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

September 20, 2011

EA-11-217

Mr. R. M. Krich
Vice President, Nuclear Licensing
Tennessee Valley Authority
1101 Market Street, LP 3R-C
Chattanooga, TN 37402-2801

SUBJECT: WATTS BAR NUCLEAR PLANT - NRC SECURITY INSPECTION REPORT
05000390/2011402 AND 05000391/2011402

Dear Mr. Krich:

On August 24, 2011, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your Watts Bar Nuclear Plant. The inspection covered one or more of the key attributes of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results, which were discussed on August 25, 2011, with Mr. D. Grissette and other members of the TVA staff.

This inspection examined activities conducted under your license as they relate to 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 activities, and interviewed personnel.

This letter transmits a finding that has preliminarily been determined to be greater than Green – i.e., a finding of greater than very low safety significance that may result in the need for further evaluation to determine significance, and therefore the need for additional NRC action. The finding is described in the enclosed inspection report. This finding was assessed based on the best available information, using the Physical Protection Significance Determination Process (PPSDP). The finding was immediately corrected and placed in the licensee's Corrective Action Program, while long term corrective action is being implemented. The finding is also an apparent violation of NRC requirements and is being considered for escalated enforcement action in accordance with the Enforcement Policy, which can be found on the NRC's Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement>. The finding also had a cross-cutting aspect in the area of Operating Experience (OE) under P.2(a), in that, the licensee failed to systematically collect, evaluate, and communicate to affected internal stakeholders in a timely

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manner relevant internal and external OE. If you disagree with the cross-cutting aspect assigned to any finding in this report, you should provide a response within 30 days of the date of this inspection report, with the basis of your disagreement to the Regional Administrator, Region II, and the NRC Resident Inspector at the Watts Bar Nuclear Plant.

In accordance with NRC Inspection Manual Chapter (IMC) 0609, we intend to complete our evaluation using the best available information and issue our final determination of safety significance within 90 days of the date of this letter. The significance determination process encourages an open dialogue between the NRC staff and the licensee, however, the dialogue should not impact the timeliness of the staff's final determination.

Before we make our final significance determination, we are providing you with an opportunity (1) to attend a Regulatory Conference where you can present to the NRC your perspective on the facts and assumptions the NRC used to arrive at the finding and assess its significance, or (2) submit your position of the finding to the NRC in writing. If you request a Regulatory Conference, it should be held within 30 days of the receipt of this letter and we encourage you to submit supporting documentation at least one week prior to the conference in an effort to make the conference more efficient and effective. If a Regulatory Conference is held, it will not be open for public observation due to the security-related nature of the issues to be discussed. If you decide to submit only a written response, such submittal should be sent to the NRC within 30 days of your receipt of this letter. If you decline to request a Regulatory Conference or submit a written response, you relinquish your right to appeal the final SDP determination, in that by not doing either, you fail to meet the appeal requirements stated in the Prerequisite and Limitation sections of Attachment 2 of IMC 0609.

Please contact Mr. Michael Ernstes, Chief, Plant Support Branch 2, Division of Reactor Safety, at (404) 997-4540 or in writing within 10 days from the issue date of this letter, to notify the NRC of your intentions. If we have not heard from you within 10 business days, we will continue with our significance determination and enforcement decision. The final resolution of this matter will be conveyed in separate correspondence.

Because the NRC has not made a final determination in this matter, a Notice of Violation will not be issued for these inspection findings at this time. In addition, please be advised that the number and characterization of the apparent violation described in the enclosed inspection report may change as a result of further NRC review.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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 Website at <http://www.nrc.gov/reading-rm/adams.html>. However, because of the security related information contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

Because this issue involves security-related information, your response, should you choose to respond in writing, will not 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>. If Safeguards Information is

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necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response "Proprietary Information in accordance with 10 CFR 2.390(d)(1)" and follow the instructions for withholding in 10 CFR 2.390(b)(1). In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

Sincerely,

/ RA /

Joel T. Munday, Director
Division of Reactor Safety

Docket Nos.: 50-390, 50-391

License Nos.: NPF-90; Construction Permit No. CPPR-92

Enclosure:

Inspection Report 05000390/2011402 and 05000391/2011402
w/Attachment: Supplemental Information (**OUO**)

cc w/Encl.: (See page 4)

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X SUNSI REVIEW COMPLETE X FORM 665 ATTACHED

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| NAME | J. SHEHEE | R. PATTERSON | M. ERNSTES | S. SHAEFFER | S. SPARKS | J. MUNDAY | |
| DATE | 09/16/2011 | 09/16/2011 | 09/19/2011 | 09/19/2011 | 09/19/2011 | 09/20/2011 | |
| E-MAIL COPY? | YES NO | YES NO | YES NO | YES NO | YES NO | YES NO | YES NO |

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cc w/Encl:

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