



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION II  
SAM NUNN ATLANTA FEDERAL CENTER  
61 FORSYTH STREET SW SUITE 23T85  
ATLANTA, GEORGIA 30303-8931**

March 3, 2004

Tennessee Valley Authority  
ATTN: Mr. J. A. Scalice  
Chief Nuclear Officer and  
Executive Vice President  
6A Lookout Place  
1101 Market Street  
Chattanooga, TN 37402-2801

**SUBJECT: ANNUAL ASSESSMENT LETTER - WATTS BAR NUCLEAR PLANT, REPORT  
50-390/2004-01, 50-391/2004-01**

Dear Mr. Scalice:

On February 4, 2004, the NRC staff completed its end-of-cycle plant performance assessment of the Watts Bar Nuclear Plant. The end-of-cycle review for Watts Bar involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2003. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Watts Bar operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, per the NRC Reactor Oversight Process (ROP), we plan to conduct only baseline inspections at Watts Bar through September 30, 2005. We also plan on conducting several non-ROP inspections which include lay-up and preservation of Unit 2 and a safety issue inspection to follow-up on industry issues with Reactor Containment Sump Blockage.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September

11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at (404) 562-4520 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

*/RA/*

Stephen J. Cahill, Chief  
Reactor Projects Branch 6  
Division of Reactor Projects

Docket Nos. 50-390, 50-391  
License No. NPF-90 and Construction  
Permit No. CPPR-92

Enclosure: Watts Bar Inspection/ Activity Plan

cc w/encl: (See page 3)

TVA

3

cc w/encls:

Karl W. Singer  
Senior Vice President  
Nuclear Operations  
Tennessee Valley Authority  
Electronic Mail Distribution

James E. Maddox, Vice President  
Engineering and Technical Services  
Tennessee Valley Authority  
Electronic Mail Distribution

William R. Lagergren  
Site Vice President  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
Electronic Mail Distribution

General Counsel  
Tennessee Valley Authority  
Electronic Mail Distribution

Thomas Niessen, Acting General Manager  
Nuclear Assurance  
Tennessee Valley Authority  
Electronic Mail Distribution

Mark J. Burzynski, Manager  
Nuclear Licensing  
Tennessee Valley Authority  
Electronic Mail Distribution

Paul L. Pace, Manager  
Licensing and Industry Affairs  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
Electronic Mail Distribution

Larry S. Bryant, Plant Manager  
Watts Bar Nuclear Plant  
Tennessee Valley Authority  
Electronic Mail Distribution

County Executive  
Rhea County Courthouse  
375 Church Street, Suite 215  
Dayton, TN 37321-1300

County Executive  
Meigs County Courthouse  
Decatur, TN 37322

Lawrence E. Nanney, Director  
TN Dept. of Environment & Conservation  
Division of Radiological Health  
Electronic Mail Distribution

Ann Harris  
341 Swing Loop  
Rockwood, TN 37854

James H. Bassham, Director  
Tennessee Emergency Management  
Agency  
Electronic Mail Distribution

Institute of Nuclear Power Operations  
700 Galleria Parkway  
Atlanta, GA 30339-5943

Distribution w/encl: (See page 4)

TVA

4

Distribution w/encl:  
M. Chernoff, NRR  
RIDSNRRDIPMLIPB  
PUBLIC

OFFICE	DRP/RII	DRP/RII					
SIGNATURE	SJC for	SJC for					
NAME	RCarrion:aws	SShaeffer					
DATE	03/ 03 /2004	03/ 03 /2004					
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO
PUBLIC DOCUMENT	YES NO						

OFFICIAL RECORD COPY

DOCUMENT NAME: C:\ORPCheckout\FileNET\ML040630538.wpd