

~~Official Use Only-Security-Related Information~~

April 5, 2007

Tennessee Valley Authority
Attn: Mr. Karl W. Singer
Chief Nuclear Officer and
Executive Vice President
6A Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

SUBJECT: SEQUOYAH NUCLEAR PLANT - NRC MATERIAL CONTROL AND
ACCOUNTING PROGRAM INSPECTION - REPORT 05000327/2007201
AND 05000328/2007201

Dear Mr. Singer:

On February 5-9, 2007, the U.S. Nuclear Regulatory Commission (NRC) conducted a material control and accounting (MC&A) safeguards inspection at the Sequoyah Nuclear Plant. The inspection was conducted under Phase III of Temporary Instruction 2515/154. The enclosed inspection report documents the inspection findings, which were discussed during an exit meeting on February 9, 2007, with Mr. J. Douet and members of your staff, and in a supplemental exit meeting by telephone on March 13, 2007.

The inspection examined activities conducted under your license as they relate to safety, security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed storage of special nuclear material in the spent fuel pool, and interviewed personnel. Areas examined during the inspection included physical inventory and accounting records.

This report documents one NRC-identified finding of very low safety significance. This finding was determined to involve violations of NRC requirements. However, because of the very low safety significance and because it is entered into your corrective action program, the NRC is treating this violation as a non-cited violation (NCV), consistent with Section VI.A of the Enforcement Policy. If you contest this non-cited violation, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator, Region II; the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the NRC Resident Inspector at the Sequoyah Nuclear Plant.

When separated from the Enclosure, this document is DECONTROLLED.

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K. Singer

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In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, will be 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 Website at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, this letter's enclosure will not be available for public inspection.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from NRC's document system ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response "Security-Related Information - Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Should you have any questions concerning this report, please contact Martha Williams at (301) 415-7878 or Dori Votolato (301) 415-7633.

| | | | | Sincerely,

/RA/

Barry Westreich, Chief
Reactor Security Oversight Branch
Division of Security Operations
Office of Nuclear Security and Incident Response

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

Nonpublic Enclosure: MC&A Inspection Report 05000327/2007201 and 05000328/2007201
w/Attachment: Supplemental Information

cc w/enclosure: (see page 3)

K. Singer

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