

April 23, 2007

Tennessee Valley Authority  
Attn: Mr. Preston D. Swafford, Interim  
Chief Nuclear Officer  
and Executive Vice President  
6A Lookout Place  
1101 Market Street  
Chattanooga, TN 37402-2801

SUBJECT: WATTS BAR NUCLEAR PLANT - NRC MATERIAL CONTROL AND  
ACCOUNTING PROGRAM INSPECTION - REPORT 05000390/2007202

Dear Mr. Swafford:

On February 20-23, 2007, the U.S. Nuclear Regulatory Commission (NRC) conducted a material control and accounting (MC&A) safeguards inspection at your Watts Bar 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 23, 2007, with Mr. Michael Skaggs and members of your staff, and in a supplemental exit meeting by telephone on March 21, 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.

Based on the results of this inspection, no findings of significance were identified. However, two licensee-identified violations of very low safety significance, are listed in this report. The NRC is treating these violations as non-cited violations (NCVs), consistent with Section VI.A.1 of the Enforcement Policy, because of the very low safety significance of the violation and because they were entered into your corrective action program. If you contest these NCVs, 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 Watts Bar Nuclear Plant.

When separated from the Enclosure, this document is DECONTROLLED.
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P. Swafford

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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/*

Ralph Costello, Acting Chief  
Reactor Security Oversight Branch  
Division of Security Operations  
Office of Nuclear Security and Incident Response

Docket Nos. 50-390  
License Nos. NFP-90

Enclosure: MC&A Inspection Report 05000390/2007202

cc w/enclosure: see attached list

**Official Use Only - Security-Related Information**

P. Swafford

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Ralph Costello, Acting Chief  
Reactor Security Oversight Branch  
Division of Security Operations  
Office of Nuclear Security and Incident Response

Docket Nos. 50-390  
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Enclosure: MC&A Inspection Report 05000390/2007202

cc w/enclosure: see attached list

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