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

June 7, 2001

Mr. Harold E. Fisher, Chairman
Rhea County Commission
351 Porter Lake Road
Spring City, Tennessee 37381

SUBJECT: NRC ANNUAL PERFORMANCE ASSESSMENT OF WATTS BAR NUCLEAR PLANT

Dear Mr. Fisher:

The annual performance assessment of the Watts Bar Nuclear Plant has been completed in accordance with the NRC Reactor Oversight Process, using the most recent performance indicators and inspection findings from the last 12 months. The assessment reflects current licensee performance and is described in the enclosed Annual Assessment Letter sent to the Tennessee Valley Authority on May 30, 2001.

On July 17, 2001, members of my staff will meet with the management of the Tennessee Valley Authority to discuss the performance of Watts Bar. This meeting is scheduled to be conducted at 10:00 a.m., at the Watts Bar Training Center, Classroom 19.

I would like to personally invite you to attend this Annual Assessment Meeting. Also in conjunction with this meeting, I would like to invite you to a separate meeting between you and other State and local government officials, and my staff. This meeting will be conducted at the same location shortly after the conclusion of the Annual Assessment Meeting. The purposes of this meeting are to meet the NRC inspectors at Watts Bar, and to ensure that you are aware of the NRC inspection and assessment process and the avenues that are available to bring concerns that you or your constituents have to the NRC. This meeting will also provide you the opportunity to inform us of any current personal or constituent concerns with Watts Bar. There is also another means for you to become familiar with the Reactor Oversight Process and the specific performance of Watts Bar. Through the NRC Web site, you can access the same information we use in our annual assessment of plant performance. This information may be accessed at http://www.nrc.gov/NRR/OVERSIGHT.

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Your schedule permitting, my staff looks forward to meeting with you on July 17, 2001. In the interim, please do not hesitate to contact me directly or Paul Fredrickson of my staff if we can be of further assistance to you. You can contact us at 1-800-577-8510, extension 24410 or 24530, respectively.

Sincerely,

//RA//

Luis A. Reyes
Regional Administrator

Enclosure: As Stated

May 30, 2001

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 50-390/2001-01 AND 50-391/2001-01

Dear Mr. Scalice:

On May 2, 2001, 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) and inspection results for the period from April 2, 2000, to March 31, 2001. 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 which 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, we plan to conduct only the baseline inspections at your facility through May 31, 2002, as well as continue to inspect the layup and preservation of Unit 2 safety-related equipment on an annual basis.

In addition, prior to this assessment period, on February 7, 2000, the staff issued a Notice of Violation and Proposed Imposition of Civil Penalty - $110,000 to TVA, in accordance with the "General Statement of Policy and Procedures for NRC Enforcement Actions," NUREG-1600. This Severity Level II violation involved employment discrimination contrary to the requirements of 10 CFR 50.7, "Employee Protection," in that TVA did not select a former employee to a competitive position in the corporate chemistry organization in 1996, due, at least in part, to his engagement in protected activities. On January 22, 2001, TVA denied the violation. Subsequent to this assessment period, on May 4, 2001, the staff issued an Order sustaining the violation and imposing the civil penalty. TVA's response to the Imposition Order remains pending.

Attachment

The enclosed inspection plan details the scheduled inspections that will occur through May 31, 2002. This 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.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year (CY) cycle (January 1 - December 31), the current inspection and assessment cycle will consist of only three quarters (i.e., the second, third and fourth calendar quarters of CY 2001). As a result, for this transition period, the number of inspection activities has been modified accordingly and a mid-cycle review letter and accompanying inspection plan will not be issued.

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/NRC/ADAMS/index.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) 562-4530 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Paul E. Fredrickson, 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 Nuclear Plant Inspection/Activity Plan

cc w/encl: (See page 3)

cc w/encl:
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Nuclear Operations
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PUBLIC DOCUMENT (circle one): YES NO

OFFICE	DRP/RII						
SIGNATURE	PTaylor:vyg						
NAME	rpc						
DATE	5/30/2001						
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

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PUBLIC DOCUMENT (circle one): YES

OFFICE	DRP/RII					
SIGNATURE	PEF					
NAME	PFREDRICKSON					
DATE	6/7/2001					
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

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