



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

March 4, 2013

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 05000391/2013601)**

Dear Mr. Skaggs:

On February 11, 2013, the NRC staff completed its performance review of the Watts Bar Nuclear Plant Unit 2 construction project. Our technical staff reviewed inspection results for the period from January 1, 2012 through December 31, 2012. 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, Watts Bar Nuclear Plant 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 adherence to procedural requirements, along with project staffing, were sufficiently implemented to support ongoing construction activities. Management and Quality Assurance oversight effectively monitored and assessed construction activities. Overall, the corrective action program implementation activities, including initiation, classification, disposition, and trending were deemed satisfactory. This overall conclusion was based on the results of the annual Problem Identification and Resolution (PI&R) team inspection, a focus sample PI&R inspection to assess your actions in response to problems identified during the annual PI&R inspection, and the ongoing assessment of your corrective action program as part of routine inspections.

Previous inspections of your procurement process related to commercial grade dedication (CGD) identified programmatic CGD concerns. Based on the results of these inspections, three apparent violations of 10 CFR Part 50, Appendix B, Quality Assurance Criteria for Nuclear Power Plants, and 10 CFR Part 50.55 were identified. These apparent violations will be forwarded to you in a choice letter for your review. The choice letter will describe the process for final resolution of these apparent violations following the NRC Enforcement Policy. Our final resolution of the CGD apparent violations has the potential to impact our future inspection activities at Watts Bar Unit 2.

Additionally during the assessment period, an apparent violation of NRC requirements was identified for the falsification of micrometer records for safety-related cables inside containment penetrations. The violation was considered for escalated enforcement action, and the NRC sent you a Choice Letter (ML 12083A099) where you requested Alternative Dispute Resolution (ADR). The outcome of the ADR was a Confirmatory Order (ML 12202A260). It is important that all of the actions contained in the Confirmatory Order are completed in a timely manner to minimize the possibility of future incidents of falsification. The NRC plans to review your implementation of the corrective actions during future inspections.

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 issues were identified. Therefore, we plan to perform inspection activities specified in Inspection Manual Chapter (IMC) 2517 and the inspections noted above.

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)

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
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Docket No. 50-391
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Enclosure
2013 Inspection Plan Watts Bar Unit 2

cc: (See next page)

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE

ADAMS: Yes ACCESSION NUMBER: ML13063A460 SUNSI REVIEW COMPLETE

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DATE	3/01/2013	02/28/2013					
E-MAIL COPY?	YES NO	YES NO					

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Letter to Michael D. Skaggs from Robert C. Haag dated March 4, 2013.

SUBJECT: WATTS BAR NUCLEAR PLANT UNIT 2 CONSTRUCTION - NRC INSPECTION
REPORT 05000391/2013601

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**2013 Inspection Plan
Watts Bar Unit 2***

Inspection Activity	Calendar Quarter for Inspection
PI&R Team Inspection	Second Quarter 2013
Containment Coating Inspection	Second Quarter 2013
Emergency Raw Cooling Water (ERCW) and Component Cooling Water System (CCS) Pre-Operational Testing Inspections	Third Quarter 2013
Engineering Field Change Control Inspection	Third Quarter 2013
QA Team Inspection	Fourth Quarter 2013
Fire Protection Team Inspection	Fourth Quarter 2013
Containment Spray (CS), Reactor Protection System (RPS), and Chemical and Volume Control System (CVCS) Pre-Operational Testing Inspections	Fourth Quarter 2013
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.