

Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402-2801

John A. Scalice
Chief Nuclear Officer and Executive Vice President, TVA Nuclear

July 31, 2003

Mr. Frank Congel
Director, Office of Enforcement
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852-2739

Dear Mr. Congel:

**ALLEGED DISCRIMINATION AGAINST A CORPORATE NUCLEAR
ENGINEERING MANAGER FOR PROVIDING INFORMATION TO THE NRC
(OFFICE OF INVESTIGATIONS (OI) REPORT NO. 2-2000-035)**

The purpose of this letter is to amend, in part, my letter to you dated February 3, 2003, regarding the subject matter. I understand that Ed Vigluicci, an attorney with TVA's Office of the General Counsel, and Carolyn Evans, NRC's Region II Counsel, have discussed the terms for extending the waiver of the five-year Statute of Limitations for enforcement related to the issues raised in OI Report No. 2-2000-035.

In my letter of February 3, 2003, TVA agreed to a limited waiver of the Statute of Limitations in order to allow NRC to continue to defer, for a limited time, any enforcement action associated with the findings of OI Report No. 2-2000-035 as they may relate to events that occurred in 1998 and 1999. Insofar as these findings are concerned, TVA agreed that the time from NRC's request for waiver (January 13, 2003) to 90 days after the Atomic Safety Licensing Board's decision in Case No. 01-791-01-CivP should not count against the running of the Statute of Limitations.

As you know, on July 16, 2003, TVA petitioned the Commission to review the June 26, 2003, Initial Decision issued by the Atomic Safety Licensing Board. Accordingly, TVA has decided to agree to amend, and extend, its limited waiver of the Statute of Limitations. TVA now agrees that the time from NRC's request for waiver

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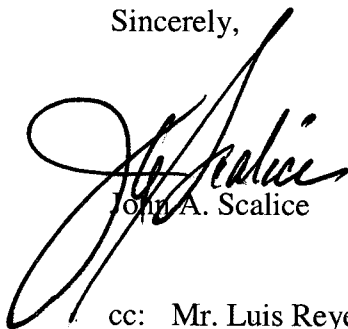
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(January 13, 2003) until 180 days after any final decision by the Commission in Case No. 10-791-01-CivP should not count against the running of the Statute of Limitations. As discussed between Mr. Vigluicci and Ms. Evans, this agreement to a limited waiver contemplates and is conditioned upon NRC's completion of any enforcement action associated with the findings of OI Report No. 2-2000-035. For the purposes of this limited waiver, enforcement action means any determination and notification to TVA that a violation of NRC requirements has occurred along with any notice of a proposed imposition of civil penalty. Such 180-day period does not include any TVA reply or answer to the notice of violation.

All other statements and representations made in my letter of February 3, 2003, remain unaffected by the terms of this letter.

If you have any questions regarding the above, please call Mr. Vigluicci at (865) 632-7317.

Sincerely,



John A. Scalice

cc: Mr. Luis Reyes, Regional Administrator
U.S. Nuclear Regulatory Commission
Region II
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW, Suite 23T85
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