



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

May 13, 2026

Nicholas A. Welch

**REQUEST FOR FINAL ACTION – EVALUATION 2025-17529 – WATTS BAR 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 planned actions, 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 Lisa H. Hammer, Director, Evaluations - Projects, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during the evaluation.

Greg Stinson  
Assistant Inspector General  
(Audits and Evaluations)

ARR:FAJ  
Attachment  
cc (Attachment):

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OIG File No. 2025-17529



Office of the Inspector General

# *Evaluation Report*

To the Director, Nuclear Asset  
Sustainability Projects

# WATTS BAR NUCLEAR PLANT VENDOR SELECTION PROCESS

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Auditor  
Amy R. Rush

Evaluation 2025-17529  
May 13, 2026

## **ABBREVIATIONS**

NPG	Nuclear Power Group
PERC	Project Estimate Review Committee
SC	Supply Chain
SPP	Standard Programs and Processes
TVA	Tennessee Valley Authority
WBN	Watts Bar Nuclear Plant

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MEMORANDUM DATED APRIL 30, 2026, FROM NICHOLAS A. WELCH TO GREG STINSON



# Evaluation 2025-17529 – Watts Bar Nuclear Plant Vendor Selection Process

## EXECUTIVE SUMMARY

### Why the OIG Did This Evaluation

The Tennessee Valley Authority (TVA) plans to invest approximately \$7 billion to extend and preserve the life of its seven nuclear units over the next 20 years. Selection of suppliers responsible for maintenance or system upgrades within TVA's nuclear fleet can affect TVA's ability to maintain generation reliability. The TVA organizations responsible for making these supplier selections are Supply Chain (SC) and Nuclear. SC is (1) responsible for evaluating, negotiating, and awarding contracts and (2) the single point of contact for all communications until the work is awarded to a vendor. TVA Nuclear personnel are responsible for developing technical bid requirements and performing technical evaluations as part of the supplier selection process. Both departments are responsible for obtaining the best value for TVA. To help ensure TVA receives the best value, Nuclear Power Group, Standard Programs and Processes 19.6, *TVA Nuclear Project Management Process*, requires nuclear fleet estimators to prepare an independent estimate to compare to vendor estimates.

Because of the importance of supplier selections, we evaluated the solicitation and bid evaluation processes for Watts Bar Nuclear Plant (WBN). 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 WBN.

### What the OIG Found

We determined that solicitation and bid evaluation processes for two projects implemented between April 11, 2024, and November 30, 2024, were not performed in accordance with TVA policies and procedures. Specifically, SC was not involved in the solicitation and bid evaluation processes as required. During our evaluation, we also identified gaps in the independent estimation process. We determined that independent estimates were not always developed as required and checklists to support independent estimate development were not always completed in accordance with guidance.

### What the OIG Recommends

We recommend the Director, Nuclear Asset Sustainability Projects, address issues related to the inclusion of SC in the solicitation and bid evaluation processes and to the completion of independent estimates and checklists.



# Evaluation 2025-17529 – Watts Bar Nuclear Plant Vendor Selection Process

## EXECUTIVE SUMMARY

### TVA Management's Comments

TVA management agreed with our recommendations and provided planned actions related to reinforcement of requirements for solicitation and bid evaluation processes and independent estimates to project managers. See the Appendix for TVA management's complete response.

### Auditor's Response

We agree with TVA management's planned actions.

## **BACKGROUND**

The Tennessee Valley Authority (TVA) plans to invest approximately \$7 billion to extend and preserve the life of its seven nuclear units over the next 20 years. Selection of suppliers responsible for maintenance or system upgrades within TVA's nuclear fleet can affect TVA's ability to maintain generation reliability. TVA organizations responsible for making these supplier selections are Supply Chain (SC) and Nuclear. Through soliciting vendors and evaluating vendor bids, these business units are responsible for obtaining the best value for TVA.

Solicitation and bid evaluation processes are outlined in various TVA procedures, including TVA Standard Programs and Processes (SPP) 04.000, *Management of the TVA Supply Chain Process*; TVA-SPP-04.002, *Procurement of Products and Services*; and TVA-SPP-04.010, *Justification and Approval for Non-Competed Contract Actions*. These SPPs are supplemented by the *Supply Chain Buyer Guide*, which is designed to support informed decision making throughout the contracting process and to help TVA achieve its goal of lowering total cost of ownership.

TVA-SPP-04.002, *Procurement of Products and Services*, states that all TVA organizations are responsible for identifying and approving a need for a product or service and coordinating with SC to determine the best method of procurement. SC is responsible for leading the competitive solicitation process, which is designed to create a level playing field for suppliers and to provide TVA with a way to obtain comparable information for evaluating offers. The SC contracting officer is responsible for soliciting proposals, evaluating commercial factors (such as pricing) during the bid evaluation process, negotiating with vendors, and awarding contracts. SC is also the single point of contact for all communications until the work is awarded to a vendor. TVA Nuclear personnel are responsible for developing technical bid requirements for contract work needed and performing technical evaluations as part of the supplier selection process. Once the commercial and technical factors have been quantified, the selected supplier will be awarded the contract.

TVA also has established contracts, including blanket contracts,<sup>1</sup> which allow business units to make purchases. Purchases under these contracts are made through purchase orders, work authorizations, releases, or sub-agreements. To award a task or scope of work to a contractor with an established contract, TVA Nuclear personnel (1) obtain an estimate from a single supplier or (2) contact SC to bid the work out to vendors, which may also include vendors without existing contracts.

Starting April 11, 2024, TVA Nuclear Power Group (NPG) SPP-19.6, *TVA Nuclear Project Management Process*,<sup>2</sup> required nuclear fleet estimators to prepare an

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<sup>1</sup> Blanket contracts allow TVA to place multiple orders for designated products or services with the vendors over a set period of time.

<sup>2</sup> NPG-SPP-19.6 governs the management of nuclear projects with an estimated total cost of greater than or equal to \$400,000.

independent estimate to help ensure TVA receives the best value before awarding work. The *Nuclear Fleet Projects Desktop Guide* describes the process for preparing an independent estimate. This includes project management requesting an estimate from the Nuclear Fleet Estimation group, attaching an estimate checklist and any documentation available, including design and implementation proposals, material quotes, and specialty vendor proposals, to support development of the estimate.

The project manager is responsible for comparing the independent estimate to the contractor's cost estimate and alerting the Project Estimate Review Committee (PERC) if an alliance partner's<sup>3</sup> estimate is more than 10 percent higher than the independent estimate. PERC makes a recommendation for awarding the work to the alliance partner or bidding out the work for competition. There is no requirement for assessing nonalliance partner estimates exceeding 10 percent; however, the *TVA Nuclear Fleet Projects Desktop Guide* states that a formal bid process should be considered if estimates cannot be reconciled within 10 percent.

Between April 11, 2024, and November 30, 2024, there were 18 electrical-, maintenance-, and modifications-related projects with total estimated costs of \$400,000 or more approved for implementation at TVA's Watts Bar Nuclear Plant (WBN). At WBN, there are primarily three vendors that perform electrical, maintenance, and/or modifications projects through established blanket contracts. Because of the importance of supplier selections, we evaluated the solicitation and bid evaluation processes related to vendor selection for electrical-, maintenance-, and modifications-related project implementation at WBN.

## **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 WBN. The scope of our evaluation was limited to the electrical, maintenance, and modifications-related projects approved for implementation between April 11, 2024, and November 30, 2024, at WBN. To achieve our objective, we:

- Examined applicable TVA, Nuclear, and SC SPPs and other guidance related to solicitation and bid evaluation processes to determine requirements, including:
  - TVA-SPP-04.000, *Management of the TVA Supply Chain Process*
  - TVA-SPP-04.002, *Procurement of Products and Services*
  - TVA-SPP-04.010, *Justification and Approval for Non-Competed Contract Actions*
  - NPG-SPP-19.6, *TVA Nuclear Project Management Process*

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<sup>3</sup> Alliance partners are suppliers with whom TVA has established a long-term cooperative relationship for an enhanced competitive position.

- The *Supply Chain Buyer Guide*
- The *Nuclear Fleet Projects Desktop Guide*
- Interviewed personnel from WBN Site Projects,<sup>4</sup> Nuclear Fleet Estimation, and SC to gain an understanding of how solicitation and bid evaluation processes are performed.
- Examined 16<sup>5</sup> projects approved for implementation between April 11, 2024, and November 30, 2024, to determine if Nuclear Fleet Estimation (1) developed project estimates for each project and (2) was provided required information.
- Compared vendor estimates for the alliance partner to TVA estimates to identify discrepancies of 10 percent or more.
- Reviewed documentation to determine whether SC was involved in the processes, where 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**

We determined that solicitation and bid evaluation processes for 2 projects<sup>6</sup> implemented between April 11, 2024, and November 30, 2024, were not performed in accordance with TVA policies and procedures. Specifically, SC was not involved in the solicitation and bid evaluation processes as required. During our evaluation, we also identified gaps in the independent estimation process. We determined that independent estimates were not always developed as required and checklists to support independent estimate development were not always completed in accordance with guidance.

### **SUPPLY CHAIN WAS NOT ALWAYS INCLUDED IN THE SOLICITATION AND BID EVALUATION PROCESSES**

As previously stated, business unit representatives may contact suppliers to obtain estimates<sup>7</sup> for a project or specific scope of work. However, this should be limited to obtaining an estimate from one vendor. Project managers should contact SC when obtaining estimates from multiple vendors. However, we determined that project personnel did not comply with procedures for two projects because they solicited estimates from multiple vendors for the same scope of work without SC involvement. For one of the projects, a project team member

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<sup>4</sup> During our evaluation, project management was moved from the nuclear sites to the Projects and Outages department.

<sup>5</sup> Two projects were removed from the scope because they were implemented by TVA rather than a vendor.

<sup>6</sup> Of the projects reviewed during our period, these were the only 2 that triggered bid and evaluation processes.

<sup>7</sup> TVA can award work based on the estimate.

also performed a bid evaluation of the estimates and predetermined the vendor they wanted to perform the work prior to SC involvement. For both projects, SC was not involved in either the initial solicitation or the preliminary bid evaluation of the requested estimates; however, SC later evaluated the proposals and awarded the work. The *Supply Chain Buyer Guide* mentions that when SC is not involved early in the process, TVA is being exposed to uncontrolled risks due to damages or unintended liabilities.

## ESTIMATION PROCESS COULD BE IMPROVED

During our evaluation of the solicitation and bid evaluations processes, we also identified gaps in the independent estimation process. These gaps included (1) independent estimates not being developed for all projects and (2) project personnel not completing estimate checklists to support independent estimate development.

NPG-SPP-19.6 requires the Nuclear Fleet Estimation group to develop independent estimates. For the 16 projects reviewed, we determined that an independent estimate was not developed for nine of the projects. According to the estimation manager, six of the nine projects were standard outage projects, which may have led people to believe that an independent estimate did not need to be developed. We examined SPPs in place during the scope of the evaluation and noted that standard outage projects were not explicitly excluded from receiving a review; however, the current version of NPG-SPP-19.6, effective January 2025, contained language specifically excluding these projects from Fleet Estimation requirements. Therefore, we do not consider these six projects as exceptions. However, three projects did not have an estimate completed as required.

- One project had no request for an independent estimate because it was an “engineering study” performed by a vendor and there was no physical work. However, NPG-SPP-19.6 did not state that lack of physical work was an exclusion for obtaining an estimate.
- One project did not have an independent estimate developed because it was not requested by the project manager.
- One project had an independent estimate started but it was not completed because the PERC review was waived. However, NPG-SPP-19.6 does not indicate independent estimates are not required when a PERC review is waived.

For the seven projects where an independent estimate was prepared, we found the documentation to support independent estimates could be improved. Nuclear estimation guidance instructs project managers to complete an Estimating Checklist to support the independent estimate completion. We determined that the project managers did not provide the checklists for six of the seven projects where an estimate was completed. Without the checklist, it can be difficult for the Nuclear Fleet Estimation group to prepare the independent estimate.

## **RECOMMENDATIONS**

We recommend the Director, Nuclear Asset Sustainability Projects, take steps to ensure:

1. Project managers include SC in the solicitation and bid evaluation processes in a timely manner.

**TVA Management's Comments** – TVA management agreed with the recommendation and stated they will brief project managers to reinforce the requirements to notify Supply Chain prior to engaging any vendor beyond the initial single-source estimate. In addition, TVA management stated they will incorporate an additional step into the Project Manager Job Familiarization Guides requiring a discussion of solicitation and bid evaluation requirements with the applicable Senior Manager. See the Appendix for TVA management's complete response.

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

2. Independent estimates are completed as required.

**TVA Management's Comments** – TVA management agreed with the recommendation and stated they will brief project managers on the requirement to complete independent estimates. See the Appendix for TVA management's complete response.

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

3. Estimation checklists are completed as required.

**TVA Management's Comments** – TVA management agreed with the recommendation and stated they will brief project managers on the requirement to complete estimation checklists. See the Appendix for TVA management's complete response.

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

April 30, 2026

Greg Stinson, WT 2C-K

**RESPONSE TO REQUEST FOR COMMENTS – EVALUATION 2025-17529 – WATTS BAR  
 NUCLEAR PLANT VENDOR SELECTION PROCESS**

Thank you for the opportunity to review the draft report concerning the Watts Bar Nuclear Plant (WBN) vendor selection process. We appreciate the Inspector General's thorough evaluation and the constructive recommendations provided.

We concur that improvements are necessary to ensure full alignment with TVA policies, particularly regarding early Supply Chain (SC) involvement and the consistent application of independent estimation requirements. Ensuring compliance in these areas is essential to reducing risk, improving transparency, and maintaining the integrity of the vendor selection process.

TVA Nuclear Projects has reviewed the final OIG Report 2025-17529 and have initiated actions to address all three OIG recommendations.

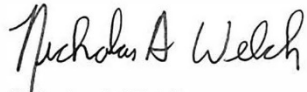
**Response to Recommendations**

OIG Recommendation	TVA Comments	TVA Completed and/or Planned Actions
(1) Director, Nuclear Asset Sustainability Projects, take steps to ensure Project Managers include Supply Chain in solicitation and bid evaluation processes in a timely manner.	TVA management agrees with this recommendation.	TVA Nuclear Projects will brief all NASP Project Managers to reinforce the requirement to notify Supply Chain prior to engaging any vendor beyond the initial single-source estimate.  TVA Nuclear Projects will also incorporate an additional step into the Project Manager Job Familiarization Guides requiring a discussion of solicitation and bid-evaluation requirements with the applicable Senior Manager.
(2) Director, Nuclear Asset Sustainability Projects, take steps to ensure independent estimates are completed as required.	TVA management agrees with this recommendation.	TVA Nuclear Projects will brief all NASP Project Managers on the requirement to complete independent estimates.

(3) Director, Nuclear Asset Sustainability Projects, take steps to ensure estimation checklists are completed as required.	TVA management agrees with this recommendation.	TVA Nuclear Projects will brief all NASP Project Managers on the requirement to complete estimation checklists.
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**Conclusion**

We would like to thank the OIG staff for their professionalism in conducting this audit. If you have further questions, please contact Christopher Dahlman, Senior Manager NASP, at (423)843-6801.



Nicholas A. Welch  
Director, Nuclear Asset Sustainability Projects Bundle 2