Tennessee Valley Authority
ATTN: Mr. J. A. Scalise
       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

Dear Mr. Scalise:

On February 5, 2003, 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, 2002. 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, we plan to conduct only baseline inspections at Watts Bar through March 31, 2004. However, we will continue to inspect the lay-up and preservation of Unit 2, we will perform a safety issue inspection to follow-up on industry issues with reactor head penetrations delineated in NRC Bulletin 2002-02, “Reactor Pressure Vessel Head and Vessel Head Penetration Nozzle Inspection Programs,” and we will perform a review of the implementation of the Interim Compensatory Measures required by the NRC Security Order dated February 25, 2002.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. 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 six months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.
As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. 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 2003, we plan to continue these inspections, conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

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)
cc w/encls:
Karl W. Singer
Senior Vice President
Nuclear Operations
Tennessee Valley Authority
Electronic Mail Distribution
James E. Maddox, Acting 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
Robert J. Adney, 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
John D. White, Jr., Director
Tennessee Emergency Management Agency
Electronic Mail Distribution
Institute of Nuclear Power Operations
700 Galleria Parkway
Atlanta, GA 30339-5943
<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Inspection Activity</th>
<th>Title</th>
<th>No. of Staff on Site</th>
<th>Planned Dates Start</th>
<th>Planned Dates End</th>
<th>Inspection Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>OL RQ</td>
<td>- REQUAL INSPECTION</td>
<td>Licensed Operator Requalification</td>
<td>1</td>
<td>03/03/2003</td>
<td>03/05/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>PI&amp;R</td>
<td>IDENTIFICATION AND RESOLUTION OF PROBLEM</td>
<td>4</td>
<td>04/14/2003</td>
<td>04/18/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>PI&amp;R</td>
<td>IDENTIFICATION AND RESOLUTION OF PROBLEM</td>
<td>4</td>
<td>04/28/2003</td>
<td>05/02/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>EB1SSDPC</td>
<td>- SSDPC PRE-INSPECTION VISIT</td>
<td>Safety System Design and Performance Capability</td>
<td>1</td>
<td>06/02/2003</td>
<td>06/05/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>EB2-HS</td>
<td>- HEAT SINK</td>
<td>Heat Sink Performance</td>
<td>1</td>
<td>06/02/2003</td>
<td>06/06/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>PS-SEC</td>
<td>- SECURITY - TI/ICM</td>
<td>Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures</td>
<td>3</td>
<td>07/14/2003</td>
<td>07/18/2003</td>
<td>Safety Issues</td>
</tr>
<tr>
<td>PS-RP</td>
<td>- RADIATION PROTECTION</td>
<td>Access Control to Radiologically Significant Areas</td>
<td>3</td>
<td>07/21/2003</td>
<td>07/25/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>IP 7112101</td>
<td>Radiation Monitoring Instrumentation and Protective Equipment</td>
<td></td>
<td>07/21/2003</td>
<td>07/25/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>IP 7112201</td>
<td>Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems</td>
<td></td>
<td>07/21/2003</td>
<td>07/25/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>IP 71151</td>
<td>Radiological Environmental Monitoring Program</td>
<td></td>
<td>07/21/2003</td>
<td>07/25/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>EB2-ISI</td>
<td>- INSERVICE INSPECTION-U1</td>
<td>Performance Indicator Verification</td>
<td>1</td>
<td>07/21/2003</td>
<td>07/25/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>IP 7111108P</td>
<td>Inservice Inspection Activities - PWR</td>
<td></td>
<td>09/29/2003</td>
<td>10/03/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>S/G-ISI</td>
<td>- S/G INSERVICE INSPECTION-U1</td>
<td>Inservice Inspection Activities - PWR</td>
<td>1</td>
<td>10/06/2003</td>
<td>10/10/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>2515/150</td>
<td>- TI 2515/150 REV1</td>
<td>Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)</td>
<td>1</td>
<td>10/07/2003</td>
<td>10/10/2003</td>
<td>Safety Issues</td>
</tr>
<tr>
<td></td>
<td>IP 7111404</td>
<td>Emergency Action Level and Emergency Plan Changes</td>
<td></td>
<td>11/05/2003</td>
<td>11/06/2003</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>IP 71151</td>
<td>Performance Indicator Verification</td>
<td></td>
<td>11/05/2003</td>
<td>11/06/2003</td>
<td>Baseline Inspections</td>
</tr>
</tbody>
</table>

This report does not include INPO and OUTAGE activities. This report shows only on-site and announced inspection procedures.
<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Inspection Activity</th>
<th>Title</th>
<th>No. of Staff on Site</th>
<th>Planned Dates</th>
<th>Inspection Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PB6-FP</td>
<td>- FLOOD PROTECTION</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>IP 7111106</td>
<td>Flood Protection Measures</td>
<td></td>
<td>01/12/2004</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>EB1FP</td>
<td>- TFP PRE-INSPECTION VISIT</td>
<td>4</td>
<td>01/16/2004</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>1</td>
<td>IP 7111105T</td>
<td>Fire Protection</td>
<td></td>
<td>03/01/2004</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>EB1-FP</td>
<td>- TRIENNIAL FIRE PROTECTION</td>
<td>4</td>
<td>03/05/2004</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td>1</td>
<td>IP 7111105T</td>
<td>Fire Protection</td>
<td></td>
<td>03/22/2004</td>
<td>Baseline Inspections</td>
</tr>
<tr>
<td></td>
<td>OL PREP</td>
<td>- INITIAL EXAM PREP</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>V23213</td>
<td>WATTS BAR/EXAMS AT POWER FACILITIES</td>
<td></td>
<td>03/29/2004</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>04/02/2004</td>
<td></td>
</tr>
</tbody>
</table>

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.