



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

August 19, 2010

Mr. R. P. Cochrane
Vice-President and General Manager
Babcock & Wilcox
Nuclear Operations Group, Inc.
P. O. Box 785
Lynchburg, VA 24505-0785

**SUBJECT: LICENSEE PERFORMANCE REVIEW (LPR) OF LICENSED ACTIVITIES FOR
BABCOCK & WILCOX, NUCLEAR OPERATIONS GROUP, INC., DOCKET
NUMBER 70-27**

Dear Mr. Cochrane:

The NRC Region II and Headquarters staffs completed a review of the Babcock & Wilcox (B&W) Nuclear Operations Group, Inc. (NOG) inspection results and performance in conducting NRC licensed activities. The review covered the period beginning July 31, 2009, and ending June 30, 2010. B&W NOG's performance was evaluated in the following areas: Safety Operations, Safeguards, Radiological Controls, Facility Support, and Special Topics. This letter and the Enclosure provide the results of our review, and will be used as a basis for establishing the NRC oversight program for your facility. The details regarding the safeguards portion of the review are documented in a separate letter marked Official Use Only due to the sensitive nature of the information.

The review showed that B&W NOG continues to conduct its activities safely and securely; protecting public health and the environment. During our last performance review meeting held on September 28, 2009, no specific areas needing improvement were identified. However, the NRC informed you and your staff during the meeting that we would re-evaluate the inspection program period following the completion of the Special Inspection Team review and assessment of the circumstances associated with the Alert emergency declaration on July 15, 2009. Your performance was re-evaluated and the results were documented in our letter dated March 18, 2010. Although we stated that the core inspection hours for emergency preparedness would be maintained at normal levels, we informed you that additional management attention was warranted in the subsequent evaluation period, in the area of timely emergency recognition and correct classification of the event based on your performance during the band saw event and the biennial emergency exercise held on June 9, 2009.

Based on our current review of activities covering the period July 31, 2009 through June 30, 2010, no areas needing improvement were identified. As a result of your performance during the assessment period, the NRC plans to conduct the core inspection program for a Category I Fuel Facility as described in NRC Inspection Manual Chapter 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program," for the period of July 1, 2010 to June 30, 2011.

The results of our review will be discussed with you at a meeting open to the public on September 21, 2010. During the meeting, we expect you to discuss your view of your performance in the same major areas as the NRC evaluated. We expect you to specifically address the actions you have taken to improve past performance in the timely recognition and correct classification of emergency events.

In accordance with 10 CFR 2.390 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 NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Please refer questions and comments regarding your performance review to me by telephone at 404-997-4560.

Sincerely,

/RA/

Steven J. Vias, Chief
Fuel Facility Inspection Branch 1
Division of Fuel Facility Inspection

Docket No. 70-27
License No. SNM-42

Enclosure: Licensee Performance Review

cc w/encl:
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 NON-SENSITIVE
 ADAMS: Yes
 ACCESSION NUMBER: _____
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DATE	8/ /2010	8/ /2010	8/ /2010	8/ /2010	8/ /2010	8/ /2010	8/ /2010
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

**LICENSEE PERFORMANCE REVIEW FOR BABCOCK AND WILCOX
NUCLEAR OPERATIONS GROUP, INC.
ASSESSMENT PERIOD: July 31, 2009 to June 30, 2010**

The following is a summary of the performance of Babcock and Wilcox Nuclear Operations Group, Inc. in the conduct of NRC licensed activities.

PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of nuclear criticality safety, fire safety, and plant operations.

Program Areas Needing Improvement

- No specific areas needing improvement were identified.

Recommended NRC inspection Effort in Safety Operations

- Maintain the core inspection effort

PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

Program Areas Needing Improvement

- No specific areas needing improvement were identified.

Recommended NRC inspection Effort in Radiological Controls

- Maintain the core inspection effort

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance, training, emergency preparedness, and management organization and controls.

Program Areas Needing Improvement

- No specific areas needing improvement were identified.

Recommended NRC inspection Effort in Facility Support

- Maintain the core inspection effort

Enclosure

PERFORMANCE AREA: SPECIAL TOPICS (LICENSING ACTIVITIES)

This area is comprised of safety licensing.

Program Areas Needing Improvement

- No specific areas needing improvement were identified.