



Memorandum from the Office of the Inspector General

January 14, 2025

Laura J. Campbell  
Thomas B. Marshall

REQUEST FOR FINAL ACTION – EVALUATION 2024-17487 – SEQUOYAH NUCLEAR  
PLANT VENDOR SELECTION PROCESS

Attached is the subject final report for your review and final action. Your written comments, which addressed your management decision and actions planned or taken, have been included in the report. Please notify us when final action is complete. In accordance with the Inspector General Act of 1978, as amended, the Office of the Inspector General is required to report to Congress semiannually regarding evaluations that remain unresolved after 6 months from the date of report issuance.

If you have any questions or wish to discuss our findings, please contact Justin B. Franklin, Senior Auditor, Evaluations – Projects, at (865) 633-7363 or Lisa H. Hammer, Director, Evaluations – Projects, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during the evaluation.

David P. Wheeler  
Assistant Inspector General  
(Audits and Evaluations)

JBF:KDS  
Attachment

cc (Attachment):

TVA Board of Directors  
Angela S. Ballew  
Janda E. Brown  
R. Howell Conway  
Trevor L. Cothron  
James R. Dalrymple  
Samuel P. Delk  
Buddy Eller  
David B. Fountain  
Lucia W. Harvey  
Jeffrey J. Lyash  
Tina J. Martin

Jill M. Matthews  
Jonathan Meadows  
Donald A. Moul  
Joshua D. Murphy  
Matthew Rasmussen  
Timothy Rausch  
Timothy E. Rieger  
Ronald R. Sanders II  
Ben R. Wagner  
Kay W. Whittenburg  
OIG File No. 2024-17487



Office of the Inspector General

---

# *Evaluation Report*

To the Vice President, Supply  
Chain, and to the Vice President,  
Sequoyah Nuclear Plant

# SEQUOYAH NUCLEAR PLANT VENDOR SELECTION PROCESS

---

Evaluation Team  
Justin B. Franklin  
Colin P. Ross  
Amy R. Rush

Evaluation 2024-17487  
January 14, 2025

## **ABBREVIATIONS**

NPG	Nuclear Power Group
RFP	Request for Proposal
SC	Supply Chain
SPP	Standard Programs and Processes
SQN	Sequoyah Nuclear Plant
TVA	Tennessee Valley Authority

**TABLE OF CONTENTS**

EXECUTIVE SUMMARY ..... i

BACKGROUND..... 1

OBJECTIVE, SCOPE, AND METHODOLOGY ..... 2

FINDINGS AND RECOMMENDATIONS ..... 3

**APPENDIX**

MEMORANDUM DATED DECEMBER 26, 2024, FROM LAURA J. CAMPBELL  
AND THOMAS B. MARSHALL TO DAVID P. WHEELER



# Evaluation 2024-17487 – Sequoyah Nuclear Plant Vendor Selection Process

## EXECUTIVE SUMMARY

### Why the OIG Did This Evaluation

The Tennessee Valley Authority (TVA) Nuclear organization has a vision to be the top nuclear fleet by the end of fiscal year 2025 and an initiative to sustain top quartile performance. Selection of suppliers responsible for maintenance or system upgrades within TVA's nuclear fleet can affect TVA's ability to maintain top quartile performance and achieve TVA Nuclear's vision. Two departments essential for making supplier selections are each plant's respective Site Projects group and TVA's Supply Chain (SC) organization. Through soliciting vendors and evaluating vendor bids, these departments are responsible for obtaining the best value to TVA. Because of the importance of supplier selections, we initiated an evaluation of solicitation and bid evaluation activities for Sequoyah Nuclear Plant (SQN). The objective of our evaluation was to determine if solicitation and bid evaluation processes were performed in accordance with TVA's policies and procedures for electrical, maintenance, and modifications services contracts at SQN.

### What the OIG Found

We determined solicitation and bid evaluation processes were not performed in accordance with TVA's policies and procedures for electrical, maintenance, and modifications project implementation<sup>i</sup> at SQN as follows:

- Solicitations were not performed in compliance with TVA procedures. Specifically, (1) requirements related to direct awarding of projects were not followed, (2) SC was not always involved in the solicitation process, and (3) adequate information (such as technical specifications, commercial pricing terms, and answers to bidders' questions) was not always provided to vendors.
- Bid evaluation procedures were not always followed. Specifically, (1) SC was not always involved in the commercial evaluations and (2) independent estimates were not always obtained to assess the reasonableness of vendor proposals.
- Ineffective bid evaluation practices resulted in an inadequate bid evaluation and evaluation scoring that was based on incorrect or inadequate criteria.

---

<sup>i</sup> Implementation is a phase in the project lifecycle that includes completion of project deliverables.



# Evaluation 2024-17487 – Sequoyah Nuclear Plant Vendor Selection Process

## EXECUTIVE SUMMARY

### What the OIG Recommends

We recommend SC and SQN Site Projects management address issues identified with the solicitation and bid evaluation processes. We also recommend SC management address issues related to ineffective bid evaluation practices.

### TVA Management's Comments

TVA management generally concurred with our conclusions and recommendations and provided planned and/or completed actions to address our recommendations. In response to our draft report, TVA management also provided clarifications on specific findings outlined in the report and informal comments that we incorporated as appropriate. See the Appendix for TVA Management's complete response.

### Auditor's Response

We reviewed management's comments, as well as actions either planned or completed, to address our findings and associated recommendations, and have provided detailed responses to each within this report.

## **BACKGROUND**

The Tennessee Valley Authority (TVA) Nuclear organization has a vision to be the top nuclear fleet by the end of fiscal year 2025 and an initiative to sustain top quartile performance. Selection of suppliers responsible for maintenance or system upgrades at TVA's three nuclear plants, Browns Ferry Nuclear Plant, Sequoyah Nuclear Plant (SQN), and Watts Bar Nuclear Plant, can affect TVA's ability to maintain top quartile performance and achieve TVA Nuclear's vision. Two organizations essential for making supplier selections are each plant's respective Site Projects group and TVA's Supply Chain (SC) organization. Through soliciting vendors and evaluating vendor bids, these departments are responsible for obtaining the best value for TVA.

Solicitation and bid evaluation processes and responsibilities are outlined in various TVA procedures including, TVA Standard Programs and Processes (SPP) 04.000, *Management of the TVA Supply Chain Process*, and TVA-SPP-04.002, *Procurement of Products and Services*. These processes are supplemented by the *Supply Chain Buyer Guide*, a reference guide ". . .designed to support informed decision making throughout the contracting process and to help TVA achieve its goal of lowering total cost of ownership." In addition, Nuclear Power Group (NPG) SPP-19.6, *TVA Nuclear Project Management Process*, governs the management of nuclear projects and includes bid requirements specific to nuclear. A summary of the requirements for the solicitation and bid evaluation processes are as follows.

- **Solicitation Process** – SC is responsible for leading the competitive solicitation process which is designed to create a level playing field for suppliers and provide TVA with a way to obtain comparable information for evaluating offers. The SC contracting officer at the site and applicable Site Projects personnel coordinate to develop a request for proposal (RFP) and bid evaluation criteria. The contracting officer will then assemble the solicitation documentation consisting of an RFP for the identified scope of work, including technical specifications provided by the business unit (BU) and other related documentation, all of which are provided by the contracting officer to the list of bidders. The contracting officer is the single point of contact for all communications until the work is awarded to a vendor, and is responsible for providing communication, including scope changes, to all bidders in a timely manner through an application used by SC.
- **Bid Evaluation Process** – The SC contracting officer leads the commercial bid evaluation, which can include the assessment of pricing, delivery, and terms. The contracting officer also provides oversight to the technical bid evaluation team, which consists of business unit personnel and others as applicable. Technical bid evaluations include assessment of bidder responses to the RFP, including a review of their technical approach, among other factors.

NPG-SPP-19.6 originally required that projects with implementation<sup>1</sup> costs of \$1 million or greater must be competitively bid, and if not, approval from the General Manager, Nuclear Projects, was required. NPG-SPP-19.6 was revised to remove the bid requirement, effective January 22, 2024. NPG-SPP-19.6 was revised again, and as of April 11, 2024, required that project cost estimates, were to be developed by Nuclear Fleet Estimators independent from the vendor's estimate. These estimates would be used to evaluate the reasonableness of vendor estimates if competitive bidding is not performed. According to NPG-SPP-19.6, if an alliance partner's<sup>2</sup> estimate is more than 10 percent above TVA's independent estimate, the difference is to be presented to the project estimate review committee and either a basis must be provided for awarding the work, or the work will be bid out for competition.

At SQN, there is an alliance partner and two other vendors that primarily perform the implementation of electrical, maintenance, and modifications projects through established blanket contracts. From October 2022 through June 2024, there were 37 in process projects at SQN with total estimated costs of \$189 million that had been approved for implementation prior to January 22, 2024. (Of the 37 projects, 28 had been awarded directly to one of the three vendors, and the other nine were competitively bid through seven solicitations.) Additionally, between April 11, 2024, (the date NPG-SPP-19.6 requirements were revised) and August 2024, 27 projects had been approved for implementation, with a total authorized cost of approximately \$83 million. Because of the importance of supplier selections, we evaluated the solicitation and bid evaluation processes related to vendor selection for electrical, maintenance, and modifications project implementation at SQN.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective was to determine if solicitation and bid evaluation processes were performed in accordance with TVA's policies and procedures for electrical, maintenance, and modifications services contracts at SQN. The scope of our evaluation was (1) the solicitation and bid evaluation processes of electrical, maintenance, or modifications services projects at SQN from October 2022 through June 2024<sup>3</sup> and (2) SQN projects approved for implementation between April 11, 2024, and August 30, 2024. To achieve our objective, we:

- Interviewed personnel from SQN Site Projects and SC to gain an understanding of how solicitation and bid evaluation processes are performed.
- Examined applicable TVA and SC SPPs and other guidance related to solicitation and bid evaluation processes to identify process steps.

---

<sup>1</sup> Implementation is a phase in the project lifecycle that includes completion of project deliverables.

<sup>2</sup> Alliances are long-term, cooperative relationships, designed to leverage the strengths of individual participating companies to achieve significant ongoing benefits to each party.

<sup>3</sup> Our scope did not include corporate nuclear projects taking place at SQN and was specific to implementation work awarded based on established blanket contracts with the alliance partner and other two vendors.



- Judgmentally selected four of the seven solicitations for projects at SQN from October 2022 through June 2024, based on dollar value and/or information provided by SC.
  - Tested the solicitation documentation to determine whether the RFP and required documentation were communicated to bidders.
  - Tested the bid evaluation documentation to determine whether the bid evaluations were reasonable based on scoring criteria.
- Reviewed all 28 projects from October 2022 through June 2024 that were directly awarded to a vendor without a competitive bid to determine if bid requirements of NPG-SPP-19.6 were followed as applicable.
- Reviewed all 27 projects approved for implementation between April 11, 2024, and August 30, 2024, to determine if independent estimate requirements of NPG-SPP-19.6 were followed as applicable.

This evaluation was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## **FINDINGS AND RECOMMENDATIONS**

We determined solicitation and bid evaluation processes were not performed in accordance with TVA's policies and procedures for electrical, maintenance, and modifications project implementation at SQN as follows:

- Solicitations were not performed in compliance with TVA procedures. Specifically, (1) requirements related to direct awarding of projects were not followed, (2) SC was not always involved in the solicitation process, and (3) adequate information (such as technical specifications, commercial pricing terms, and answers to bidders' questions) was not always provided to the vendors.
- Bid evaluation procedures were not always followed. Specifically, (1) SC was not always involved in the commercial evaluations and (2) independent estimates were not always obtained to assess the reasonableness of vendor proposals.
- Ineffective bid evaluation practices resulted in an inadequate bid evaluation and evaluation scoring that was based on incorrect or inadequate criteria.

### **SOLICITATIONS NOT IN COMPLIANCE WITH PROCEDURES**

According to both TVA-SPP-04.000, *Management of the TVA Supply Chain Process*, and the *Supply Chain Buyer Guide*, adequate competition is obtained when proposals are solicited from a sufficient number of qualified external sources, and the level of competition should ensure TVA obtains the overall best value from its suppliers. Additionally, the *Supply Chain Buyer Guide* states the solicitation process is to create a level playing field for suppliers and provide TVA

with a means for obtaining comparable information for evaluating offers. We identified instances where solicitations were not performed in accordance with procedures, including (1) six projects with implementation costs over \$1 million that were not bid and did not have the required approval, (2) SC was not always involved in the solicitation process, and (3) adequate information that was not always communicated to bidders.

### **Requirements Related to Direct Awarding of Projects Were Not Followed**

Prior to January 22, 2024, NPG-SPP-19.6 required that projects with implementation costs of \$1 million or greater must be bid, and if not, approval from the General Manager, Nuclear Projects, must be obtained. We reviewed projects with implementation costs incurred between October 2022 and June 2024 that did not go through the bid process and identified six projects that had implementation costs over \$1 million that did not have the required approval.

For each of the six projects, implementation was split which kept the scopes of work below \$1 million. However, four of the projects were split into phases and given to the same vendor, while two projects were broken into different segments of work. For example, in one project, electrical work was awarded to one vendor and mechanical work awarded to another vendor. SC indicated that SQN Site Projects should have gotten total project implementation cost estimates, which would have indicated if bids were needed.

### **SC Was Not Always Involved in the Solicitation Process**

In another project, a project manager did not follow the solicitation process. TVA-SPP-04.002, *Procurement of Products and Services*, states that SC ensures TVA's competition policies are upheld, including leading the competitive solicitation process. We found that a project manager solicited pricing from two vendors without SC's involvement. The *Supply Chain Buyer Guide* states when SC is not involved early enough in the process, TVA is exposed to uncontrolled risks due to damages or unintended liabilities. Circumventing the solicitation process by excluding SC, does not ensure competition policies are upheld, and exposes TVA to risks. According to the *Supply Chain Buyer Guide*, when arrangements for a good or service are made without adequate involvement by SC, the resulting action is considered an unauthorized procurement.

### **Adequate Information Was Not Always Communicated to Bidders**

We reviewed documentation related to our sample of four solicitations and found adequate information was not always provided to vendors during the solicitation process. Specifically:

- According to TVA-SPP-04.002, *Procurement of Products and Services*, for a formal solicitation, an RFP is prepared by the contracting officer, ensuring all technical requirements are incorporated. One RFP in our sample did not include technical specifications. According to the contracting officer, the design for the project, which would include the technical specifications, was not complete when the RFP was issued. Subsequent to the RFP, preliminary technical specifications were provided to the potential bidders six days prior to

- the bid due date, which could have impacted vendors' ability to submit an adequate proposal.
- The *Supply Chain Buyer Guide* states the solicitation process is to create a level playing field and provide TVA with a means for obtaining comparable information. We reviewed the commercial portion of the bid evaluation for each of the four solicitations in our sample and noted RFPs did not specify pricing terms. This allowed each vendor to price their proposals in accordance with the pricing terms outlined in each of their blanket contracts. Specifically, the alliance partner priced their proposals as cost reimbursable, while the other two vendors priced their proposals as time and materials, and fixed price respectively. According to the *Supply Chain Buyer Guide*, each of these pricing structures carry a different financial benefit or risk to TVA. Determining a commercial score based on different pricing structures can result in an inequitable comparison, create bias toward certain vendors, and result in higher costs for TVA.
  - The *Supply Chain Buyer Guide* states that to ensure no one bidder has an unfair advantage, all communication given to one bidder should be given to all bidders in a timely manner. Additionally, the RFPs for the solicitations reviewed, stated that all questions should be directed to the contracting officer through the application used by SC for communication. However, two solicitations had multiple questions submitted through the SC application and contained no documented responses from SC.

### **Recommendations**

We recommend the Director, SQN Site Projects, ensure project managers:

- Do not split implementation costs when determining project cost estimates.
- Include SC in the solicitation process.

**TVA Management's Comments** – TVA management agreed with the recommendations and provided details on the completed and/or planned actions:

- Roles and responsibilities were reinforced with SQN Site Projects personnel as part of an improvement plan to ensure compliance with NPG-SPP-19.6 requirements.
- A training session with SC on the vendor selection process was conducted in December 2024. SQN Site Projects has actions to develop and conduct additional training for project managers and SC on the bid evaluation process. Additionally, SQN Site Projects and SC have implemented a weekly touchpoint during project management meetings to discuss support needs for each group to ensure compliance with the vendor selection process. See the Appendix for TVA management's complete response.

**Auditor's Response** – We agree with TVA management's completed and planned actions.

We recommend the Director, Nuclear SC, ensure:

- RFPs developed in the solicitation process (1) provide vendors all necessary information and (2) specify pricing terms in order to perform an equitable comparison.
- Contracting officers respond to bidder questions in a timely manner and include the responses on the SC application.

**TVA Management's Comments** – TVA management generally agreed with the recommendations and provided additional comments and details on the completed and/or planned actions:

- SC and SQN Site Projects conducted training workshops in October and December 2024 to ensure contracting officers and project managers understand what information must be ready and available to provide vendors upon release of a solicitation. In addition, the December training included information to ensure contracting officers and project managers understood what information is needed to ensure an equitable commercial evaluation.
- Contracting officers should respond to bidder questions in a timely manner and SC re-emphasized the importance of communication to bidder questions in a December 2024 staff meeting. However, contracting officers are not required to respond to bidder questions through the SC application and e-mail is an acceptable medium for communication. See the Appendix for TVA management's complete response.

**Auditor's Response** – While we agree with TVA management's actions related to providing vendors all necessary information to ensure an equitable commercial evaluation, we disagree with TVA Management related to responses to bidder questions. TVA management stated that contracting officers are not required to respond to bidder questions through the SC application used for communications. However, the RFPs for the solicitations reviewed in this report stated that all questions should be directed to the contracting officer through the SC application. Two solicitations had multiple questions submitted through the SC application and contained no documented responses from SC. TVA Management stated that the contracting officer instead used e-mail to respond to bidder questions; however, this method could prevent other vendors from viewing and receiving all relevant SC and vendor communications and create a perception of bias.

## **BID EVALUATIONS NOT IN COMPLIANCE WITH PROCEDURES**

We reviewed bid evaluations during our scope and identified areas they were not in compliance with procedures. Specifically:

- TVA-SPP-04.002, *Procurement of Products and Services*, states that SC leads the evaluation of proposals, while the *Supply Chain Buyer Guide* specifies SC is responsible for leading the commercial evaluation. As discussed above, a

project manager obtained pricing from two vendors without involving SC. In addition, the project manager performed a commercial evaluation by comparing prices without SC's involvement. Circumventing the bid evaluation process by performing a commercial evaluation without SC's involvement does not ensure an adequate bid evaluation.

- As previously mentioned, the requirement to competitively bid projects was removed from NPG-SPP-19.6, and as of April 11, 2024, implementation estimates were required to be developed by Nuclear Fleet Estimators independent from that of the vendors. According to Nuclear Fleet Estimating, the purpose of the independent estimate is to assess the reasonableness of vendor proposals. We identified seven projects that met the criteria to have an independent implementation estimate performed, but none were requested by SQN project managers.

### **Recommendations**

We recommend the Director, SQN Site Projects, ensure project managers:

- Include SC in the bid evaluation process.
- Request implementation estimates be developed as required by NPG-SPP-19.6.

**TVA Management's Comments** – TVA management agreed with the recommendations and stated SQN Site Projects has:

- Actions to develop and conduct additional training sessions for project managers and SC on the bid evaluation process. In addition, a weekly touchpoint has been implemented during project management meetings to discuss support needs for each group to ensure compliance with the vendor selection process.
- Implemented the TVA Project Estimation process, including participation in the Project Estimation Review Committee process as required by NPG-SPP-19.6. See the Appendix for TVA management's complete response.

**Auditor's Response** – We agree with TVA management's completed and planned actions.

### **INEFFECTIVE BID EVALUATION PRACTICES**

SC is responsible for leading the evaluation of proposals. The contracting officer leads the commercial evaluation and provides oversight to the technical teams. The *Supply Chain Buyer Guide* describes the role of the contracting officer in providing input into the commercial criteria, such as pricing, and the methodology used in evaluating the proposals. By leading the commercial evaluation and providing oversight to technical teams during the technical evaluation, the

contracting officer makes sure that each recommendation is based on a “data driven and defensible evaluation” and does not show any evidence of bias. However, we noted (1) issues with an inadequate bid evaluation and (2) technical evaluations that were based on incorrect or inadequate criteria.

### **Inadequate Bid Evaluation**

As previously mentioned, one solicitation did not have a completed design, which would include the technical specifications used for technical bid evaluation criteria. Despite not having a completed design, the technical bid evaluation contained a scoring category related to the approach and ability to meet TVA technical requirements and specifications. The winning vendor was given 90 percent of the total points allowable for that category, and comments in the scoring sheet indicated this was due to drawings provided and the vendor’s technical approach. However, the vendor’s technical approach, which included drawings, incorrectly indicated the replacement equipment was the same size as the equipment being replaced, although TVA’s solicitation documentation indicated the difference in equipment size was a “critical point to consider.”

Based on using the same size equipment, the vendor submitted a cost-reimbursable proposal, for approximately \$6 million. In contrast, another vendor submitted a fixed price proposal for approximately \$19 million, which did account for the change in equipment size. According to the contracting officer, it was recommended the project manager get a more detailed and final proposal for the \$6 million bid, due to concerns with the commercial portion of the proposal, even though that portion of the bid evaluation is the contracting officer’s responsibility. Neither the contracting officer nor the project manager obtained a more detailed and final proposal, and the vendor was subsequently awarded the job. As of September 2024, the project manager indicated the winning vendor’s estimated final cost has increased from \$6 million to between \$23 million and \$24 million. By not identifying concerns with the winning bid or following the recommendation from SC, TVA may incur higher costs than were necessary.

### **Technical Evaluations Based on Incorrect or Inadequate Criteria**

When reviewing technical bid evaluation scoring sheets, we noted each category contained a maximum amount of points available, but did not contain criteria to explain how points would be awarded, making the technical scoring subjective. This was confirmed by members of the technical teams involved in the bid evaluations who indicated the amount of points given to vendors for each technical category was based on opinion rather than a defined method.

For example:

- A vendor was given 95 points for company history, while another vendor received 21 points, with no criteria to provide a basis for scoring.
- A technical scoring sheet indicated a vendor received the maximum points available for criteria related to strategy because they “mentioned” a technical system in their proposal. However, the scoring sheet noted another vendor



provided drawings of that same technical system, but was scored significantly lower.

In another bid evaluation, we found the scoring included a category that was not part of the bid's RFP. Each vendor was scored against a category related to commodities; however, commodities were not included in the RFP. The vendor who scored higher included commodities in their proposal, while the other two vendors did not. Despite not being included in the RFP, comments in the scoring sheet indicated scoring for this category was based on a comparison of commodity information in each vendor's proposal.

### **Recommendation**

We recommend the Director, Nuclear SC, ensure:

- All bid evaluation concerns are addressed prior to awarding project work.
- The contracting officer provides effective oversight to technical teams by (1) requiring scoring criteria for each technical category and (2) making sure scoring is only based on categories that are included in RFPs.

**TVA Management's Comments** – TVA management agreed with the recommendations and stated:

- Contracting officers will meet with the technical evaluation team to establish evaluation criteria prior to the release of the RFP. After receiving proposals, the contracting officer will again meet with the technical team to review the evaluation criteria and thresholds to be used. Upon completion of both the technical and commercial evaluation, the contracting officer will review the overall evaluation with the team to ensure accuracy/alignment before award. This was included in training conducted in December 2024.
- Training was conducted in October and December 2024 to ensure contracting officers and project managers understand how evaluation criteria is developed and scored. See the Appendix for TVA management's complete response.

**Auditor's Response** – We agree with TVA management's completed actions.

December 26, 2024

David P. Wheeler

RESPONSE TO REQUEST FOR COMMENTS – DRAFT EVALUATION 2024-17487 –  
SEQUOYAH NUCLEAR PLANT VENDOR SELECTION PROCESS

Our response to your December 5, 2024 Request for Comments regarding the subject draft report is attached herein.

TVA takes very seriously its commitment to be good stewards of TVA resources. As such, TVA appreciates the Office of Inspector General (OIG) helping us identify areas where we can improve upon and further educate on our processes and procedures. In response to this evaluation, TVA's planned and/or completed actions have been developed and executed in coordination with TVA Nuclear Projects and Supply Chain (see Attachment 1). TVA requests that the feedback and actions outlined within Attachment 1 be incorporated into the OIG's final report to ensure accuracy, consistency, and alignment.

We would like to thank Justin Franklin, Lisa Hammer and the OIG staff for their professionalism in conducting this evaluation. If you have any questions, please contact Trevor Cothron or Tim Rieger.

Marshall, Thomas B. Digitally signed by Marshall,  
Thomas B.  
Date: 2025.01.02 07:15:53 -0500

Thomas B. Marshall  
Vice President  
Sequoyah Nuclear Plant



Laura J. Campbell  
Vice President  
Supply Chain

TLC:MDW  
Attachment  
cc: See page 2



David P. Wheeler  
Page 2  
December 26, 2024

cc (Attachment): Attachment 1  
Angie S. Ballew, LP 5S  
Carol Y. Barajas, LP 4A-C  
Kevin M. Bartenfield, LP 5S  
R. Howell Conway, LP 5S  
Trevor L. Cothron, LP 5S  
Christopher R. Dahlman SB 2D-SQN  
James R. Dalrymple, LP 5S  
Samuel P. Delk, LP 5S  
David B. Fountain, WT 6A-K  
Lucia W. Harvey, LP 4A-C  
Tina J. Martin, WT 4D-5  
Jonathan C. Meadows, LP 5S  
Donald A. Moul, WT 7B-K  
Joshua D. Murphy, MLO 1A-MRN  
Victor M. Nunes, III, LP 5S  
Matthew Rasmussen, LP 4A-C  
Timothy Rausch, LP 4A-C  
Timothy E. Rieger, OP 4A-SQN  
Ronald R. Sanders, II, MR 5E-C  
Manu Sivaraman, LP 4A-C  
Kay W. Whittenburg, MR 3A-C

**ATTACHMENT 1**  
 RESPONSE TO REQUEST FOR COMMENTS  
 DRAFT EVALUATION 2024-17487 – SQN VENDOR SELECTION PROCESS

In general, TVA Nuclear Projects and Supply Chain concur with the conclusions and recommendations of the report. However, there are a few clarifications we would like to make in response to specific findings outlined within the report.

In regards to the overall objective/scope of the evaluation, it was discussed during the initial briefing that the OIG was reviewing the vendor selection process as it relates to currently awarded maintenance and modification contracts, more specifically Day & Zimmermann NPS, Miller Electrical Contractors, and ESW Plant Services. The reason this clarification is important, the TVA Act of 1933 and TVA-SPP-04.000, Management of the TVA Supply Chain Process, require that any contract action in excess of \$25,000 be completed unless the contract action on a non-competitive basis is properly justified and approved in accordance with TVA-SPP-04.010. As part of SPP-04.010, open scope or "blanket" contracts are defined as contracts which allow TVA to place multiple orders for designated products or services for a set period of time. The maintenance and modification contracts previously referenced are considered blanket contracts which do not require additional competition. In the case of this evaluation, solicitations evaluated by the OIG were competitions exercised as requested by SQN Site Projects. Another clarification we would like to make is related to the Supply Chain Buyers Guide (SCBG). The SCBG is not a procedure or policy document but acts as a guidance document for Contracting Officers (COs) to ensure they have a more in depth perspective on the supply chain process as a whole. The SCBG is not a requirement nor a policy document but is intended to serve as a reference guide.

As a response to this evaluation, over the last several months SQN Site Projects has been working with Nuclear Fleet Center Projects and Supply Chain on improvement plans associated with ensuring compliance with vendor selection requirements in addition to project management requirements. This has included resetting the expectations for the requirements of the various project management processes, including NPG-SPP-19.6, TVA Nuclear Project Management Process, and routine reinforcement of these requirements with the Nuclear Projects team. The below planned and/or completed actions have been developed and executed in coordination with Nuclear Projects and Supply Chain to reinforce these requirements and improve the overall execution of the vendor selection process.

OIG Recommendation	TVA Comments	TVA Completed and/or Planned Actions
(1) Director, SQN Site Projects ensures Project Managers do not split implementation costs when determining project cost estimates.	TVA management agrees with this recommendation.	A recent SQN Projects Leadership change has provided direction and accountability to the SQN Projects group personnel to ensure they understand their roles and responsibilities. These were reinforced in a lunch and learn discussion with project managers, project controls specialists, Director of Site

		Projects, and Supply Chain to discuss initial OIG findings. This is being driven with Fleet Projects support as part of an improvement plan to ensure compliance with NPG-SPP-19.6 requirements.
(2) Director, SQN Site Projects ensures Project Managers include SC in the solicitation process.	TVA management agrees with this recommendation.	SQN Site Projects has actions to develop and conduct additional training sessions for PMs and SC on bid evaluation process (training session with Supply chain on vendor selection process was conducted 12/16/24). These sessions will set the understanding of the requirements for this process. Additionally, SQN Site Projects and Supply Chain have implemented a weekly touchpoint during project management meetings to discuss in progress and upcoming support needs for each group to ensure compliance with vendor selection process. This has improved the communications and relationship between projects and supply chain senior contract, as well as provide the continued reinforce of these requirements with SQN Projects.
(3) Director, SC Nuclear ensures RFPs developed in the solicitation process provide vendors all necessary information.	TVA management agrees with this recommendation.	SC Nuclear and SQN Site Projects conducted training workshops in October 2024 and just conducted another session on 12/16/24, to ensure COs and PMs understand what information must be ready and available to provide to vendors upon release of a solicitation.
(4) Director, SC Nuclear ensures RFPs developed in the solicitation process specifies pricing terms in	TVA management agrees with this recommendation. The CO works with the BU to establish the appropriate pricing terms	SC Nuclear and SQN Site Projects included this in the most recent training conducted 12/16/24, to ensure COs and PMs understand what

<p>order to perform an equitable comparison,</p>	<p>for the RFP based on the work scope.</p>	<p>information must be included or asked for to ensure an equitable commercial evaluation.</p>
<p>(5) Director, SC Nuclear ensures Contracting Officers respond to bidder questions in a timely manner and include the responses on the SC application.</p>	<p>TVA management agrees with the recommendation that COs respond to bidder questions in a timely manner; however, TVA management disagrees that responses must be included on the SC application (PowerAdvocate). COs are not required to respond to bidder questions through PowerAdvocate. Email is an acceptable medium for communication. In the example referenced within the evaluation, the CO did in fact respond to the bidders through email.</p>	<p>SC Nuclear re-emphasized the importance of communication to bidder questions through CO team staff meeting on 12/19/24.</p>
<p>(6) Director, SQN Site Projects ensures Project Managers include SC in the bid evaluation process.</p>	<p>TVA management agrees with this recommendation.</p>	<p>SQN Site Projects has actions to develop and conduct additional training sessions for PMs and SC on bid evaluation process (training session with Supply chain on vendor selection process was conducted 12/16/24). These sessions will set the understanding of the requirements for this process. Additionally, SQN Site Projects and Supply Chain have implemented a weekly touchpoint during project management meetings to discuss in progress and upcoming support needs for each group to ensure compliance with vendor selection process. This has improved the communications and relationship between projects and supply chain senior contract, as well as provide the continued reinforce of these requirements with SQN Projects.</p>

<p>(7) Director, SQN Site Projects ensures Project Managers request implementation estimates be developed as required by NPG-SPP-19.6.</p>	<p>TVA management agrees with recommendation.</p>	<p>SQN Site Projects has implemented the new TVA Projects Estimation process including the participation in the Project Estimation Review Committee (PERC) process as required by NPG-SPP-19.6.</p>
<p>(8) Director, SC Nuclear ensures all bid evaluation concerns are addressed prior to awarding project work.</p>	<p>TVA management agrees with this recommendation. COs will meet with the technical evaluation team to establish the evaluation criteria prior to the release of the RFP. After receiving the proposals, the CO will again meet with the technical team to review the evaluation criteria and thresholds that will be used. While the technical team evaluates the technical aspects of the proposal the CO will evaluate the commercial aspects. Upon completion of both the technical and commercial evaluation the CO will review the overall evaluation with the team to ensure accuracy/alignment before award.</p>	<p>SC Nuclear and SQN Site Projects included this in the most recent training conducted 12/16/24, to ensure COs and PMs understand the technical evaluation process in its entirety. For the SQN team a formal recommendation with justification will be provided to the CO in writing prior to award.</p>
<p>(9) Director, SC Nuclear ensures the Contracting Officer provides effective oversight to technical teams by requiring scoring criteria for each technical category.</p>	<p>TVA management agrees with this recommendation.</p>	<p>SC Nuclear and SQN Site Projects conducted training workshops in October 2024 and just conducted another session on 12/16/24, to ensure COs and PMs understand how evaluation criteria is developed and scored.</p>
<p>(10) Director, SC Nuclear ensures the Contracting Officer provides effective oversight to technical teams by making sure scoring is only based on categories that are included in RFPs.</p>	<p>TVA management agrees with this recommendation.</p>	<p>SC Nuclear and SQN Site Projects conducted training workshops in October 2024 and just conducted another session on 12/16/24, to ensure COs and PMs understand how evaluation criteria is developed and scored.</p>