2009, and received a bill from Fox Road Marina five or six days later. He sent an e-mail just like he had been asked to do, stating he had sold his boat and no longer needed the slip. The Fox Road Marina employee changed their story and sent Mr. Johnson an e-mail stating he had a one-year lease and did not mention anything about the previous conversation.

Mr. Johnson became irritated and e-mailed the Fox Road Marina employee about not holding up their end of the bargain. Mr. Johnson stated the only reason TVA came up was to let them know that he worked with a lot of people. Mr. Johnson said he did not threaten them, saying that TVA could do something to them. The only thing Mr. Johnson told Mr. Kiger was that he worked with a lot of people and could tell a lot of people about the situation with the Fox Road Marina employee and how they were trying to hold him to the one-year agreement after telling him they would let him out of it.

Mr. Johnson told investigators they could not find anything saying that the company, TVA, was going to do anything to Mr. Kiger or that Mr. Johnson could do something to Mr. Kiger because Mr. Johnson had a high-level position at TVA. Mr. Johnson repeated the only thing he said was he worked with a lot of people, up to 13,000, and he could tell a lot of people how rude and greedy Mr. Kiger was being. Mr. Johnson stated he did not know why he said he had a very high position.

When asked about the comment Mr. Johnson made about how he could do Mr. Kiger's business "**much more harm than you know,**" Mr. Johnson said anytime a business was not doing one of their customers right, it was the customer's right to tell as many people as they could, or wanted to, about what the business was doing. That was just a right.

Mr. Johnson was asked if he paid the approximate amount of the buyout, \$800 he owed to Fox Road Marina, and he replied that he did not pay the money because Mr. Kiger told him he was out of his lease.

Mr. Johnson verified the e-mail address reflected in the documents provided by Mr. Kiger. Mr. Johnson had provided a copy of the e-mail exchanges to the TVA Nuclear Site Human Resources Manager upon request.

When the newspaper article first came out, Mr. Johnson called the Site Vice President, Michael D. Skaggs, and advised him of the situation regarding the newspaper story. Mr. Skaggs gave Mr. Johnson a stern warning and a written letter in his file stating he caused TVA negative publicity.

## **BACKGROUND**

We obtained documents and conducted interviews with Fox Road Marina employees and determined that Mr. Johnson had signed a one-year Marina Boat Slip Lease Agreement on May 12, 2009, in the presence of the Fox Road Marina Manager.

The Fox Road Marina Manager advised it was standard procedure to inform individuals that the agreement was a one-year lease and to give clients the option to read the entire agreement before signing. Mr. Johnson had initialed that he agreed with the rules in the standard lease and that he understood the lease automatically renewed at the end of the one-year period. Any changes to the lease would have been reflected with a handwritten note on the lease. Any changes to the lease must be clearly marked on the agreement so the information would be correctly relayed to the Financial Controller for billing purposes. If an individual wanted to break their lease, the marina offered a three-month buyout much like an apartment rental.

Upon receiving a letter from Mr. Johnson's bank regarding the questioned charge, the Financial Controller learned that Mr. Johnson went to his bank and filed a fraudulent charge against Fox Road Marina for the charges they made against his account for the rental of his boat slip for the month of June. When Mr. Johnson completed the lease, he had written in his credit card account number which authorized the marina to use his credit card to charge his monthly payments.

Mr. Kiger provided copies of the e-mails between Fox Road Marina employee and Mr. Johnson. In addition to these e-mails, he received one additional e-mail from Mr. Johnson's credit card company advising that Mr. Johnson had disputed the latest charge that Fox Road Marina had made to his account. Mr. Kiger also provided a copy of the contract between Fox Road Marina and Mr. Johnson. Mr. Kiger advised that a three-month buyout clause was not mentioned in the contract, but rather was a courtesy that Fox Road Marina extended to customers. Mr. Kiger stated that Mr. Johnson had not paid the money owed to Fox Road Marina.

According to Fox Road Marina's Financial Controller, the marina sold boats and made most of their money on the brokerage of boats. Had Mr. Johnson mentioned his desire to sell the boat, he would have been referred to the marina sales department. Mr. Johnson would have been advised of a brokerage contract, a separate contract from the boat slip lease that provided the boat owner with three months' free dry dock storage for Fox Road Marina to sell their boat. If the boat had not sold after three months, \$150 a month fee (as opposed to the fee of \$270 per month under the boat slip lease agreement) would be charged for the dry dock storage. According to the Fox Road Marina's Financial Controller, the sales people were not alerted which meant Mr. Johnson had not said anything about his desire to sell his boat. Fox Road Marina did not allow individuals to advertise the sale of their boats on the marina property as this would have been direct competition for the business.

## **ADDITIONAL INFORMATION**

TVA Enterprise Data Management provided copies of postings to TVA Value Ads by Mr. Johnson for the sale of his boat. On June 4, 2009, a 1998 26-foot Four Winns Cabin Cruiser located at Fox Road Marina was posted for sale by Mr. Johnson for \$21,900. The same information was again posted by Mr. Johnson on June 22, 2009, following a price reduction to \$20,900.

On October 29, 2009, a subpoena was issued to the Knoxville News Sentinel offices for copies of all letters, memos, application for ads, invoices, and receipts regarding the sale of any boat by Mr. Johnson (to include a 26-foot Four Winns Cabin Cruiser). Officials of the newspaper responded stating no account advertisement or e-mail was found for Mr. Johnson regarding the sale of any boat. An interview with the individual who purchased the boat from Mr. Johnson revealed he believed he had seen the advertisement on KnoxNews.com. He had been scanning newspapers and online advertisements for the sale of a boat for some time. He recalled the specific day he went to see the boat, and believed he first saw the ad the day before that and had called Mr. Johnson to arrange to come and see the boat at the Fox Road Marina. After checking out the boat, he made an offer and wrote out a deposit check on that day, June 29, 2009. On the following day, he wrote a check for the balance of the boat and took the boat from its slip at Fox Road Marina.

## **TVA POLICY**

A copy of a formal Written Warning issued to Mr. Johnson on or about October 13, 2009, was obtained (see Attachment 4). A search of the Personal Records Information System reflected the written warning had not been placed in Mr. Johnson's personnel file. Employment Procedure 16, TVA Employee Discipline Procedure, requires that written warnings be placed in the employee's Personal History Record.

## **CRIMINAL OFFENSES INVESTIGATED**

The investigation was opened based upon the allegation of extortion, in violation of 18 U.S.C. § 872, Extortion by officers or employees of the United States:

Whoever, being an officer, or employee of the United States or any department or agency thereof, or representing himself to be or assuming to act as such, under color or pretense of office or employment commits or attempts an act of extortion, shall be fined under this title or imprisoned not more than three years, or both; but if the amount so extorted or demanded does not exceed \$1,000, he shall be fined under this title or imprisoned not more than one year, or both.

Another concern surfaced during the conduct of the investigation regarding potential inaccuracies in statements made by Mr. Johnson. If during the interview, Mr. Johnson made intentional misrepresentation of facts, those misrepresentations could give rise to the making of false statements to investigators in violation of 18 U.S.C. § 1001, Statements or entries generally:

. . . [W]hoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact; makes any materially false, fictitious, or fraudulent statement or representation; or makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry shall be fined under this title, imprisoned not more than 5 years or . . . both.

During his interview with the OIG, Mr. Johnson reported that he had signed the one-year lease with Fox Road Marina in May 2009 strictly for insurance purposes after being advised by a marina employee that he would be released from the lease with no penalty upon selling his boat. Interviews with the Fox Road Marina Manager and Financial Controller, along with a review of the agreement, indicated that no deal was ever made between Mr. Johnson and the marina.

Mr. Johnson further stated during his OIG interview that he had placed his boat for sale in the March/April 2009 timeframe, advertising through TVA's Value Ads and the Knoxville News Sentinel. A review of records indicate Mr. Johnson listed the sale of his boat after he signed the contract.

The Assistant United States Attorney for the Eastern District of Tennessee declined prosecution of this matter in lieu of TVA administrative actions.

## **REMARKS**

In accordance with our procedures, Mr. Johnson was given an opportunity to comment on a draft copy of this report. Mr. Johnson's comments are attached. In addition, Mr. Johnson also provided comments by e-mail (attached).

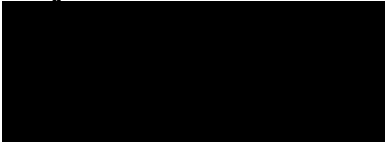
## **RECOMMENDATIONS**

Appropriate action should be taken based upon the criminal offense of Extortion committed by this individual in a position of trust of significant responsibility in a nuclear facility.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

Preston D. Swafford  
Page 7  
March 3, 2010

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.



*for*

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**CASE CLOSING**

File Number: Case File 15D12879

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Subject Name: UNKNOWN

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Location: Knoxville/Knoxville Office Complex

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Special Agent: [REDACTED]

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Date Opened: 10/05/2009

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Date Closed: 3/4/10

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Basis for Investigation: [REDACTED] returned from leave to find an envelope containing documents related to workplace violence in her chair. The packet was delivered through TVA interoffice mail and the documents contained information which is highlighted and underlined.

Findings: The articles were sent as a follow-up to an OIG Empowerline complaint in which a Sequoyah employee has concerns about the behavior of a coworker and were not intended as a threat. TVA management concurred and accepted recommendations that employees should be counseled and have consulted HR representatives regarding employee behavior. HR is coordinating with Ombudsman to interview employees regarding behavior.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: RAI with management response

[REDACTED]	[REDACTED]	02/24/2010
_____ Agent Name	_____ Agent Signature	_____ Date
[REDACTED]	[REDACTED]	
_____ Special Agent in Charge	_____ Special Agent in Charge Signature	_____ 3/4/10 Date







EX 6, 7(c)

**Office of the Inspector General  
Report of Administrative Inquiry**

February 9, 2010

Michael W. Metcalf, LP 4W-C

WORKPLACE VIOLENCE –  
THREAT TO [REDACTED]  
GENERAL CRIMINAL ACTIVITIES  
OIG FILE NO. 15D-12879

**BACKGROUND**

An employee of the Office of the Inspector General (OIG) received three printed articles through TVA interoffice mail. An examination of the articles revealed two news articles about a workplace murder and an article regarding the prevention of workplace violence. The printed articles contained underlining and handwritten notations. An examination of the interoffice envelope indicated that special care was taken to conceal the destination of the envelope prior to its delivery to the OIG employee. An investigation was started by the OIG due to concerns that the forwarding of the articles may have been meant as a threat to the OIG employee.

**FINDINGS**

A forensic analysis of the envelope indicated that the final destination, prior to being sent to the OIG employee, was TVA mailstop OPS 1A-SQN. Further investigation revealed that the mailed articles were recently accessed using a computer terminal located at this mailstop. A TVA employee was identified as the likely user of the terminal at the time the articles were accessed. At this point, representatives of the OIG briefed Sequoyah Site Purchasing Manager [REDACTED], [REDACTED] of Nuclear Site Security, and [REDACTED] of Nuclear Security Operations, regarding the nature of the articles and other information obtained through our investigation.

Special Agents of the OIG contacted the TVA employee thought responsible for sending the articles. The employee asked for confidentiality and provided the following information. The employee freely admitted to forwarding the articles to the OIG employee. He/She explained that the interoffice mailing of the articles was a follow-up to an anonymous complaint previously filed by the employee. The complaint involved concerns about fellow employee, [REDACTED], and [REDACTED] workplace

behavior. The complainant was clear that he/she forwarded the articles to the OIG because of several recently publicized cases involving workplace violence and the articles were not meant as a threat. The complainant has never witnessed [REDACTED] engaging in violent action nor does the complainant have a reason to believe that [REDACTED] poses a threat to any of his coworkers.

The complainant describes [REDACTED] behavior as disruptive. The complainant suspects that [REDACTED] occasionally damages office furniture when he becomes frustrated. While the complainant has never witnessed this activity first hand, the complainant has seen damaged chairs and claims to have seen [REDACTED] strike a filing cabinet and throw paper when frustrated. According to the complainant, [REDACTED] occasionally sneaks up on fellow employees and screams in an effort to startle the employee. The complainant claims to have observed [REDACTED] watching videos of people fighting while he is at work. The complainant often has a sense of dread as a result of [REDACTED] behavior. Other employees have asked the complainant why he/she lets [REDACTED] behavior affect him/her.

## **RECOMMENDATIONS**

Based upon our investigation, we recommend management consider the following actions in an effort to help avoid inappropriate workplace behavior and to foster a sense of well being among employees.

1. Observe the behavior of [REDACTED] and other employees to identify any inappropriate behaviors and any negative effect on coworkers. Speak with employees to determine if there are any concerns about the negative behavior of coworkers in this work group. If employee behavior is found to be inappropriate counseling should be considered as necessary to correct behavior.
2. Consider whether mandatory training in appropriate workplace behavior and/or workplace violence can be beneficial to employees, if so; take action to obtain such training through TVA and/or TVA Police.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of this report. In addition, if you decide to take action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Michael W. Metcalf  
Page 3  
February 9, 2010

Our Investigation in this matter is closed.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Brennan".

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**CASE CLOSING**

File Number: Case File 15D13499

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Subject Name: [REDACTED]

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Location: Chattanooga/Watts Bar Hydro Plant

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Special Agent: [REDACTED]

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Date Opened: 8/31/2010

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Date Closed: 03-23-11

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Basis for Investigation: Information received from Law Enforcement that subject may have pornography on a TVA computer.

Findings: Blount Co. Sheriff's Office has identified [REDACTED] as being in a chat room discussing pornography/child pornography.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☒ Declined ☐ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments: [REDACTED]  
[REDACTED]  
[REDACTED] We are closing our investigation at this time due to no additional investigative work warranted at this time. [REDACTED]  
[REDACTED]

[REDACTED] [REDACTED]	[REDACTED]	03-16-11
Agent Name	Agent Signature	Date
[REDACTED]	[REDACTED]	3/23/11
Special Agent in Charge	Special Agent in Charge Signature	Date



**CASE CLOSING**

File Number: 20Z-11857

Subject Name: [REDACTED] (Case previously-captioned as "BFN Computer Misuse")

Location: TVA's Sequoyah Nuclear Plant

Special Agent: [REDACTED]

Date Opened: 07/24/2008

Date Closed: 9/14/2009

**Basis for Investigation:**

TVA Information Services notified the OIG of an email sent from a TVA email address containing partially nude images of an unknown female which appeared to be taken at a TVA facility. An OIG investigation ensued.

**Findings:**

The OIG investigation identified the backdrop of the four images in question as TVA's Sequoyah Nuclear Plant. The specific location of the photographs was identified as Mr. Holcomb's work area inside the protected area at SQN.

The OIG determined that the female in the photographs is [REDACTED], a previous contract employee at SQN.

Evidence shows that [REDACTED] possessed and distributed partially nude images of [REDACTED], a female employee whom he supervised at the time of the incident. These images were captured inside of the protected area at TVA's Sequoyah Nuclear Plant (SQN) and distributed by [REDACTED], via his TVA email address, to an individual outside of TVA.

Based on the investigation, the OIG recommended that TVA management be advised of the OIG findings and consider any current or future action as deemed appropriate. Reference was made to TVA Communications Practice 7 which stipulates that sending or accessing "e-mail or other communications, images, files, or programs containing sexually explicit material" is considered unacceptable use, and that "prohibited personal use may result in disciplinary actions."

TVA/Bechtel management responded by advising that [REDACTED] was dismissed by Bechtel on 07/23/2009. His re-employment has been restricted by TVA, and in the Bechtel system, "it says that TVA must be contacted prior to re-employment." No initiation date, reasons for the restriction, or other information is shown in the Bechtel system, but the restriction is clearly denoted and will prevent future employment until such time that TVA would release the restriction, all according to [REDACTED].

Based on TVA management response to OIG findings in this matter, it is requested that captioned matter be closed at this time.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments:

[REDACTED] Agent Name	[REDACTED] Agent Signature	09/14/2009 Date
[REDACTED] SAC - West Name	[REDACTED] SAC - West Signature	09/14/2009 Date





## TVA RESTRICTED INFORMATION



EX 6, 7(c)

### Office of the Inspector General Report of Administrative Inquiry

July 22, 2009

Ashok S. Bhatnager, LP 6A-C  
Timothy P. Cleary, OPS 4A-SQN  
Michael D. Skaggs, ADM 1V-WBN

██████████  
COMPUTER MISUSE  
WATTS BAR NUCLEAR PLANT (WBN)  
OIG FILE NO. 20Z-11857

We have completed our investigation of computer misuse at WBN. Evidence shows that ██████████ possessed and distributed partially nude images of a female employee whom he supervised at the time of the incident. These images were captured inside of the protected area at TVA's Sequoyah Nuclear Plant (SQN) and distributed by ██████████, via his TVA e-mail address, to an individual outside of TVA. The following is a summary of pertinent information for TVA management consideration.

### BACKGROUND

TVA Information Services notified the OIG of an e-mail sent from a TVA e-mail address containing partially nude images of an unknown female which appeared to be taken at a TVA facility (see attachment). An OIG investigation ensued.

### FINDINGS AND CONCLUSIONS

The OIG investigation identified the backdrop of the four images in question as TVA's SQN. The specific location of the photographs was identified as ██████████ work area inside the protected area at SQN.

The OIG determined that the female in the photographs is ██████████, a previous contract employee at SQN.

### STATEMENTS OF ██████████

██████████ previously worked as a ██████████ electrician. She was last at SQN in May 2008. ██████████ was under the supervision of ██████████ during her entire time at SQN in 2008.

TVA RESTRICTED INFORMATION

██████████ explained that the four pictures in question were taken at SQN in May 2008, about the time the SQN outage was ending. She recalled that unspecified male coworkers had “asked her what \$4,000 had bought her,” referring to breast enhancement surgery which she stated she had recently undergone. In response to her coworkers’ comments, ██████████ lifted her shirt and exposed her breasts. She was sitting in a chair belonging to ██████████ inside the protected area within SQN at the time the four photos were taken. She also stood and pulled her pants down to expose her buttocks. She stated she was not aware initially that there was a camera present. When she either “heard a click or saw a flash,” she became angry and told the unspecified coworkers present that she wanted the disk with the picture on it. She recalled being told by unspecified coworkers that she had the only copy of these pictures.

██████████ stated that ██████████ had called her in the March/April 2009 timeframe and told her that he was questioned by OIG agents about pictures of her. She stated that ██████████ “tried to see what she could remember” at that time.

In early May 2009, [REDACTED] contacted her again. During this phone call, [REDACTED] told [REDACTED] that she specifically recalled being told that she was given the only copy of the disk containing the naked pictures of her. In response, [REDACTED] told her, "I should not have let that go on, I'm sorry." She advised that she had been contacted by the OIG and had a meeting time set. [REDACTED] requested that she call him back after her meeting.

██████████ stated that she recalls definitively that ██████████ was present in the room at the time the pictures were taken. She advised interviewing agents that she was also aware that Mr. Holcomb had e-mailed the revealing pictures of her to an unknown individual. When asked by interviewing agents who took the pictures, ██████████ stated, "the guy who e-mailed the pictures is the guy who took the pictures." She repeated this several times throughout the interview but refused to explicitly state or deny that ██████████ took the pictures.

§ 87(2)(b) additionally stated that she recalls with certainty that § 87(2)(b), § 87(2)(b), § 87(2)(b), and § 87(2)(b) were not present when the pictures of her were taken.

**STATEMENTS BY [REDACTED] DURING THE FIRST INTERVIEW**

\_\_\_\_\_

When shown the e-mail and pictures in question, ██████████ stated that he only knew the female in the photograph by her first name, ██████████. She was an electrician at SQN with either Williams or SWCI. ██████████ recalled being her superintendent while at SQN. ██████████ recalled that her Williams general foreman was either ██████████ who is presently the Williams electrical superintendant at SQN, or ██████████, a Williams general foreman previously at SQN. ██████████ explained that the backdrop of this picture was his former work area at SQN, within the general supervisors' area, which is inside of the "solar building." This is an area inside the SQN protected area. This picture first surfaced at the end of the outage in the early summer 2008 timeframe, though ██████████ stated he could not recall specifically who sent it to him.

When questioned as to the e-mail in question sent by ██████████ TVA e-mail address to an individual named ██████████, ██████████ stated, "I did send this picture to ██████████." ██████████ went on to explain that ██████████ is an athletic coach for ██████████ daughter. ██████████ could not recall who else he sent this picture to other than ██████████.

#### **STATEMENTS BY ██████████ DURING SECOND INTERVIEW**

When asked if ██████████ had contacted the female in the photos after being interviewed by the OIG, ██████████ stated, "Yes, I called her." He explained he was concerned after being interviewed by the OIG, so he contacted her union steward and obtained her contact information. ██████████ stated this was when he first learned her current last name. He went on to say that he wanted to call and apologize to her.

When asked how the images of ██████████ got from a camera onto his TVA computer, ██████████ stated that though he could not recall specifically, it was either by flash drive, CD, or e-mail. ██████████ maintained that he did not take the photos himself, but stated that "I'm the one who sent them out." ██████████ stated that he could not remember who provided him with the photos. ██████████ stated that he was not present at the time the images were taken and provided no additional details.

According to ██████████, "it wasn't a big deal in my mind. It was the end of the outage and I just wanted to get out of there."

██████████ additionally stated that ██████████ had since gone to his union and was initiating unspecified action against him.

Ashok S. Bhatnager  
Timothy P. Cleary  
Michael D. Skaggs  
Page 4  
July 22, 2009

## **RECOMMENDATIONS**

Based on the OIG investigation, it is recommended that TVA management be advised of the OIG findings and consider any current or future action as deemed appropriate. Reference is made to TVA Communications Practice 7 which stipulates that sending or accessing "e-mail or other communications, images, files, or programs containing sexually explicit material" is considered unacceptable use," and that "prohibited personal use may result in disciplinary actions."

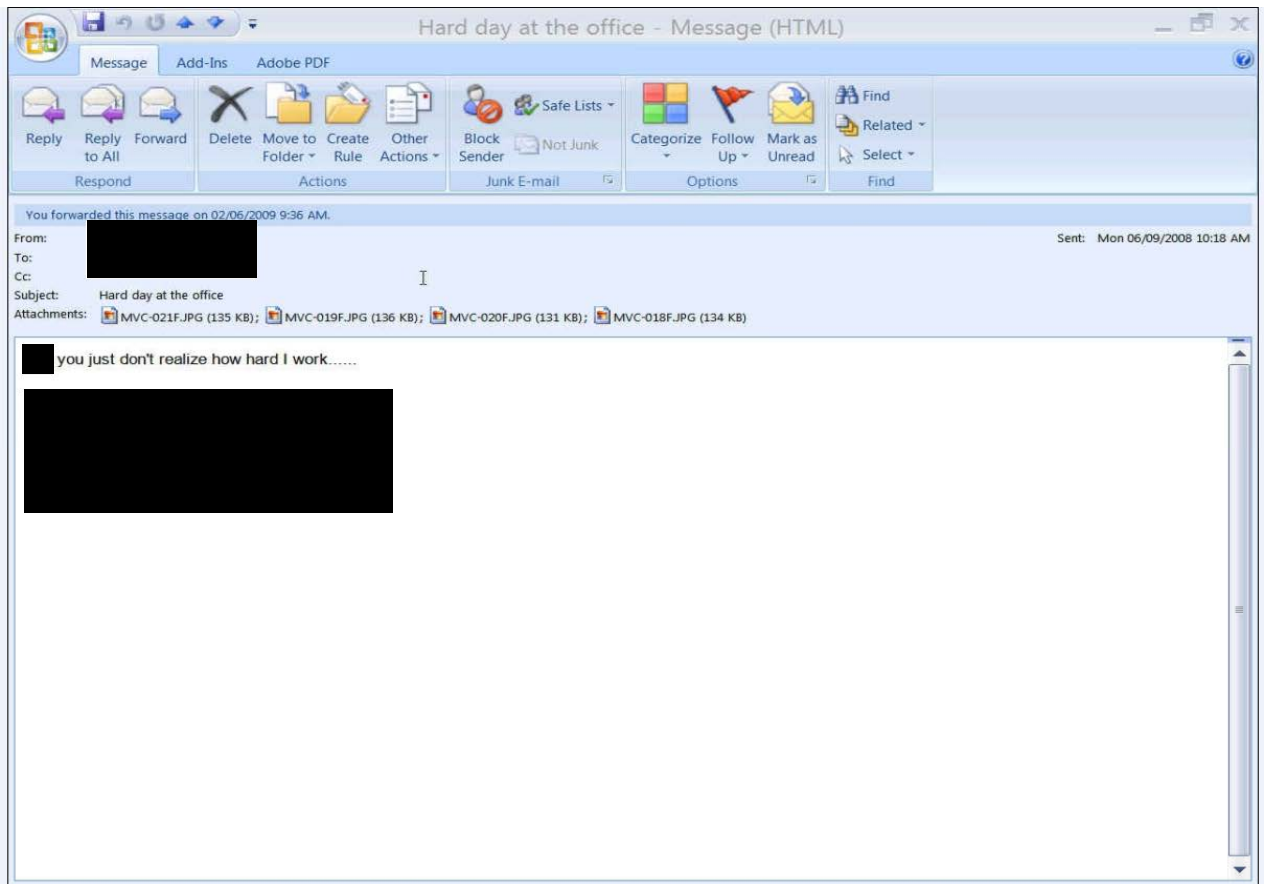
All TVA entities designated above should provide documentation of all relevant information of determinations and actions taken on the basis of this report within 15 days of receipt of this report.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

This matter will be closed following TVA response to this report.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K





**CASE CLOSING**

EX 6, 7(c)

File Number: 23A-11814  
Subject Name: Tate and Lyle PLC  
Location: Loudon, Tennessee  
Special Agent: [REDACTED]  
Date Opened: 05/19/09  
Date Closed: 9/2/09

Basis for Investigation: U.S. EPA-CID received a citizen's complaint that Subject was discharging an unknown substance into the Tennessee River in possible violation of the Clean Water Act. EPA-CID requested TVA-OIG assistance since the alleged violation was in the TVA watershed management area.

Findings: Investigation developed a source who confirmed the discharge of an unknown liquid substance at random times and at an outfall located in a high traffic area. Due to the outfall's location, surveillance was extremely difficult and limited. Consequently, this matter was referred to EPA civil enforcement for further action. AUSA [REDACTED] concurred with the referral.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☒ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments: This case is recommended for closure, but can be re-opened if regulatory personnel discover elements of a crime.

\_\_\_\_\_  
Agent Name                      [REDACTED]                      08-28-09  
Agent Signature                      Date

\_\_\_\_\_  
Special Agent in Charge                      [REDACTED]                      9/2/09  
Special Agent in Charge Signature                      Date

124078





**CASE CLOSING**

File Number: 23A-13315

Subject Name: Nuclear Fuel Services (NFS)

Location: Erwin, Tennessee

Special Agent: [REDACTED]

Date Opened: June 1, 2010

Date Closed: December 17, 2010

Basis for Investigation: EPA-CID advised they received an allegation of a possible Clean Water Act (CWA) violation from members of a community action group located in Erwin, TN. The group reported that NFS, a DOD contractor involved in processing nuclear fuel for submarines, discharged enriched uranium into the Nolichucky River which is part of the TVA watershed management area.

Findings: Investigation determined the Tennessee Department of Environment and Conservation had issued NFS a CWA permit that allows for some release of uranium and furnished no information that it had been violated. Further, because of legacy issues and the technical nature of the permit, EPA-CID management determined it would be best for EPA civil authorities to address this matter. Consequently, EPA-CID closed the criminal case and referred the issues to EPA Water Protection Division (WPD). WPD Chief [REDACTED] is familiar with NFS and the complainants, and indicated he was not aware of any current violations. AUSA [REDACTED] concurred with the EPA decision and declined prosecution.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☐

Comments: Based on the aforementioned information, it is recommended this case be closed and reopened if EPA WPD discovers any evidence that suggests a violation of criminal law.

[REDACTED] _____ Agent Name	[REDACTED] _____ Agent Signature	12/17/2010 _____ Date
[REDACTED] _____ Special Agent in Charge	[REDACTED] _____ Special Agent in Charge Signature	12/17/10 _____ Date



**CASE CLOSING**

File Number: 23A-13924

Subject Name: Iodine 131 in Chattanooga Drinking Water

Location: Chattanooga, Tennessee

Special Agent: [REDACTED]

Date Opened: 04-19-2011

Date Closed: 05-06-2011

Basis for Investigation: OIG initiated inquiry to determine whether spike in iodine 131 in Chattanooga drinking water is related to SQN or the Japanese nuclear accident.





Findings: Interviews with EPA and TVA personnel indicate that the spike in Iodine 131 was related to the Japanese nuclear accident. It is noted the referenced spike was still well within the safe range for human health. Recent measurements of SQN effluent show no increase in any isotopes and no leakage is suspected. Media mixed air and water samples in generating story on iodine spike.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments: Based on the aforementioned information, it is recommended this case be closed.

 Agent Name	 Agent Signature	05-06-2011 Date
 Special Agent in Charge	 Special Agent in Charge Signature	5/6/11 Date



**CASE CLOSING**

File Number: 24A-12592

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Subject Name: Train Derailment

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Location: Shawnee Fossil Plant

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Special Agent: [REDACTED]

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Date Opened: May 7, 2009

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Date Closed: 09/29/2009

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**Basis for Investigation:** On Monday, May, 4, 2009, at approximately 8:30 p.m., four train cars transporting coal derailed while being pulled to the dumper building at the Shawnee Fossil Plant. The train cars were on track number four; however, the stub switch had apparently been thrown sending one half of a train car onto track number five, causing the four cars to derail. A joint investigation was conducted between our office and the TVA Police.

**Findings:** The cost for TVA to re-rail the train cars, and repair and inspect the track, totaled \$24,634.50. Yard Operations management believed the train derailment was the final result of a series of personnel events that had occurred in yard operations at Shawnee, including administrative action taken against one of the HEO's.

Our investigation determined there were five HEO's that were either working at the time of the derailment or associated with the personnel events leading up to the derailment. Each of these HEO's was given a polygraph examination. [REDACTED] failed the polygraph; however, [REDACTED] continued to deny any involvement in the derailment.

There was no other evidence to link [REDACTED] to the train derailment.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☒

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

**Comments:** On September 28, 2009, fossil management responded to our recommendations by monitoring yard operation personnel issues, and implementing an inspection of rails and switches, including annual inspections of all components. In addition, future vacancies in yard operations have and will include a clear set of employee expectations and a change in behavior.

[REDACTED] _____ Agent Name	[REDACTED] _____ Agent Signature	September 29, 2009 _____ Date
[REDACTED] _____ Special Agent in Charge	[REDACTED] _____ Special Agent in Charge Signature	09/29/2009 _____ Date





EX 6, 7(c)

**Office of the Inspector General  
Report of Administrative Inquiry**

August 21, 2009

John J. McCormick, Jr., LP 3K-C

SHAWNEE TRAIN DERAILMENT  
SHAWNEE FOSSIL PLANT (SHF)  
DESTRUCTION OF GOVERNMENT PROPERTY  
OIG FILE NO. 24A-12592

On Monday, May 4, 2009, at approximately 8:30 p.m., four train cars transporting coal derailed while being pulled to the dumper building at SHF. The train cars were on Track #4; however, the stub switch had apparently been thrown sending half of a train car onto Track #5, causing the four cars to derail.

TVA Police (TVAP) was notified of the train derailment on May 5, 2009, at 8:05 a.m. TVAP contacted the Office of the Inspector General (OIG) of the derailment, and a joint investigation was conducted between the OIG and TVAP. Our findings of this investigation are listed below.

**FINDINGS**

According to [REDACTED], Maintenance Supervisor, SHF Yard Operations, the train cars were owned by Union Pacific Railroad. The train arrived at SHF on May 2, 2009, around 8 p.m. The train cars were not moved until May 4, 2009, at about 8:30 p.m. [REDACTED], Heavy Equipment Operator (HEO), was operating the locomotive engine pulling the cars when the train derailed. The cost for TVA to re-rail the train cars and repair and inspect the track totaled \$24,634.50.



Train derailment depicting Track #4 and #5



Close up photograph of a train car wheel off the rail track





Switch box where the derailment occurred

██████████ believed the train derailment was the final result of a series of personnel events that had occurred in yard operations at SHF, including administrative action taken against ██████████, a former HEO.

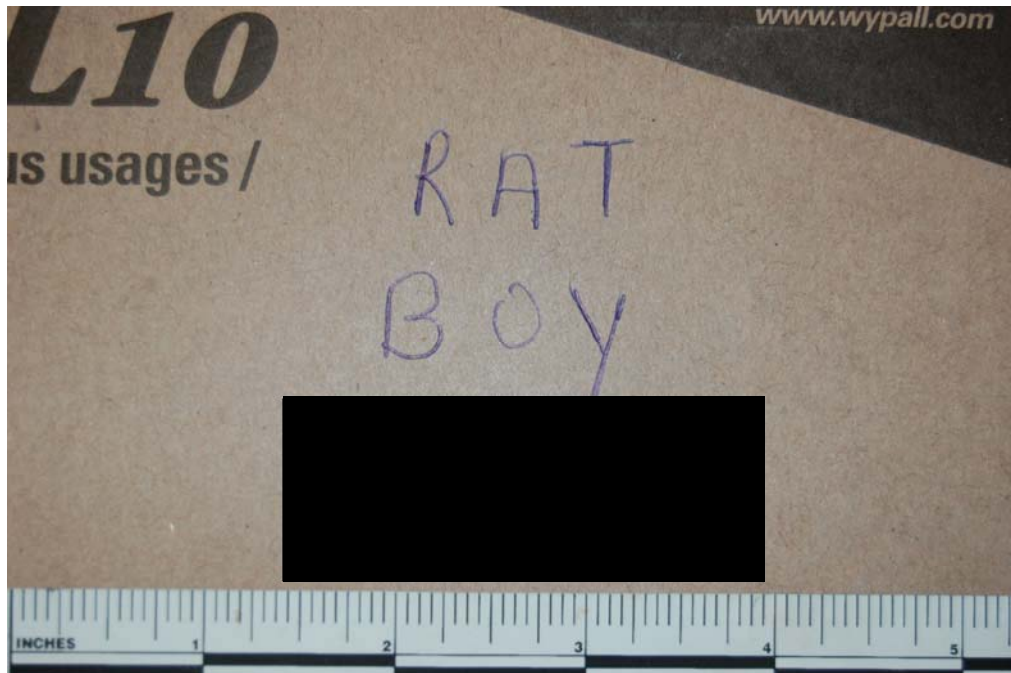
#### Events Leading to Train Derailment

- On April 2, 2009, ██████████ was caught running water into the basement of the coal dumper building. A co-worker reported the incident to ██████████, Coal Hauling Foreman, SHF Yard Operations. ██████████ agreed not to report ██████████; however, ██████████ ultimately became aware of the incident. ██████████ talked to ██████████ SHF Plant Manager, about ██████████'s behavior and on May 1, 2009, ██████████ was placed on administrative leave. ██████████ was ultimately terminated on May 8, 2009.
- ██████████ believed there were some personnel issues among some of the HEOs in yard operations because of the speculation that ██████████ reported ██████████ actions to management. ██████████ was aware of some personal conflicts between ██████████ and ██████████, SHF Yard Operations HEO, and ██████████, SHF Yard Equipment Technician. In addition, ██████████ had heard reports of ██████████ making some threatening comments about ██████████.

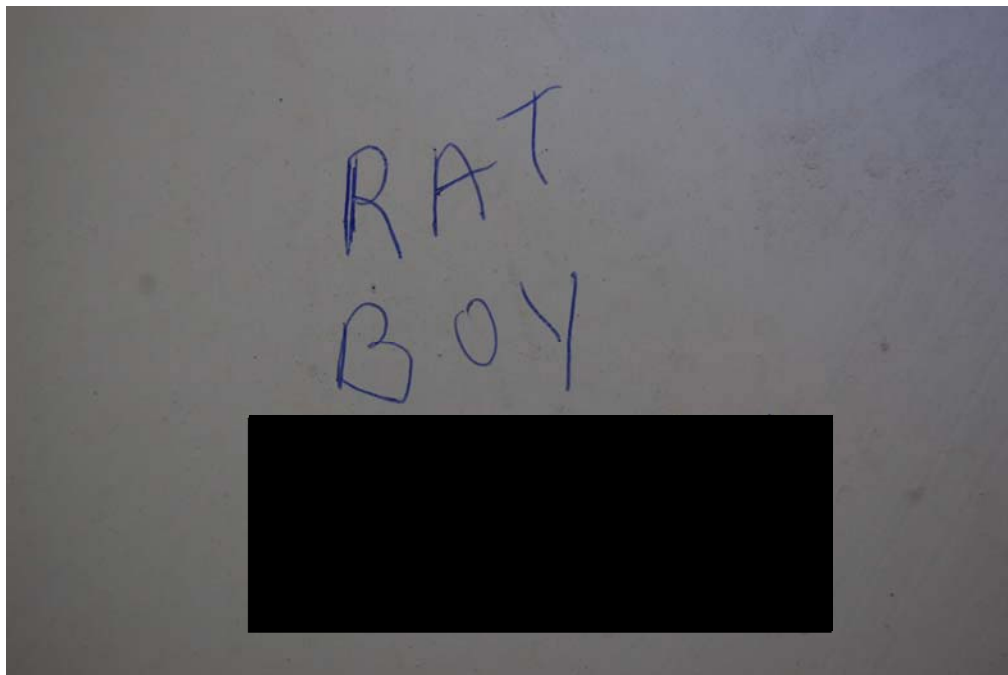
- On May 2, 2009, the coal dumper was down most of the night. [REDACTED] and [REDACTED] were working at the dumper building when the mechanical problems occurred. [REDACTED] believed the dumper had been down because the extreme travel limit switch had been thrown. [REDACTED], SHF Yard Electrician Technician, concluded after inspecting the dumper that someone had thrown the extreme level travel switch, thus causing the dumper to be inoperable. [REDACTED] found no evidence the switch had shut off in some other manner.
- [REDACTED] came to work about 2 p.m. on May 4, 2009. [REDACTED] heard about some graffiti that was directed towards him personally. The graffiti was about [REDACTED] being a "rat." According to [REDACTED], he found a tissue box in the dumper building with "Rat [REDACTED]" or something similar written on it. [REDACTED] kept the box and stored it in his locker. [REDACTED] produced the tissue box to the investigating agents, which read "Rat Boy [REDACTED]." Photographs were taken of the graffiti "Rat Boy [REDACTED]" located on a table in the dumper building, on a bathroom door in the men's room in the dumper building, and on a tissue box that had been found in the dumper building by [REDACTED] and are included below.



Photograph of table located in the dumper building



Photograph of tissue box provided by [REDACTED]



Photograph of bathroom wall in men's room located in the dumper building

The OIG interviewed numerous TVA employees and one Union Pacific employee. No one interviewed admitted to having any knowledge of who moved or threw the switch to derail the train.

#### **Statements by Yard Operations Foremen**

- [REDACTED] was working the evening shift on May 4, 2009, when the train derailed on Track #4. [REDACTED] and [REDACTED], HEO, were pulling 14 train cars to the dumper building when the derailment occurred.
- [REDACTED] had first thought the train derailment was due to a split switch; however, there were no marks on the switch to indicate there had been a split. [REDACTED] investigated the derailment further by measuring (1) from where the wheels of the train derailed to the switch and (2) from the switch to the front of the rear car that had been cut loose. Both measurements were 235 feet. This caused [REDACTED] to conclude the switch had already been thrown prior to the train cars being pulled toward the dumper building.
- [REDACTED] speculated the train derailment was due to the personnel issues between his crew and the crew of [REDACTED], SHF Yard Equipment Technician. [REDACTED] crew consisted of [REDACTED], [REDACTED], and [REDACTED]. [REDACTED] crew consisted of [REDACTED], [REDACTED], and [REDACTED], SHF Yard Equipment Technician.
- [REDACTED], SHF Yard Equipment Technician, had special training in rail switches. [REDACTED] inspected the switch that had caused the train derailment and was unable to find any malfunction in the switch's system. In addition, [REDACTED] had never seen a switch throw or move itself.
- [REDACTED] believed that someone threw the switch deliberately and that person worked in yard operations.

#### **Statements by [REDACTED]**

- [REDACTED] and [REDACTED] were partnered together on the evening shift on May 4, 2009. [REDACTED] was operating the locomotive, and [REDACTED] was the conductor (cutting the train cars loose). Once the cars were ready to be moved, [REDACTED] told [REDACTED] to "take it away." [REDACTED] noticed three or four train cars started pulling hard and stopped because he had experienced a train derailment in the past while operating a locomotive and knew what it felt like when pulling train cars that had run off the track.
- [REDACTED] believed the rail switch had been moved after the train had arrived because the train came in on Track #4 and it did not change directions. Due to [REDACTED] experience, it was his opinion that someone moved or threw the switch after the train arrived.

- [REDACTED] believed someone sabotaged the train derailment to get back at him. In fact, [REDACTED], who was also the Operating Engineers' union steward, had threatened to get [REDACTED]'s job. [REDACTED] was in the vehicle when [REDACTED] made the threatening comments about the person who had told on [REDACTED] stating they were probably going to get their house burned down.

**Statements by [REDACTED]**

- [REDACTED] worked the night shift (6 p.m. through 6 a.m.) from Thursday through Sunday (April 30-May 3, 2009). [REDACTED] did not know anything about the derailment until May 5, 2009, when he was called to SHF as the job steward on personnel issues involving [REDACTED].
- [REDACTED] had no idea who would have thrown the switch to cause the derailment, and he contended there were no problems in yard operations. However, during a second interview with [REDACTED] on May 8, 2009, [REDACTED] admitted that he had personal problems with [REDACTED]. More specifically, [REDACTED] reported [REDACTED] for leaving trash in the dozers. In addition, [REDACTED] tried to blame [REDACTED] for an accident involving a Petter Supply truck during December 2008 or January 2009. The incident was investigated by TVAP.
- During [REDACTED] initial interview on May 5, 2009, he acknowledged observing graffiti at the dumper building regarding [REDACTED] and [REDACTED]; however, he had not seen anything concerning [REDACTED] being a "rat." During [REDACTED]'s second interview on May 8, 2009, he admitted seeing "Rat Boy [REDACTED]" written on a table in the coal dumper building on Monday morning May 4, 2009.
- [REDACTED] denied he wrote the remarks about [REDACTED], and he did not know who wrote the remarks.
- [REDACTED] acknowledged that he and [REDACTED] were working the dumper building on Saturday night (May 2, 2009). The dumper malfunctioned during their shift. [REDACTED] denied intentionally throwing the extreme travel limit switch which caused the dumper to shut down.

**Statements by [REDACTED]**

- [REDACTED] had no idea who could have thrown the switch that caused the train derailment.

- [REDACTED] admitted to jokingly making comments to some of the crew when driving them to the front gate on May 2, 2009. [REDACTED] contended he made the comments about [REDACTED]'s mental stability and that whoever told on him "might sleep with one eye open because [REDACTED] might burn their house down." However, [REDACTED] explained his comments were general in nature, and he did not know who had informed management about [REDACTED]. [REDACTED] was in the vehicle at the time of [REDACTED]'s comments.
- [REDACTED] acknowledged observing "Rat Boy [REDACTED]" written on a table in the dumper building either Saturday night (May 2, 2009) or Sunday night (May 3, 2009). However, [REDACTED] denied writing the phrase about [REDACTED] and did not know who wrote the phrase.

#### Statements by [REDACTED]

- [REDACTED] made sure he never threw a switch accidentally because he always kept his fingers off the switch button.
- [REDACTED] acknowledged there had been a running feud between [REDACTED] and [REDACTED]. In addition, [REDACTED] had threatened to get [REDACTED]'s job "one way or another."

#### Polygraph Examinations

[REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED] all agreed to take a polygraph examination. In addition, each one signed an Employee Polygraph Protection Act consent form.

The polygraph tests were administered by [REDACTED], [REDACTED] Polygraph Examinations, located in Louisville, Kentucky. [REDACTED], [REDACTED], and [REDACTED] were administered the polygraph on May 14, 2009, at SHF. [REDACTED] and [REDACTED] were administered the polygraph on May 15, 2009, at SHF.

#### Polygraph Results

Two questions were asked of each recipient in various, yet similar wording:

- Did you throw the switch on Track #4 to derail the train?
- Did you throw the switch on Track #4 that caused the derailment?

According to [REDACTED]' report, no deception was noted on any of the participants, except [REDACTED]. It was the view of [REDACTED], based on the review of the polygraph charts, that deception was indicated by [REDACTED] to the relevant questions. [REDACTED] was made aware of [REDACTED]' opinion; however, [REDACTED] continued to deny involvement in the train derailment.

### **Additional Statements by [REDACTED]**

[REDACTED] made the following statements during a second interview on May 18, 2009.

- [REDACTED] emphatically denied that he had anything to do with throwing the rail switch causing the train derailment. [REDACTED] contended that he was extremely nervous and had several personal issues at home that were upsetting him. In addition, [REDACTED] was extremely nervous about losing his job.
- [REDACTED] was concerned because he was being blamed for the termination of [REDACTED].
- Just prior to the polygraph examination, [REDACTED] was working at the dumper building unloading a train car of limestone when one of the train wheels slipped off the track. [REDACTED] contended he was upset over the incident. In addition, [REDACTED] had worked five straight 12-hour days prior to the polygraph examination.

### **Handwriting Comparison**

On May 18, 2009, handwriting exemplars were taken from [REDACTED]. [REDACTED] was required to write "Rat Boy [REDACTED]" numerous times. Although the handwriting exemplars appeared to have some similarities to the graffiti "Rat Boy [REDACTED]," no forensic examinations of the documents were available in this case.

### **RECOMMENDATIONS**

Based on our investigative findings, we make the following recommendations for Fossil Operations management.

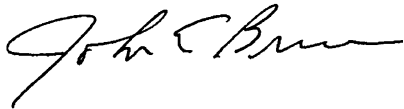
- Continue to monitor any personnel issues between the HEOs, especially between [REDACTED], [REDACTED], and [REDACTED].
- Install additional lighting and cameras in the track area to monitor activity around the tracks and switches.
- Visually inspect switches that are under the rail cars before moving the train.
- Install a software program designed specifically for the electronic switches to monitor the location and position of each rail switch.
- Develop a regular maintenance schedule to inspect and maintain the components of the electronic switches to insure they are in proper working condition. In addition, the switch covers should be in the position so the electronic button is not exposed.

John J. McCormick, Jr.  
Page 10  
August 21, 2009

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA's Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions which have been made.

Our investigation of this matter is closed.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being the most prominent.

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K





**CASE CLOSING**

File Number: Case File 25A13460

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Subject Name: [REDACTED].

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Location: North Alabama/Browns Ferry Nuclear Plant

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Special Agent: [REDACTED]

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Date Opened: 8/10/2010

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Date Closed: 10/08/10

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**Basis for Investigation:** An email referring a potential investigation was received by the TVA OIG from [REDACTED], TVA Employee Concerns Manager, regarding [REDACTED], Day & Zimmermann NPS, Inc. Supervisor at TVA's Browns Ferry Nuclear (BFN) Facility. The Day & Zimmermann Contract Employee Concerns Program (ECP) investigated an issue raised during an exit interview regarding alleged intimidation and harassment, and racial comments made by [REDACTED]. As a result of this investigation, the TVA Employee Concerns representative at BFN was reviewing the report and noted that a misconduct or wrongdoing issue associated with a TVA computer was identified but unaddressed. The Day & Zimmermann ECP report indicated that [REDACTED] was inviting people to come into her office so she could show them inappropriate photographs on her computer, and she was allegedly sending inappropriate photos to people's cell phones as well.

**Findings:** During the investigation, agents discovered the subject had already been terminated on July 20, 2010, by Day & Zimmermann management for *misconduct and unacceptable behavior in management practices*. While talking with the Day & Zimmermann Employee Concerns Advocate, agents learned that none of the employees interviewed alleged that the subject had pornography on the computer in question or on the pictures that were sent to their cell phones.

The most the OIG could do in this matter was to write an RAI to TVA management and Day & Zimmermann management requesting that disciplinary action be taken against the subject. Since the subject was terminated by Day & Zimmermann, no further action is warranted in this matter.





AUSA declined prosecution on this matter.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments: Agent requests that this case be administratively closed.

		9/27/2010
_____ Agent Name	_____ Agent Signature	_____ Date
		10/08/10
_____ Special Agent in Charge	_____ Special Agent in Charge Signature	_____ Date



**CASE CLOSING**

File Number: 25D-13668

Subject Name: [REDACTED]

Location: Chattanooga, TN (River Operations)

Special Agent: [REDACTED]

Date Opened: 12/2/2010

Date Closed: 3/28/11

Basis for Investigation: Empowerline complaint that [REDACTED] was copying TVA sensitive information regarding dams and impoundments onto his personal computer.

Findings: Our investigation uncovered no information to support the allegation. [REDACTED] did access sensitive information but it was in connection with his assigned duties. However, we discovered River Operation, Dam Safety and Inspections was not protecting their sensitive consistent with TVA policy specifically SPP12.01.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☐ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: Management agreed with our findings and implemented a corrective action plan to inventory the information they maintain, classify the information and implement appropriate security controls by 12/31/11

_____ [REDACTED] Agent Name	_____ [REDACTED] Agent Signature	_____ 3/28/2011 Date
_____ [REDACTED] Special Agent in Charge	_____ [REDACTED] Special Agent in Charge Signature	_____ 3/28/11 Date





**Office of the Inspector General  
Report of Administrative Inquiry**

March 1, 2011

John J. McCormick, Jr., LP 3D-C

[REDACTED], CAD OPERATOR  
POWER SYSTEM OPERATIONS  
ELECTRIC SYSTEM PROJECTS  
COMPUTER CRIMES - INTERNET  
FRAUD AND ABUSE  
OIG FILE NO. 25D-13668

We have completed our investigation of an allegation we received through the Empowerline alleging that [REDACTED], CAD Operator, was creating a potential security breach by downloading sensitive information regarding TVA dams, reservoirs, rivers, and hydro plants onto his personal computer. More specifically, the concern alleged [REDACTED] copied TVA sensitive information from a "zip" drive onto a USB drive and then onto his personal computer. The following is a summary of pertinent information for TVA management review and consideration.

### **EXECUTIVE SUMMARY**

This investigation was initiated after the Office of the Inspector General (OIG) received an allegation through the Empowerline that [REDACTED] was downloading sensitive information regarding TVA onto his personal computer. Our investigation uncovered no evidence [REDACTED] misused TVA information; however, we discovered the information accessed by [REDACTED] and information provided to OIG Inspections during a review of TVA's Dam Safety Program was not classified consistent with TVA Information Management Policy. Based on our findings, we recommend River Operations (RO) review the information they maintain to ensure it is protected consistently with TVA policy.

### **SUMMARY OF INVESTIGATION**

#### **[REDACTED] Misused TVA Information**

[REDACTED] was hired by Power System Operations (PSO) as a CAD Operator under the School to Work Program in August 2009. [REDACTED] joined the Dam Safety/Inspections staff when the group was looking for help reorganizing their file room. [REDACTED], RO Manager, arranged with PSO for [REDACTED] to assist with this reorganization.

██████████ did such a good job on the file room, the group decided to retain him under the School to Work Program. ██████████ is one of three interns and School to Work students employed by the group.

When interviewed, ██████████ denied copying any TVA information onto his personal computer. ██████████ acknowledged he owned a laptop and a USB drive, but noted he had never brought either to TVA. ██████████ also acknowledged he copied files from an old "zip" drive for his manager ██████████, Inspections & Maintenance Engineering Manager. The files consisted of photographs of damage caused by a fire at the Watts Bar Hydro facility. ██████████ added he also copied information onto several USB Ironkey devices at ██████████'s direction. The copied information consisted of reference material for inspectors to use in the field. The information included items such as inspection standards, previous inspection reports, and drawings of hydro facilities.

██████████ and ██████████, Reservoir Operations Support Manager, confirmed ██████████ was directed to recover information from an old "zip" drive and to copy reference material for inspectors onto several Ironkey devices purchased by the group. Both ██████████ and ██████████ described ██████████ as an outstanding employee and neither believed ██████████ would knowingly misuse TVA information.

### **Non Compliance with TVA Information Management Policy**

TVA Information Management Policy establishes a process for the identification and protection of TVA information. The process requires business units to classify and protect information based on the potential impact of losing the information. The classifications are:

- Public Information – All information suitable for public release;
- TVA Confidential Information – Any information that could . . . have a limited adverse effect;
- TVA Restricted Information – Any information that could . . . have a serious adverse effect; and
- TVA Sensitive Information – Any information that could . . . have a catastrophic adverse effect.

The process also establishes controls for accessing, storing, disseminating, and disposing of the information. One control requires that information, except public information, be clearly marked with the security classification.

██████████ had access to all information maintained by the Dam Inspections staff through a shared drive. According to ██████████, the drive includes information such as drawings for the hydro facilities and current inspection reports. A review of some of the information on the shared drive revealed it was not marked with an information classification suggesting it was either public information or had not been classified.



OIG Inspections recently concluded a review of TVA's Dam Safety Program. During the review, OIG Inspections obtained numerous documents from RO. The records included inspection reports for several dams (including Kentucky and Wheeler) which must comply with the North American Electric Reliability Corporation (NERC) standards. The information also included a Dam Safety Progress Report which identified high hazard dams and inspection findings and a seismic stability study of the Kentucky Dam. None of the documents provided to the OIG were marked with a security classification, even though it appears the information should have some degree of protection.

Neither [REDACTED] nor [REDACTED] (1) were familiar with TVA Information Management Policy and (2) knew if the Dam Inspections staff had classified the information they maintain. [REDACTED] was sure TVA at one time published the drawings for the hydro facilities because they were published in "brown books" which TVA sold to the public. However, TVA stopped distributing the books after the terrorist attacks of September 11, 2001.

[REDACTED], RO Support Services Manager, stated RO reviewed the information maintained by the business unit and determined the only restricted information they handled related to the control rooms for the hydro facilities identified as Critical Cyber Assets for compliance with NERC standards. [REDACTED] noted RO even considered the information relating to the Distributed Control Systems at each hydro facility as non-sensitive information. RO's sensitive information is stored in their Business Support Library, and access is limited to RO employees with sensitive clearances.

According to [REDACTED], Dam Inspections has been reorganized and given the additional responsibility of inspecting all impoundments within TVA. The new organization will be headed by [REDACTED], Dam Safety Governance General Manager.

TVA's Enterprise Information Security & Policy (EIS&P) staff develops, establishes, promulgates, maintains, and enforces information security policies, procedures, and standards to ensure the confidentiality, integrity, and availability of TVA's information resources. [REDACTED], EIS&P Senior Specialist, performs assessments to help business units classify and categorize the information they maintain based on National Institute of Standards and Technology and TVA Information Management Policy. [REDACTED] was contacted to determine if RO, Dam Safety/Inspections had inventoried and categorized the information they maintained; [REDACTED] was not aware of any efforts.

[REDACTED] explained that EIS&P at one time conducted assessments to help business units categorize and determine the appropriate security measures to protect the information they maintain. EIS&P stopped conducting the assessments because the number of records systems in TVA created more work than the staff could perform. EIS&P is developing some awareness presentations based on TVA-SPP-12.02 to educate business units on the requirements for classifying and categorizing the information they maintain. EIS&P hopes to make the awareness material available to the business units this fiscal year.

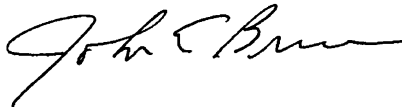
## RECOMMEN DATIONS

Based on the expanded responsibility of the Dam Inspections group and the absence of markings on documents maintained by RO, Dam Safety/Inspections, we recommend RO in conjunction with EIS&P:

- Inventory the information they maintain,
- Categorize the information based on the potential impact from the disclosure or unavailability, and
- Ensure adequate security processes are implemented to protect the confidentiality, integrity, and availability of the information they maintain.

We would appreciate being informed within 30 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA-SPP-12.02, TVA Information Management Policy. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



## CASE CLOSING

File Number: 12D-11945

Subject Name: Associated Pathologists

Location: Nashville, Tennessee

Special Agent: [REDACTED]

Date Opened: 07/17/2008

Date Closed: 11/18/2009

Basis for Investigation: It was alleged that Associated Pathologist, PLC, and physicians associated with this group were double billing for lab services performed. BCBST identified this issue through data mining.

Findings: [REDACTED] obtained records from BCBST for review, and identified TVA's losses to be \$2,070.97. After review of the documentation, [REDACTED] contacted BCBST Investigator [REDACTED] who agreed that based on the information pertaining to billings to TVA, there appeared to be no pattern that would indicate criminal activity. After the case was reassigned, [REDACTED] reviewed the documentation and realized that the loss amount of \$2070.97 was over a seven year period from 2002 until 2008. The dollar loss was \$332.21 in 2002, \$140.40 in 2003, \$291.86 in 2005, \$185.86 in 2006, \$396.68 in 2007, and \$723.96 in 2008. The data shows that the possible loss is the result of a large number of physicians making small billing errors, not specific individuals consistently double billing. The data reflects the amounts of payment received by a physician or Associated Pathologists, for billing of an individual patient, ranging from \$2.95 to a maximum of \$288.10. [REDACTED] provided information on the case to the United States Attorney's Office Middle District of Tennessee. Deputy Criminal Chief [REDACTED] sent a response letter stating the USAO has declined the case at this time. [REDACTED] contacted Investigator [REDACTED] and left a message regarding the possibility of BCBST sending out letters to the physicians regarding the double billing in an attempt to have them refund the money. Investigator [REDACTED] did not respond to the request.

Report to management: Yes ☐ No ☒

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☒ Management response ☐

Comments:

_____ Agent Name	_____ Agent Signature	_____ 11/18/2009 Date
_____ Special Agent in Charge	_____ Special Agent in Charge Signature	_____ 11/18/2009 Date



**CASE CLOSING**

File Number: Case File 13E11801

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Subject Name: [REDACTED], [REDACTED], Deb's Cleaning Service

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Location: North Alabama/

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Special Agent: [REDACTED]

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Date Opened: 5/8/2008

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Date Closed: 01/20/2010

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**Basis for Investigation:** A subcontractor company (Deb's Cleaning Service) working for SSC Service Solutions (TVA custodial provider) is allegedly owned and operated by the wife, [REDACTED], of the Facilities Custodial Manager in the Western Region, [REDACTED], where she is providing janitorial services.

When informed of this matter, the Procurement Contract Manager, contacted SSC, and was informed they were unaware that [REDACTED] was married to [REDACTED] (Custodial Mgr for FM). [REDACTED] is responsible for checking the work in this area and ultimately has direct contact with directing his wife.

This investigation was initiated to obtain sufficient information to determine if this matter warrants prosecution for conflict of interest violations or contract related misconduct.

**Findings:** Deb's Cleaning Service

In the fall of 2002, Deb's Cleaning Service contracted with TVA to provide janitorial services to facilities in TVA's western region. This contract expired in 2006. At that time, a valley-wide contract for janitorial services at TVA facilities was implemented. Deb's Cleaning Service continued to provide janitorial services to the western region TVA facilities until the new contract was awarded. During this time, TVA Procurement discovered that [REDACTED] was married to [REDACTED]. Due to the nature of the [REDACTED] business and personal connection, the relationship between TVA and Deb's Cleaning Service was severed. On August 9, 2006, [REDACTED] verbally advised [REDACTED] via telephone that Deb's Cleaning Service would not be considered for a future award as a prime contractor, or an authorized subcontractor, for work at TVA's western region facilities as long as [REDACTED] was the custodial maintenance manager in that region. In addition, [REDACTED] drafted a letter, dated August 10, 2006, to [REDACTED] documenting their conversation and reaffirming TVA's decision. This decision was reviewed by and confirmed with TVA management and legal counsel.

In May 2008, TVA Procurement discovered that Deb's Cleaning Service was providing janitorial services to TVA western region facilities as a subcontractor under SSC Service Solutions. At that time, TVA Procurement removed Deb's Cleaning Service from the SSC Service Solutions contract. However, Deb's Cleaning Service continued to provide janitorial services to TVA facilities in Alabama where a different custodial maintenance manager ([REDACTED]) was responsible for the region. In October 2008, TVA terminated Deb's Cleaning Service as the subcontractor in Alabama.

[REDACTED] reports directly to [REDACTED], Facilities Operations Support Manager for the western region. Prior to the 2006 valley-wide contract awarded to SSC Service Solutions to clean TVA western region facilities, Deb's Cleaning Service was independently contracted to clean TVA western region facilities. [REDACTED] discussed the [REDACTED]'s relationship with [REDACTED], TVA Procurement Officer. [REDACTED] advised [REDACTED] that as long as [REDACTED] did not have direct supervision over [REDACTED] Deb's Cleaning Service could contract with TVA to clean western region facilities.

During an interview with [REDACTED], he remembered contacting [REDACTED] and inquiring if [REDACTED] would be involved in the supervision and/or oversight of TVA facilities

cleaned by Deb's Cleaning Service. ██████ recalled telling ██████ that it would be inappropriate if ██████ had any involvement or responsibilities regarding supervision and/or oversight of Deb's Cleaning Service. ██████ advised ██████ that ██████ would not be involved and that he ██████ would be responsible for all supervision and/or oversight of work performed by Deb's Cleaning Service.

Based on ██████'s statement, ██████ believed that as long as he supervised the work performed by Deb's Cleaning Service, Deb's Cleaning Service was authorized to service TVA facilities in the same region under ██████ area of responsibility. As a result, when ██████ former SSC Service Solutions Group Manager, called ██████ to seek authorization to add Deb's Cleaning Service as a subcontractor in TVA's western region, ██████ recommended and granted authorization for SSC Service Solutions to hire Deb's Cleaning Service based on the telephone conversation with ██████. ██████ advised ██████ that as long as he or SSC Service Solutions directed/supervised ██████ work, Deb's Cleaning Service could be an authorized subcontractor. In addition, ██████ told ██████ that Deb's Cleaning Service was authorized to subcontract under SSC Service Solutions to service TVA western region facilities as long as he ██████ supervised them. ██████ also met with ██████ and affirmed with her that Deb's Cleaning Service had been cleared by TVA's upper management to subcontract under SSC Service Solutions. During the meeting, ██████ advised ██████ that he, not ██████ would be responsible for oversight of Deb's Cleaning Service.

██████ was the western region Facilities Operations Support Manager for TVA from 1990 to December 2006. In December 2006, ██████ took six months of sick leave. From the summer of 2007 through December 2007, ██████ returned to TVA in the same position and worked part time. ██████ stopped working in December 2007 and retired from TVA in September 2008. From January 2007 through August 2008, ██████ was the acting TVA western region Facilities Operations Support Manager. In September 2008, ██████ was permanently promoted to the TVA western region upon ██████ retirement.

During ██████ tenure with TVA as a contractor and subcontractor, she believed ██████ was her TVA supervisor. She received work assignments from ██████ and all professional contact, excluding minor issues, between TVA and ██████ was conducted with or through ██████. However, after ██████ took extended leave, almost all of ██████ communication with TVA was conducted with or through ██████ by default. ██████ blamed TVA for not providing her with a contact to replace ██████.

██████ as acting TVA western region Facilities Operations Support Manager, was aware that Deb's Cleaning Service was servicing TVA western region facilities but had no knowledge of the personal relationship between Ms. ██████ and ██████. It was not until May 2008 that ██████ became aware that Deb's Cleaning Service was owned and operated by ██████ ██████ wife. At this time, TVA Procurement terminated Deb's Cleaning Service subcontract with SSC Service Solutions.

When confronted by ██████ ██████ stated that he and ██████ approached Terrell M. Burkhardt, Procurement Vice President, and advised him of the circumstances regarding the personal and professional relationship between Mr. ██████ and ██████. ██████ told ██████ that Mr. Burkhardt gave him permission for Deb's Cleaning Service to subcontract under SSC Service Solutions to service western region TVA facilities while he remained in his current position as the western region custodial manager. Mr. Burkhardt denied the aforementioned conversation took place.

During an interview with ██████ he stated that ██████ told him that he discussed the familial relationship between Mr. ██████ and ██████ with Mr. Burkhardt, who granted authorization for the Richardsons to continue in their current positions. Mr. Burkhardt denied ever giving ██████ permission for Deb's Cleaning Service, or any company owned by a relative, to work as a subcontractor and provide janitorial services for TVA western region facilities while ██████ was employed by TVA as the western region custodial manager.

Phillips Pro-Clean & Lawn Service

In May 2008, Deb's Cleaning Service was terminated as a subcontractor under SSC Service Solutions to provide janitorial services to TVA facilities in West Tennessee and Mississippi. However, Deb's Cleaning Service was able to continue servicing some TVA facilities in Alabama because a different TVA manager was responsible for that area.

██████████ (██████████'s mother), and ██████████ approached ██████████ (owner of Phillips Pro-Clean & Lawn Service) about replacing Deb's Cleaning Service as the subcontractor to service West Tennessee and Mississippi TVA facilities. As a result of this conversation, ██████████ contacted ██████████ former SSC Service Solutions Group Manager, on several occasions to acquire and discuss the filling of the subcontractor vacancy. ██████████ assured ██████████ that SSC Service Solutions' legal counsel did not have a problem with the familial relationship between ██████████ and ██████████. In addition, ██████████ assured ██████████ that he had discussed the circumstances with TVA and advised him that TVA had also approved of the situation.

On June 1, 2008, Phillips Pro-Clean & Lawn Service was hired by ██████████ to replace Deb's Cleaning Service. ██████████ hired Phillips Pro-Clean & Lawn Service based on a recommendation from ██████████. ██████████ claims that he specifically asked ██████████ for someone not related to ██████████. At that time, ██████████ recommended Phillips Pro-Clean & Lawn Service. In conversations with ██████████, ██████████ stated that he never asked the degree of ██████████ relationship, if any, to ██████████. In addition, ██████████ claimed that in conversations with ██████████ they never discussed ██████████ relationship with ██████████. ██████████ further stated that no one at TVA told him it was "okay" to hire Phillips Pro-Clean & Lawn Service. However, ██████████ stated that he informed ██████████ that SSC Service Solutions was either going to subcontract, or had subcontracted, Phillips Pro-Clean & Lawn Service to replace Deb's Cleaning Service at western region TVA facilities. At no time did ██████████ advise ██████████ of the relationship between him and ██████████.

██████████ confirmed that ██████████ asked her for replacement recommendations and that she recommended Phillips Pro-Clean & Lawn Service. However, ██████████ claimed that she advised ██████████ that ██████████ was her step father-in-law. ██████████ further claimed that ██████████ stated he would obtain approval since there was no blood relationship between ██████████ and ██████████.

██████████ also confirmed that ██████████ contacted ██████████ for replacement recommendations and that she recommended Phillips Pro-Clean & Lawn Service. ██████████ also claimed that ██████████ advised ██████████ of the familial relationship between him and ██████████. In addition, ██████████ claimed that ██████████ contacted him and advised that attorneys representing SSC Service Solutions had cleared Phillips Pro-Clean & Lawn Service as a subcontractor to provide janitorial services to TVA western region facilities. ██████████ stated that he never told ██████████ that the familial relationship between him and ██████████ was not a problem. No one at TVA, other than ██████████ was aware that ██████████ is ██████████'s step father-in-law.

In October 2008, TVA terminated Deb's Cleaning Service at TVA facilities in Alabama and replaced her with Phillips Pro-Clean & Lawn Service. Prior to ██████████ termination, ██████████ was told by ██████████ that Deb's Cleaning Service would be terminated and that Phillips Pro-Clean & Lawn Service would acquire the work. ██████████ advised ██████████ of Deb's Cleaning Service pending termination and Phillips Pro-Clean & Lawn Service future acquisition of Alabama TVA facilities. At that time, ██████████ asked ██████████ if he would let Deb's Cleaning Service continue servicing Alabama TVA facilities, after Phillips Pro-Clean & Lawn Service acquired the subcontract, as if Deb's Cleaning Service were still the subcontractor, and also let ██████████ keep all the proceeds.

On November 1, 2008, SSC Service Solutions employee ██████████ was promoted to Commercial Regional Manager to replace ██████████ upon his retirement. In January 2009, ██████████, SSC Service Solutions Manager, informed ██████████ that ██████████ was a relative of ██████████.



overheard a telephone conversation in May 2008 between and . During the conversation, heard discussing the familial relationship between Phillips Pro-Clean & Lawn Service and . Once was off the telephone, approached to ask him if the relationship would be a problem. told that he was assured by TVA that the relationship would not be a conflict because there is no "blood" relationship between and . did not know who at TVA assured that the relationship between and was acceptable.

Based on the information from , reported the information to , TVA Facilities Operations Support Manager. A short time later, was contacted by and told to release Phillips Pro-Clean & Lawn Service as a subcontractor based on familial ties with . In January 2009, Phillips Pro-Clean & Lawn Service were terminated as a subcontractor under SSC Service Solutions in West Tennessee and Mississippi. Phillips Pro-Clean & Lawn Service continued to service TVA facilities in Alabama not managed by .

In subsequent conversations between and confirmed to that is his step-daughter. In addition, explained to that advised him that his relationship to would not disqualify him from subcontracting under SSC Service Solutions to provide janitorial services for TVA western region facilities.

#### RECOMMENDATIONS

The lack of internal controls and training in Facilities Management contributed to the following:

" made uninformed, independent decisions regarding Deb's Cleaning Service in direct contradiction to TVA's Employment Procedure 4 (Employment of Relatives), Employment Practice 7 (Relatives), and Standards of Ethical Conduct, Subpart D (Conflicting Financial Interests), which were not cleared by upper management;

" allowed this activity to remain unfettered and unquestioned while he remained in an oversight role, despite a Procurement determination prohibiting involvement in contract work ultimately supervised by

" decision enabled to ignore established business practices relating to his oversight of his wife's employment;

" failure to disclose involvement in SSC Service Solutions to TVA. This appears the more egregious in that also failed to disclose that step father-in-law, owned Phillips Pro-Clean & Lawn Service when that company was considered to replace Deb's Cleaning Service. has already been reprimanded for the latter failure to disclose.

Based on the facts of this investigation, we recommend:

" The implementation of management fail safe measures to correct the lack of internal controls that allowed the incidents to occur.

" The implementation of required training regarding the standards of ethical conduct and TVA's employment procedures and practices.

" actions be addressed in a manner you deem appropriate.

Report to management: Yes ☒ No ☐

Prosecutive status: Accepted ☐ Declined ☒ Not referred ☐

Basis for closing: Allegation unsubstantiated ☐ Management response ☒

Comments: Investigating Agent requests that this matter be closed.

<div>_____</div> <div>Agent Name</div>	<div>_____</div> <div>Agent Signature</div>	<div>1/12/2010</div> <div>_____</div> <div>Date</div>
<div>_____</div> <div>SAC - West Name</div>	<div>_____</div> <div>SAC - West Signature</div>	<div>01/20/2010</div> <div>_____</div> <div>Date</div>



**TVA RESTRICTED INFORMATION**



EX 6, 7(c)

**Office of the Inspector General  
Report of Administrative Inquiry**

December 2, 2009

Terrell M. Burkhart, WT 3A-K

DEB'S CLEANING SERVICE  
CONTRACT-RELATED MISCONDUCT  
MISCELLANEOUS  
OIG FILE NO. 13E-11801

We have completed our investigation of an allegation that the owner of a subcontractor company working for a TVA custodial provider was the wife of a TVA manager who was responsible for checking her work and ultimately supervising her. The following is a summary of pertinent information for TVA management consideration.

**SUMMARY OF ALLEGATION**

**Deb's Cleaning Service**

[REDACTED] regarding an allegation that the owner of Deb's Cleaning Service and wife of [REDACTED], TVA Facilities Maintenance Custodial Program Manager for the western region, subcontracted under SSC Service Solutions to perform janitorial services at TVA western region facilities.

[REDACTED] is responsible for ensuring that TVA western region facilities are clean and that SSC Service Solutions and its subcontractors are satisfactorily providing cleaning services. As a result, [REDACTED] supervises the janitorial services of western region TVA facilities serviced by Deb's Cleaning Service and is employed in a position that gives him direct oversight of the work product performed by Deb's Cleaning Service. In addition, [REDACTED] has direct contact with and directs the work of his wife, [REDACTED].

TVA management contacted officials at SSC Service Solutions who claimed they were unaware that [REDACTED] was married to [REDACTED].

**TVA RESTRICTED INFORMATION**

### **Phillips Pro-Clean & Lawn Service**

[REDACTED] (TVA Procurement Contractor Manager) was contacted by [REDACTED] (TVA Facilities Operations Support Manager) and informed that [REDACTED] (Phillips Pro-Clean & Lawn Service) is [REDACTED]'s father-in-law. Phillips Pro-Clean & Lawn Service replaced Deb's Cleaning Service as the subcontractor under SSC Service Solutions to provide janitorial services to TVA western region facilities.

[REDACTED], TVA Facilities Operations Support Manager for the western region, confronted [REDACTED] regarding his relationship with Phillips Pro-Clean & Lawn Service. [REDACTED] stated that [REDACTED] claimed he had no role in the hiring/subcontracting of Phillips Pro-Clean & Lawn Service but was aware that Phillips Pro-Clean & Lawn Service was providing janitorial services for TVA's western region facilities.

### **SUMMARY OF INVESTIGATION**

#### **Deb's Cleaning Service**

In the fall of 2002, Deb's Cleaning Service contracted with TVA to provide janitorial services to facilities in TVA's western region. This contract expired in 2006. At that time, a valley-wide contract for janitorial services at TVA facilities was implemented. Deb's Cleaning Service continued to provide janitorial services to the western region TVA facilities until the new contract was awarded. During this time, TVA Procurement discovered that [REDACTED] was married to [REDACTED]. Due to the nature of the Richardson's business and personal connection, the relationship between TVA and Deb's Cleaning Service was severed. On August 9, 2006, [REDACTED] verbally advised [REDACTED] via telephone that Deb's Cleaning Service would not be considered for a future award as a prime contractor, or an authorized subcontractor, for work at TVA's western region facilities as long as [REDACTED] was the custodial maintenance manager in that region. In addition, [REDACTED] drafted a letter, dated August 10, 2006, to [REDACTED] documenting their conversation and reaffirming TVA's decision. This decision was reviewed by and confirmed with TVA management and legal counsel.

In May 2008, TVA Procurement discovered that Deb's Cleaning Service was providing janitorial services to TVA western region facilities as a subcontractor under SSC Service Solutions. At that time, TVA Procurement removed Deb's Cleaning Service from the SSC Service Solutions contract. However, Deb's Cleaning Service continued to provide janitorial services to TVA facilities in Alabama where a different custodial maintenance manager ([REDACTED]) was responsible for the region. In October 2008, TVA terminated Deb's Cleaning Service as the subcontractor in Alabama.

[REDACTED] reports directly to [REDACTED], Facilities Operations Support Manager for the western region. Prior to the 2006 valley-wide contract awarded to SSC Service Solutions to clean TVA western region facilities, Deb's Cleaning Service was independently contracted to clean TVA western region facilities. [REDACTED] discussed the [REDACTED]'s

relationship with [REDACTED], TVA Procurement Officer. [REDACTED] advised [REDACTED] that as long as [REDACTED] did not have direct supervision over [REDACTED] Deb's Cleaning Service could contract with TVA to clean western region facilities.

During an interview with [REDACTED] he remembered contacting [REDACTED] and inquiring if [REDACTED] would be involved in the supervision and/or oversight of TVA facilities cleaned by Deb's Cleaning Service. [REDACTED] recalled telling [REDACTED] that it would be inappropriate if [REDACTED] had any involvement or responsibilities regarding supervision and/or oversight of Deb's Cleaning Service. [REDACTED] advised [REDACTED] that [REDACTED] would not be involved and that he [REDACTED] would be responsible for all supervision and/or oversight of work performed by Deb's Cleaning Service.

Based on [REDACTED] statement, [REDACTED] believed that as long as he supervised the work performed by Deb's Cleaning Service, Deb's Cleaning Service was authorized to service TVA facilities in the same region under [REDACTED] area of responsibility. As a result, when [REDACTED], former SSC Service Solutions Group Manager, called [REDACTED] to seek authorization to add Deb's Cleaning Service as a subcontractor in TVA's western region, [REDACTED] recommended and granted authorization for SSC Service Solutions to hire Deb's Cleaning Service based on the telephone conversation with [REDACTED]. [REDACTED] advised [REDACTED] that as long as he or SSC Service Solutions directed/supervised [REDACTED] work, Deb's Cleaning Service could be an authorized subcontractor. In addition, [REDACTED] told [REDACTED] that Deb's Cleaning Service was authorized to subcontract under SSC Service Solutions to service TVA western region facilities as long as he [REDACTED] supervised them. [REDACTED] also met with [REDACTED] and affirmed with her that Deb's Cleaning Service had been cleared by TVA's upper management to subcontract under SSC Service Solutions. During the meeting, [REDACTED] advised [REDACTED] that he, not [REDACTED] would be responsible for oversight of Deb's Cleaning Service.

[REDACTED] was the western region Facilities Operations Support Manager for TVA from 1990 to December 2006. In December 2006, [REDACTED] took six months of sick leave. From the summer of 2007 through December 2007, [REDACTED] returned to TVA in the same position and worked part time. [REDACTED] stopped working in December 2007 and retired from TVA in September 2008. From January 2007 through August 2008, [REDACTED] was the acting TVA western region Facilities Operations Support Manager. In September 2008, [REDACTED] was permanently promoted to the TVA western region upon [REDACTED] retirement.

During [REDACTED] tenure with TVA as a contractor and subcontractor, she believed [REDACTED] was her TVA supervisor. She received work assignments from [REDACTED] and all professional contact, excluding minor issues, between TVA and [REDACTED] was conducted with or through [REDACTED]. However, after [REDACTED] took extended leave, almost all of [REDACTED] communication with TVA was conducted with or through [REDACTED] by default. [REDACTED] blamed TVA for not providing her with a contact to replace [REDACTED].

[REDACTED] as acting TVA western region Facilities Operations Support Manager, was aware that Deb's Cleaning Service was servicing TVA western region facilities but had no

knowledge of the personal relationship between Ms. and [REDACTED]. It was not until May 2008 that [REDACTED] became aware that Deb's Cleaning Service was owned and operated by [REDACTED] [REDACTED] wife. At this time, TVA Procurement terminated Deb's Cleaning Service subcontract with SSC Service Solutions.

When confronted by [REDACTED] [REDACTED] stated that he and [REDACTED] approached Terrell M. Burkhart, Procurement Vice President, and advised him of the circumstances regarding the personal and professional relationship between Mr. and [REDACTED]. [REDACTED] told [REDACTED] that Mr. Burkhart gave him permission for Deb's Cleaning Service to subcontract under SSC Service Solutions to service western region TVA facilities while he remained in his current position as the western region custodial manager. Mr. Burkhart denied the aforementioned conversation took place.

During an interview with [REDACTED] he stated that [REDACTED] told him that he discussed the familial relationship between Mr. and [REDACTED] with Mr. Burkhart, who granted authorization for the Richardsons to continue in their current positions. Mr. Burkhart denied ever giving [REDACTED] permission for Deb's Cleaning Service, or any company owned by a relative, to work as a subcontractor and provide janitorial services for TVA western region facilities while [REDACTED] was employed by TVA as the western region custodial manager.

#### **Phillips Pro-Clean & Lawn Service**

In May 2008, Deb's Cleaning Service was terminated as a subcontractor under SSC Service Solutions to provide janitorial services to TVA facilities in West Tennessee and Mississippi. However, Deb's Cleaning Service was able to continue servicing some TVA facilities in Alabama because a different TVA manager was responsible for that area.

[REDACTED] [REDACTED] ([REDACTED] mother), and [REDACTED] approached [REDACTED] (owner of Phillips Pro-Clean & Lawn Service) about replacing Deb's Cleaning Service as the subcontractor to service West Tennessee and Mississippi TVA facilities. As a result of this conversation, [REDACTED] contacted [REDACTED], former SSC Service Solutions Group Manager, on several occasions to acquire and discuss the filling of the subcontractor vacancy. [REDACTED] assured [REDACTED] that SSC Service Solutions' legal counsel did not have a problem with the familial relationship between [REDACTED] and [REDACTED]. In addition, [REDACTED] assured [REDACTED] that he had discussed the circumstances with TVA and advised him that TVA had also approved of the situation.

On June 1, 2008, Phillips Pro-Clean & Lawn Service was hired by [REDACTED] to replace Deb's Cleaning Service. [REDACTED] hired Phillips Pro-Clean & Lawn Service based on a recommendation from [REDACTED]. [REDACTED] claims that he specifically asked [REDACTED] for someone not related to [REDACTED]. At that time, [REDACTED] recommended Phillips Pro-Clean & Lawn Service. In conversations with [REDACTED], [REDACTED] stated that he never asked the degree of [REDACTED]' relationship, if any, to [REDACTED]. In addition, [REDACTED] claimed that in conversations with [REDACTED] they never discussed [REDACTED] relationship with [REDACTED]. [REDACTED] further stated

that no one at TVA told him it was "okay" to hire Phillips Pro-Clean & Lawn Service. However, [REDACTED] stated that he informed [REDACTED] that SSC Service Solutions was either going to subcontract, or had subcontracted, Phillips Pro-Clean & Lawn Service to replace Deb's Cleaning Service at western region TVA facilities. At no time did [REDACTED] advise [REDACTED] of the relationship between him and [REDACTED].

[REDACTED] confirmed that [REDACTED] asked her for replacement recommendations and that she recommended Phillips Pro-Clean & Lawn Service. However, [REDACTED] claimed that she advised [REDACTED] that [REDACTED] was her step father-in-law. [REDACTED] further claimed that [REDACTED] stated he would obtain approval since there was no blood relationship between [REDACTED] and [REDACTED].

[REDACTED] also confirmed that [REDACTED] contacted [REDACTED] for replacement recommendations and that she recommended Phillips Pro-Clean & Lawn Service. [REDACTED] also claimed that [REDACTED] advised [REDACTED] of the familial relationship between him and [REDACTED]. In addition, [REDACTED] claimed that [REDACTED] contacted him and advised that attorneys representing SSC Service Solutions had cleared Phillips Pro-Clean & Lawn Service as a subcontractor to provide janitorial services to TVA western region facilities. [REDACTED] stated that he never told [REDACTED] that the familial relationship between him and [REDACTED] was not a problem. No one at TVA, other than [REDACTED] was aware that [REDACTED] is [REDACTED] step father-in-law.

In October 2008, TVA terminated Deb's Cleaning Service at TVA facilities in Alabama and replaced her with Phillips Pro-Clean & Lawn Service. Prior to [REDACTED] termination, [REDACTED] was told by [REDACTED] that Deb's Cleaning Service would be terminated and that Phillips Pro-Clean & Lawn Service would acquire the work. [REDACTED] advised [REDACTED] of Deb's Cleaning Service pending termination and Phillips Pro-Clean & Lawn Service future acquisition of Alabama TVA facilities. At that time, [REDACTED] asked [REDACTED] if he would let Deb's Cleaning Service continue servicing Alabama TVA facilities, after Phillips Pro-Clean & Lawn Service acquired the subcontract, as if Deb's Cleaning Service were still the subcontractor, and also let [REDACTED] keep all the proceeds.

On November 1, 2008, SSC Service Solutions employee [REDACTED] was promoted to Commercial Regional Manager to replace [REDACTED] upon his retirement. In January 2009, [REDACTED], SSC Service Solutions Manager, informed [REDACTED] that [REDACTED] was a relative of [REDACTED].

[REDACTED] overheard a telephone conversation in May 2008 between [REDACTED] and [REDACTED]. During the conversation, [REDACTED] heard [REDACTED] discussing the familial relationship between Phillips Pro-Clean & Lawn Service and [REDACTED]. Once [REDACTED] was off the telephone, [REDACTED] approached [REDACTED] to ask him if the relationship would be a problem. [REDACTED] told [REDACTED] that he was assured by TVA that the relationship would not be a conflict because there is no "blood" relationship between [REDACTED] and [REDACTED]. [REDACTED] did not know who at TVA assured [REDACTED] that the relationship between [REDACTED] and [REDACTED] was acceptable.



Based on the information from [REDACTED], [REDACTED] reported the information to [REDACTED], TVA Facilities Operations Support Manager. A short time later, [REDACTED] was contacted by [REDACTED] and told to release Phillips Pro-Clean & Lawn Service as a subcontractor based on [REDACTED]'s familial ties with [REDACTED]. In January 2009, Phillips Pro-Clean & Lawn Service were terminated as a subcontractor under SSC Service Solutions in West Tennessee and Mississippi. Phillips Pro-Clean & Lawn Service continued to service TVA facilities in Alabama not managed by [REDACTED].

In subsequent conversations between [REDACTED] and [REDACTED], [REDACTED] confirmed to [REDACTED] that [REDACTED] is his step-daughter. In addition, [REDACTED] explained to [REDACTED] that [REDACTED] advised him that his relationship to [REDACTED] would not disqualify him from subcontracting under SSC Service Solutions to provide janitorial services for TVA western region facilities.

## RECOMMENDATIONS

The lack of internal controls and training in Facilities Management contributed to the following:

- [REDACTED] made uninformed, independent decisions regarding Deb's Cleaning Service in direct contradiction to TVA's Employment Procedure 4 (Employment of Relatives), Employment Practice 7 (Relatives), and Standards of Ethical Conduct, Subpart D (Conflicting Financial Interests), which were not cleared by upper management;
- [REDACTED] allowed this activity to remain unfettered and unquestioned while he remained in an oversight role, despite a Procurement determination prohibiting [REDACTED] involvement in contract work ultimately supervised by [REDACTED];
- [REDACTED] decision enabled [REDACTED] to ignore established business practices relating to his oversight of his wife's employment;
- [REDACTED] failure to disclose [REDACTED] involvement in SSC Service Solutions to TVA. This appears the more egregious in that [REDACTED] also failed to disclose that [REDACTED] step father-in-law, [REDACTED], owned Phillips Pro-Clean & Lawn Service when that company was considered to replace Deb's Cleaning Service. [REDACTED] has already been reprimanded for the latter failure to disclose.

Based on the facts of this investigation, we recommend:


- The implementation of management fail safe measures to correct the lack of internal controls that allowed the incidents to occur.
- The implementation of required training regarding the standards of ethical conduct and TVA's employment procedures and practices.

- [REDACTED] actions be addressed in a manner you deem appropriate.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Our investigation of this matter is closed.



John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K



**CASE CLOSING**

File Number:	Case File 20Z-12923 (Empowerline OIGRPKHTKM) - CONFIDENTIAL
Subject Name:	Fire Protection Group, Browns Ferry Nuclear Plant
Location:	North Alabama/Browns Ferry Nuclear Plant
Special Agent:	██████████
Date Opened:	10/23/2009
Date Closed:	04/05/2010

**Basis for Investigation:** A complainant, who requested confidentiality, contacted the OIG and alleged that waste and abuse is occurring in the Fire Protection Group (FP) at Browns Ferry Nuclear Plant (BFN), the primary cause of which was alleged to be a dysfunctional work package scheduling system. The complaint alleged specifically that BFN's central scheduling group which schedules work for the Mechanical Maintenance, Electrical Maintenance, Instrumentation Maintenance, Modifications, and other work groups and also monitors their adherence to those schedules, no longer schedules maintenance and corrective action work for FP; FP schedules their own work. The individual within the FP responsible for scheduling work packages has stopped scheduling work projects for corrective action and maintenance, and is not being held accountable by the FP manager. Other than the regimen of basic inspection work - which the complaint alleged is done very well by the FP - the FP technicians, craftsmen and specialists (techs) are not given work to do and spend a great deal of the resulting unscheduled, on-duty time on Internet recreation. This has resulted in a backlog of fire protection maintenance work not being done.

The complaint further alleged that as a result, a recent Nuclear Regulatory Commission (NRC) inspection found two quality assurance violations involving compensatory fire hoses sized wrong and not demonstrating sensitivity to failed SR's, as well as non-functioning emergency lighting. The NRC report on these violations is not yet complete, however BFN has contract employees working around the clock to fix these problems, at great expense, which should have been corrected within the normal man-hours and in the normal course of business of the FP group.

Further allegations in addition to the original complaint asserted that (1) a complainant who has worked in the FP group brought these allegations to middle and upper management at BFN prior to contacting the OIG, but no action had been taken, (2) the FP manager does not appear to be taking part in Internet use but is not holding his group accountable, (3) the individual responsible for scheduling corrective action and maintenance work in the FP group explicitly stated that he stopped scheduling maintenance and corrective action work packages out of frustration and has no plans to further schedule them, and (4) the FP manager's supervisor, the acting Operations Support Manager, explicitly stated that he is too busy with more important issues to get around to this specific FP issue.

**Findings:** The OIG investigation substantiated several of the general assertions, specifically that there were two issues found by the NRC, that there is waste in the FP group in as much as those two violations most likely could have been identified and rectified by FP prior to the NRC's inspection, the work package scheduling process for FP somewhat hinders the timely performance of maintenance, and there appears to be some communication and supervision gap among the FP chain of command and BFN management. However, the specific allegations that FP techs waste time on the internet, the FP Manager does not hold his group accountable, BFN middle and upper management have been unresponsive to complaint allegations, and that the FP scheduling individual and Operations Support Manager made explicit statements regarding not scheduling corrective action and having more important things to do, respectively, were not able to be substantiated by the OIG investigation.

An RAI was produced which stated, in the summary, the following:  
There are some maintenance issues which FP addresses, but only things they can put back

into service in time to respond to a fire or medical emergency, which limits the work hours that FP is available for maintenance and corrective action work. In addition, one of the two violations - an emergency lighting violation - cited by the NRC in its "Browns Ferry Nuclear Plant Triennial Fire Protection Report Regulator Report," dated October 9, 2009, was a problem with tracking and trending emergency light failure rates and maintaining a formal mechanism for ensuring battery replacement.

The scheduling of WP's is performed partly within FP but primarily outside of FP. The work control group, a review group and a planning group are all involved. Once the FP scheduler receives a WP, he can shift some WP's and scheduling from what was set by these other groups on a daily basis within the weekly schedule to fit man-hour and priority fluctuations, however, this is limited to twenty-five percent of the overall work. The FP scheduler cannot just re-arrange the entire WP schedule. In addition, FP Manager [REDACTED] can schedule work as well, particularly regarding PERS and other such priorities.

Further, the FP group has not always performed maintenance duties; they have gone from a purely operations group to a hybrid group which also performs maintenance. Many FP employees are not deeply trained and experienced in maintenance planning and surveillance. As a result, FP surveillance as it relates to observing corrective action needs is not as good as more experienced maintenance personnel. More importantly, FP does not have a planning group within its department. This is an issue since, as previously stated, before WP's can be issued to the field, they have to go through planning.

Given this process it cannot be said that there is one individual in control of the WP scheduling for FP and there is not one individual can be blamed for any problems with the scheduling or execution of maintenance and corrective action work.

However, the FP Manager, FP scheduling specialist and at least one FP foreman all agreed that the compensatory hose violation found by the NRC could have been identified and rectified by FP prior to the NRC's inspection, thus making the expenditures on overtime and contract employees to rectify the violations a waste of resources.

The second NRC violation annotated that "BFN had placed approximately 200 feet of fire hose in the control building hallway to compensate for a proposed fire protection impairment when 300 feet of fire hose was required. Additionally, NRC identified errors in the fire hose pressure loss calculation. Using the current BFN fire hose pressure loss calculation, there would be inadequate flow available at the end of the hose. While the water flow calculations, and the determination of how much compensatory hose was needed, was conducted by an engineer(s) - where some responsibility for the violation may lay - the discrepancy nevertheless could have been found by FP. FP performs surveillance walk-downs on piping and can calculate, based on hose length and diameter, how much water is emitted from the hose.

The RAI made the following recommendations:

1. Provide better planning group support for the FP group, either within the existing framework or by creating a planning group specifically for the FP group.
2. Provide more training opportunities for FP personnel who perform maintenance and surveillance, and more appropriate supervision to make fire operations teams perform more, and better, surveillance of their systems.
3. Create better review group input as to what priorities and resources FP needs.
4. Provide more management support for the work control group.
5. Consider creating a General or Lead Foreman position and/or a Training Coordinator position for the FP group.

TVA and BFN responded to the RAI and agreed to enact changes in-line with the recommendations. The written response advised that BFN is going to add a Head Fire Protection Foreman position to the FPG staff, who will report to the FPG manager. BFN will implement a policy requiring an FPG member to be present at all scheduling and review group meetings. BFN just trained FPG personnel in the use of Maximo.

Report to management:            Yes    ☒    No    ☐

Prosecutive status:            Accepted    ☐            Declined    ☐            Not referred    ☒

Basis for closing:            Allegation unsubstantiated    ☐            Management response    ☒

Comments:

<div>_____</div> <div>Agent Name</div>	<div>_____</div> <div>Agent Signature</div>	<div>02/03/10</div> <div>_____</div> <div>Date</div>
<div><div>_____</div><div>Acting Special Agent in Charge</div></div>	<div><div>_____</div><div>Acting Special Agent in Charge Signature</div></div>	<div>April 5, 2010</div> <div>_____</div> <div>Date</div>





EX 6, 7(c)

**Office of the Inspector General  
Report of Administrative Inquiry**

January 19, 2010

Preston D. Swafford, LP 3R-C

**BROWNS FERRY NUCLEAR PLANT  
FIRE PROTECTION GROUP  
EMPLOYEE MISCONDUCT  
OIG FILE NO. 20Z-12923**

Our office received an anonymous allegation that waste and abuse is occurring in the Fire Protection Group (FPG) at the Browns Ferry Nuclear Plant (BFN), the primary cause of which was alleged to be a dysfunctional work package scheduling system. The complainant alleged specifically that BFN's central scheduling group which schedules work for the Mechanical Maintenance, Electrical Maintenance, Instrumentation Maintenance, Modifications, and other work groups and also monitors their adherence to those schedules, no longer schedules maintenance and corrective action work for FPG; FPG schedules their own work. The individual within the FPG responsible for scheduling work packages has stopped scheduling work projects for corrective action and maintenance and is not being held accountable by the FPG manager. Other than the regimen of basic inspection work, which the complainant alleged is done very well by the FPG, the FPG technicians, craftsmen, and specialists (techs) are not given work to do and spend a great deal of the resulting unscheduled, on-duty time on internet recreation. This has resulted in a backlog of fire protection maintenance work not being done.

The complainant further alleged that a direct result of not doing the work has been that a recent Nuclear Regulatory Commission (NRC) inspection found two quality assurance violations involving compensatory fire hoses sized wrong and not demonstrating sensitivity to failed service reports, as well as non-functioning emergency lighting. The NRC report on these violations is not yet complete; however, BFN has contract employees working around the clock to fix these problems, at great expense, which should have been corrected within the normal man-hours and in the normal course of business of the FPG.

The Office of the Inspector General (OIG) then obtained further allegations in addition to the original complaint. The additional allegations asserted that (1) a complainant who has worked in the FPG brought these allegations to middle and upper management at BFN prior to contacting the OIG, but no action had been taken; (2) the FPG manager does not appear to be taking part in internet use but is not holding his group accountable; (3) the individual responsible for scheduling corrective action and maintenance work in the FPG explicitly



stated that he stopped scheduling maintenance and corrective action work packages out of frustration and has no plans to further schedule them; and (4) the FPG manager's supervisor (the acting Operations Support Manager) explicitly stated that he is too busy with more important issues to get around to this specific FPG issue.

The additional complaint information alleged that these specific issues, beyond the problem of dysfunctional work package scheduling, are also the result of some union issues, but more importantly, insufficient staffing issues and stress issues. The complainant alleged that BFN is severely understaffed in all areas, which has led to high-stress levels and a "corner-cutting culture." The result has been a plethora of maintenance work--not only in FPG but in the entire BFN plant--"piling up" and being either not addressed or addressed in a very untimely manner. The former FPG manager was able to alleviate some of this stress by not scheduling corrective action and maintenance, and the FPG manager, both former and current, is not being held accountable.

## **FINDINGS AND CONCLUSIONS**

The OIG investigation substantiated several of the general assertions, specifically that (1) there were two issues found by the NRC, (2) there is waste in the FPG inasmuch as those two violations most likely could have been identified and rectified by FPG prior to the NRC's inspection, (3) the work package scheduling process for FPG somewhat hinders the timely performance of maintenance, and (4) there appears to be some communication and supervision gap among the FPG chain-of-command and BFN management. However, the specific allegations that (1) FPG techs waste time on the internet, (2) the FPG manager does not hold his group accountable, (3) BFN middle and upper management have been unresponsive to complaint allegations, and (4) the FPG scheduling individual and Operations Support Manager made explicit statements regarding not scheduling corrective action and having more important things to do, respectively, were not substantiated by the OIG investigation.

### **The FPG Work Process**

FPG consists of the Fire Operations Manager (██████████), two fire protection specialists, and several five-person fire operations teams which consists of three firefighter/emergency medical technicians and two craftsmen/fire operators. There is one five-person team per shift for three shifts per day at BFN. There are also several foremen who oversee these fire teams.

On a day-to-day basis, the fire teams' routine daily schedule includes (1) showing up for shift change, (2) receiving a briefing from the shift foreman, (3) attending an interdepartmental shift briefing, and (4) then being assigned work duties for the day by the foreman. These work duties include work orders (WO) to complete and conducting routine surveillance walkdowns and testing. WOs result from regularly scheduled preventative maintenance WOs and from WOs produced from surveillance and other circumstances which reveal needed corrective action or maintenance work. Minor maintenance issues, such as broken

door knobs, are addressed on an ad hoc basis. Other than that, fire teams are told what to do by their foremen, and then they do it.

Surveillance walkdowns and testing by the FPG is procedurally driven by the National Fire Protection Association Guidelines which TVA has adopted, and FPG teams conduct surveillance pursuant to those guidelines. If a discrepancy or a problem is found, they initiate a WO request for maintenance or corrective action. If it is a corrective action issue, the WO goes to a systems engineer to generate appropriate paperwork that delineates corrective action procedures for a work package and then through a process to be described further in this report.

There are two types of surveillance walkdowns: (1) surveillance inspections which are inspections of safety-related issues involving plant systems and systems tied to the reactor and (2) lower priority surveillance testing (fire protection inspections) which involve activities such as routine testing of water pumps. Surveillance inspections work is scheduled by the work control group, and fire protection inspections work is scheduled either by the work control group or by FPG independent of the work control group.

In addition, corrective action work is often done through the Problem Evaluation Report Summary (PERS) process. The FPG manager is responsible for PERS, particularly in scheduling PERS work that does not fit into the 16-week work package (WP) schedule which is described in the example below. [REDACTED] (Fire Operations Manager) also directs non-scheduled work, such as PERS work, based on what he thinks are priorities. For example, if an FPG craftsman observes something in disrepair during a surveillance walkdown, the craftsman initiates a WO to fix the problem. The WO then goes through a process: to the work control group for scheduling, a review group for prioritization and system planning, and the departmental planning group for tech steps, materials procurement, permits and other steps (described in more detail in the following section). Eventually, a WP is generated and scheduled by the departmental scheduler. This process can be somewhat altered, but not much. It generally takes 16 weeks for this process, sometimes longer, especially during an outage.

FPG teams are also first responders for fire and medical emergencies and have to be available to respond to those emergencies. At the beginning of every shift, they also perform routine inspections of their firefighting and medical equipment and vehicles which takes about an hour. In addition, FPG's scheduled man-hours do not reflect PERS initiated by [REDACTED] and do not reflect actual fire or medical emergencies responded to. For example, during the last BFN outage FPG teams responded to about ten heart attacks or heart-related emergencies; these call-outs are not reflected in work activity hours. FPG is also responsible for medical checks, such as the blood pressure/heat stress tests that BFN personnel must undergo before they enter high heat areas.

Thus, there are some maintenance issues which FPG addresses, but only things they can put back into service in time to respond to a fire or medical emergency, which limits the work hours that FPG is available for maintenance and corrective action work.

In addition, one of the two violations (an emergency lighting violation) cited by the NRC in its Triennial Fire Protection Report dated October 9, 2009, was a problem with tracking and trending emergency light failure rates and maintaining a formal mechanism for ensuring battery replacement. Systems engineers and managers are responsible for this, not FPG techs.

### **WP and WO Scheduling**

Once WPs are created, whether it is a regularly scheduled preventative maintenance or a WO created after a surveillance finds something in disrepair, the WP goes to a review group which reviews all of the WPs and decides which WPs will go to which departments, the priority of the WP work, who is going to plan the work for the WP and so forth. The WP is then entered into a system for work scheduling and goes to the BFN work control group which schedules the WPs. Thereafter, the WP goes to a planning group. Each department (i.e., Maintenance, Electrical, Instrumentation, etc.) has a planning group within its department which, after receiving WPs, performs several important activities such as writing up technical steps for the WP, incorporating feedback from the respective systems engineer(s), making sure the proper permits, equipment, and materials are on-hand for use, and the like. The WP then goes to the department which has been assigned to perform the work and then to an individual within that department who performs the field scheduling. In FPG, [REDACTED] is the person who performs the field scheduling of WPs to a fire operations team.

Once the WP is scheduled, it would be difficult for a departmental scheduler such as [REDACTED] to avoid assigning the package to be executed, as there is a monthly computer generated report which tracks the completion of WPs once they are scheduled by the work control group and sent to the departmental scheduler. This report is reviewed by plant management, and the data is discussed in management meetings. WPs that continually show up as not scheduled or performed would have to eventually be explained.

Thus, the scheduling of WPs is performed partly within FPG but primarily outside of FPG. The work control group, a review group, and a planning group are all involved. Once [REDACTED] receives a WP, he can shift some WPs and scheduling from what was set by these other groups on a daily basis within the weekly schedule to fit man-hour and priority fluctuations; however, this is limited to 25 percent of the overall work. [REDACTED] cannot just rearrange the entire WP schedule. In addition, as previously stated, the Fire Operations manager can schedule work as well, particularly regarding PERS and other such priorities. Given this process, it cannot be said that there is one individual in control of the WP scheduling for FPG; there is not one individual that can be blamed for any problems with the scheduling or execution of maintenance and corrective action work.

## **CAUSAL FACTORS**

There was not an agreement within the FPG management, supervision, and field employees as to whether WPs and WOs are or are not being sufficiently scheduled for FPG as alleged in the complaints. However, the FPG manager, FPG scheduling specialist, and at least one FPG foreman all agreed that the compensatory hose violation found by the NRC could have been identified and rectified by FPG prior to the NRC's inspection, thus making the expenditures on overtime and contract employees to rectify the violations a waste of resources.

### **Corrective Action Work Performed by FPG Employees**

At least one FPG foreman stated that sometimes there is corrective action work that FPG has the time to perform but they are not given a WO to conduct the work or cannot otherwise utilize an existing WP at the moment they have free time. The foreman alleged that this is because, with minor exceptions, FPG operations teams can only do what they are assigned to do and when they are assigned to do it.

FPG has some down time, but not much free time. If something needs to be done in the way of corrective action or maintenance work and a fire operations team has down time or a foreman is aware of work that needs to be done but the work is not a scheduled event or WP, FPG cannot simply perform the work. The work has to have operations approval.

Similarly, if there is a WP prepared and ready for corrective action or maintenance work, fire operations teams cannot take the WP and conduct the work until the WP has gone through a planning group. Further, if a WP has gone through the planning group and has been issued as a WO but has not been scheduled, in order for an FPG team to perform the work the foreman has to obtain signatures on the WO from the work control work week manager and the reactor operations shift manager. This can take as long as one or two hours.

Essentially, with the exception of "tool bag" issues, such as fixing a loose door knob, fire operations teams cannot touch anything without a planned and scheduled WO/WP.

While this logistic structure is partly a necessity designed to ensure that work done in a nuclear plant is properly planned and executed and to ensure that, given the interrelatedness, interdependency, and sensitivity of nuclear plant systems, the left hand and right hand always know what each other are doing. However, other logistical issues within FPG make this problematic: FPG has to rely on planners from the Maintenance department and is not sufficiently prepared for their surveillance activities as they relate to maintenance matters. These issues are addressed in the next section of this report.

## **FPG Performing Maintenance Duties**

The FPG has not always performed maintenance duties; they have gone from a purely operations group to a hybrid group which also performs maintenance. Many FPG employees are not deeply trained and experienced in maintenance planning and surveillance. As a result, FPG surveillance as it relates to observing corrective action needs is not as good as more experienced maintenance personnel. More importantly, FPG does not have a planning group within its department. This is an issue since, as previously stated, before WPs can be issued to the field, they have to go through planning.

Planners from the Maintenance department plan FPG WPs after they have handled planning Maintenance WPs, and Maintenance is not in a hurry to plan for FPG. [REDACTED] (Fire Operations Manager) asserts he does not have enough time to continuously lobby Maintenance planners to prepare non-priority FPG WPs.

The second violation annotated in the NRC report found that "BFN had placed approximately 200 feet of fire hose in the control building hallway to compensate for a proposed fire protection impairment when 300 feet of fire hose was required. Additionally, NRC identified errors in the fire hose pressure loss calculation. Using the current BFN fire hose pressure loss calculation, there would be inadequate flow available at the end of the hose." While the water flow calculations and the determination of how much compensatory hose was needed was conducted by an engineer(s) (where some responsibility for the violation may lay), the discrepancy nevertheless could have been found by FPG.

- FPG performs surveillance walkdowns on piping and can calculate, based on hose length and diameter, how much water is emitted from the hose. FPG apparently did not pay enough attention to detail and may have simply gone by what they have always done.
- WPs involving strictly maintenance issues have a backlog that is "staggering." The WPs for FPG have been ineffectively prioritized in the past because FPG input into the prioritization scheme has been weak. The FPG systems engineer, [REDACTED], allegedly was not always inputting priorities (this was neither substantiated nor discredited by the OIG), and the WP backlog became high. According to [REDACTED] however, there has been significant improvement in this area over the past six to nine months. The systems engineer now has more ability to input and provide prioritization into the WP process.
- One FPG foreman stated that due to the WP scheduling process and lack of a planning group in FPG, when an FPG operations team has free or down time it is "easier to wait until tomorrow to (have the team) complete a scheduled task rather than go through the process of getting the task reassigned to the same day's schedule."

### **Getting the Right WPs to FPG**

The BFN review group may have a problem getting the right WPs to FPG. The problem includes frequent miscoding which allegedly results in WPs being assigned to FPG which should be assigned to the Electrical or Maintenance departments. This results in WPs being sent back to the review group for proper coding, which creates a lag time (often in months) between when a WP is created and when it is actually received by the specialists or craftsmen who will perform the work. The scope of work needed to substantiate or discredit these allegations lay outside this OIG investigation; however, it is sufficiently relevant to include further review by management.

### **Communication and Oversight Gap Among Management**

There appears to be a communication and oversight gap among management regarding FPG staffing and surveillance work. For example:

- [REDACTED] (Fire Operations Manager) stated that if it was within his authority, he would immediately add (1) a general or lead foreman for the five fire operations teams to fill in the supervision that he cannot perform and to assist in planning WPs and (2) a training coordinator to get the proper maintenance and WP planning-related training completed for his personnel to make their surveillances more efficient and to remove some of FPG's reliance on Maintenance planners. [REDACTED] is wearing too many hats and has no subordinate at a level to which he can delegate his authority.
- In contrast, [REDACTED] supervisor, acting Operations Support Manager [REDACTED], stated that he has no idea whether or not sufficient corrective action work is being scheduled and/or performed by FPG as [REDACTED] oversees that work. FPG has a schedule of surveillance assignments, but he has no idea whether or not it is too much or too little assigned work. [REDACTED] stated that [REDACTED] has never asked him for more personnel or otherwise indicated staffing problems in FPG. [REDACTED] has not worried about FPG. He has let [REDACTED] run the show in FPG and has not paid much attention to the department, which "has probably been a mistake."

### **Previous FPG Manager Micromanaged Department**

The previous FPG manager micromanaged the department, and the employees became culturally accustomed to sitting back and waiting to be told what to do and when and how to do it. That has caused a certain degree of complacency and may have affected the frequency and thoroughness of surveillance work. As previously stated, FPG employees told the OIG they were told what to do by their foremen and then they do it.

## **RECOMMENDATIONS**

BFN has serious issues with corrective action work in operations, in general, and other troubles partly as a result of legacy design and the fact that BFN has been on a special review list with the NRC regarding control room and engineering operations. Still, BFN fire operations has generally not had these troubles nor been on NRC's special review list. However, the NRC Appendix III Fire Protection requirements were created at least partly in response to the previous fire at BFN, and the NRC is sensitive to Appendix III issues in BFN fire operations. Nevertheless, both the FPG and BFN management were responsive and cooperative throughout this investigation. Keeping this sensitivity to BFN fire operations in consideration, based on our investigation at BFN we are making the following recommendations:

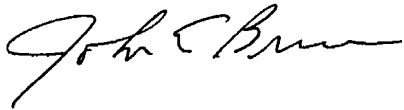
- Provide better planning group support for the FPG, either within the existing framework or by creating a planning group specifically for the FPG.
- Facilitate better review group input as to what priorities and resources the FPG needs.
- Consider creating a General Foreman, Lead Foreman or similar position to provide increased supervision of fire operations teams in order to conduct better surveillance of their systems.
- Consider creating a Training Coordinator position or similar position to facilitate better maintenance and surveillance training for the FPG.

We would appreciate being informed within 15 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action on the basis of this report, we would appreciate your sending a copy of the relevant information to this office for our file.

This report has been designated "TVA Restricted" in accordance with TVA Business Practice 29, Information Security. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this report should be distributed without notification to the Inspector General of the redactions that have been made.

Preston D. Swafford  
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Our investigation of this matter is closed.

A handwritten signature in black ink, appearing to read "John E. Brennan". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Brennan".

John E. Brennan  
Assistant Inspector General  
(Investigations)  
ET 4C-K