



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

March 5, 2012

Mr. Michael D. Skaggs
Senior Vice President
Nuclear Construction
Tennessee Valley Authority
6A Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

SUBJECT: END-OF-CYCLE ASSESSMENT LETTER – WATTS BAR NUCLEAR PLANT
UNIT 2 (NRC INSPECTION REPORT 05000391/2012601)

Dear Mr. Skaggs:

On February 7, 2011, the NRC staff completed its performance review of the Watts Bar Nuclear (WBN) Plant Unit 2 construction project. Our technical staff reviewed inspection results for the period from January 1, 2011 through December 31, 2011. 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.

Overall, WBN Unit 2 construction activities were conducted in a manner that complied with the Commission's rules and regulations, the conditions of your construction permit, and the Unit 2 regulatory framework commitments. Our inspections indicated that your construction program and procedure development, along with project staffing, were sufficiently implemented to support ongoing construction activities. Overall the corrective action program implementation activities, including initiation, classification, disposition, and trending were deemed satisfactory. However, since our inspections did identify some concerns with the completeness and adequacy in the documentation and implementation of your corrective actions, we plan to continue to inspect this area during focused and team Problem Identification and Resolution (PI&R) inspections. As discussed in our September 1, 2011, Mid-Cycle Assessment Letter, we were concerned with the adequacy of your corrective actions for several historical problems. Specifically, for non-cited violation (NCV) 05000391/2011605-01, "Failure to take adequate corrective action associated with construction deficiency reports and issues identified in a NRC Bulletin," the NRC staff identified four examples of inadequate corrective actions to resolve the historical issues. Because of the large number of issues in your corrective action program that require resolution, your actions to address this violation are extremely important. The NRC staff will continue to assess your actions in this area as part of our close-out inspections for other historical issues and review of your corresponding closure packages.

In 2011 the NRC staff identified three (3) NCVs involving your commercial grade dedication (CGD) program. These violations identified both CGD implementation errors and problems with your programmatic guidance for performing CGD activities. Because of the large number of components already procured under the CGD process, a thorough extent of condition review for these violations is warranted. We plan to review your corrective actions during future NRC inspections.

The NRC staff has expended a large effort toward the WBN Unit 2 project during 2011. Specifically, the Region II office has spent over 16,800 hours performing inspections, assessments, public meetings, allegation follow-up, and inspection program support for WBN Unit 2. The NRC staff anticipates this level of effort will be maintained in 2012 as WBN Unit 2 construction activities continue and pre-operational testing is performed on additional safety-related systems.

In conclusion, project performance for the most recent quarter, as well as for the previous three quarters of the assessment cycle, was acceptable based on the above inspection conclusions, the fact that all violations were classified as severity level IV or below, and that no Substantive Cross-Cutting Issue was identified. Therefore, we do not plan to expand our inspection activities beyond what is specified by Inspection Manual Chapter (IMC) 2517.

The enclosed inspection plan contains those major or infrequent projected inspection activities that we have currently identified, in part, by reviewing your project schedule. It is crucial that you keep us apprised of any project schedule changes as soon as they are identified, in order to maintain our inspection plan current. As additional details of your project schedule become available, we will plan other inspections specified in IMC 2517. Your staff will be informed of changes/ additions to our inspection plans. Routine inspections performed by the resident inspectors and regional staff on construction activities, Corrective Active Programs (CAPs), Special Programs (SPs), Generic Communications, historical open items, and Construction Deficiency Reports (CDRs) are not listed on the inspection plan due to their ongoing and continuous nature. We plan to give your staff ample notification of specific upcoming inspection activities as their schedule becomes available in order to allow for the resolution of any scheduling conflicts and personnel availability issues.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure 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 Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Please contact me at (404) 997-4446 with any questions you may have regarding this letter or our planned inspections.

Sincerely,

/RA/

Robert C. Haag, Chief
Construction Projects Branch 3
Division of Construction Projects

Docket No. 50-391
Construction Permit No: CPPR-92

Enclosure

cc: (See next page)

The NRC staff has expended a large effort toward the WBN Unit 2 project over the last twelve months. Specifically, the Region II office has spent over 16,800 hours performing inspections, assessments, public meetings, allegation follow-up, and inspection program support for WBN Unit 2. The NRC staff anticipates the number of hours to increase as WBN Unit 2 construction activities continue and pre-operational testing is performed on additional safety-related systems.

In conclusion, project performance for the most recent quarter, as well as for the previous three quarters of the assessment cycle, was acceptable based on the above inspection conclusions, the fact that all violations were classified as severity level IV or below, and that no Substantive Cross-Cutting Issue was identified. Therefore, we do not plan to expand our inspection activities beyond what is specified by Inspection Manual Chapter (IMC) 2517.

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cc: (See next page)

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ADAMS: Yes ACCESSION NUMBER: ML 12065A396 _____ SUNSI REVIEW COMPLETE

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DATE	3/2/2012	3/2/2012	3/2/2012	3/5/2012			
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO			

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Letter to Michael D. Skaggs from Robert C. Haag dated March 5, 2012.

SUBJECT: END-OF-CYCLE ASSESSMENT LETTER – WATTS BAR NUCLEAR PLANT
UNIT 2 (NRC INSPECTION REPORT 05000391/2012601)

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Inspection Plan

Watts Bar Unit 2*

Inspection Activity	Calendar Quarter for Inspection
Problem Identification and Resolution (IP 35007)	First Quarter 2012 Team Inspection
Containment Coatings Inspection	Second Quarter 2012 Team Inspection
Containment Sump Inspection	Forth Quarter 2012 Team Inspection
Environmental Qualification Inspection	Third Quarter 2012 Team Inspection
Engineering Field Change Control Inspection	Third Quarter 2012 Team Inspection
Fire Protection Inspection	Third Quarter 2012 Team Inspection
Cyber Security Plan Implementation Inspection	Third Quarter 2012 Team Inspection
Construction Refurbishment Process (IP 37002)	Ongoing

* The inspections listed above are limited to major or infrequently performed inspections. They are in addition to routine inspections performed by the resident inspectors and regional staff such as inspections of routine construction activities, CAPs, SPs, Generic Communications and historical open items.