



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

March 4, 2003

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 - SEQUOYAH, REPORT 50-327/2003-01,
50-328/2003-01**

Dear Mr. Scalice:

On February 5, 2003, the NRC staff completed its end-of-cycle plant performance assessment of the Sequoyah Nuclear Plant. The end-of-cycle review for Sequoyah 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, Sequoyah operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix for Unit 1 and the Regulatory Response Column for Unit 2. Entry into the Regulatory Response Column for Unit 2 was based upon one PI in the Initiating Events Cornerstone (Unplanned Scrams per 7000 Critical Hours) that crossed the White threshold in the fourth quarter of 2002. The degradation of this PI is considered to be of very low safety significance. Per our letter dated January 21, 2003, we informed you that, as a result of the White PI, we planned to conduct Supplemental Inspection Procedure 95001 in order to better understand the causes contributing to the increase of unplanned scrams and your planned corrective actions. Although we informed you we planned to conduct this inspection in February 2003, it was predicated upon completion of your formal root cause investigation. We understand that you have previously taken corrective actions in response to the direct causes of each of the scrams and that you just recently completed your integrated review of the overall root cause. We therefore plan to perform the inspection in March 2003.

The enclosed inspection plan details the inspections scheduled through March 31, 2004. It includes baseline inspections for both units as well as the Unit 2 Supplemental Inspection discussed above, Unit 1 steam generator replacement inspections, and an Independent Spent Fuel Storage Installation (ISFSI) construction inspection scheduled during this period. We will

also perform safety issue inspections on both units 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 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 Stephen J. Cahill at 404-562-4520 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Loren R. Plisco, Director
Division of Reactor Projects, Region II

Docket Nos. 50-327, 50-328
License Nos. DPR-77, DPR-79

Enclosure: Sequoyah Inspection/ Activity Plan

cc w/encl: (See page 3)

cc w/encl:
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

Richard T. Purcell
Site Vice President
Sequoyah Nuclear Plant
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

Pedro Salas, Manager
Licensing and Industry Affairs
Sequoyah Nuclear Plant
Tennessee Valley Authority
Electronic Mail Distribution

D. L. Koehl, Plant Manager
Sequoyah Nuclear Plant
Tennessee Valley Authority
Electronic Mail Distribution

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

County Executive
Hamilton County Courthouse
Chattanooga, TN 37402-2801

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 30339-5957

Distribution w/encl: (See page 4)

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Distribution w/encl:
R. Anand, NRR
L. Slack, RII EICS
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