



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

June 18, 2012

EA-12-021

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

SUBJECT: CONFIRMATORY ORDER (EFFECTIVE IMMEDIATELY)
[NRC OFFICE OF INVESTIGATION REPORT NO. 2-2011-003]

Dear Mr. Skaggs:

The enclosed Confirmatory Order is being issued to Tennessee Valley Authority's (TVA) Watts Bar Nuclear Plant (Watts Bar), as a result of a successful alternative dispute resolution (ADR) session. The commitments were made by TVA as part of the settlement agreement reached during the ADR session, which involved an electrician and foreman, employed by a subcontractor at Watts Bar Unit 2, who deliberately falsified work order packages for primary containment penetrations.

In a letter dated March 23, 2012, the U.S. Nuclear Regulatory Commission (NRC) provided TVA with the results of an investigation completed by the NRC's Office of Investigations (OI). The NRC's letter concluded that on or about August 16, 2010, two subcontractor employees (one craft and one craft foreman) at Watts Bar Unit 2 deliberately falsified micrometer readings identified in Work Order (WO) procedures for primary containment penetrations, and falsely annotated on the WOs that micrometer readings had been performed for cables in these penetrations, when the micrometer readings had not been completed. Additionally, the craft foreman falsely attested that a work order review, field walk down, review of craft documentation, and the scope of work had all been completed. These actions caused TVA to be in apparent violation of 10 CFR Part 50, Appendix B, Criterion V, *Instructions, Procedures and Drawings*, and 10 CFR 50.9, *Completeness and Accuracy of Information*.

In addition, our letter of March 23, 2012, offered TVA a choice to: (1) attend a Predecisional Enforcement Conference; (2) provide a written response; or (3) request ADR with the NRC in an attempt to resolve any disagreement regarding whether violations occurred, the appropriate enforcement action, and the appropriate corrective actions.

In response, TVA requested ADR to resolve any differences with the NRC concerning the apparent violation, and to discuss corrective actions. An ADR mediation session was held on May 21, 2012; a preliminary settlement agreement was reached during this session. The elements of the preliminary agreement were formulated and agreed to at the mediation session and are contained within the enclosed Order. As part of the ADR settlement agreement, and as discussed in the enclosed Confirmatory Order, TVA has completed a number of corrective

actions and agreed to implement additional corrective actions and enhancements. These actions included a prompt cessation of all containment electrical penetration work activities and the initiation of an internal review of the incident, a root cause and extent of condition review, procedural revisions and training related to the importance of 10 CFR 50.9 and procedural compliance, and various site specific (Watt Bar Unit 2) and fleet wide communications. In consideration of the corrective actions and commitments outlined in the order, the NRC agreed to refrain from proposing a civil penalty and issuing a Notice of Violation or other enforcement action for all matters discussed in the NRC's letter to TVA of March 23, 2012 (EA-12-023). We will evaluate the implementation of your commitments during future inspections.

As referenced in the enclosed Confirmatory Order, TVA's Office of Inspector General performed an independent investigation of this event, the results of which led to felony prosecution and conviction of two individuals for falsifying government records.

We have enclosed a Confirmatory Order (Effective Immediately) to confirm the commitments made as part of the settlement agreement. As evidenced by your signed "Consent and Hearing Waiver Form" (copy enclosed) dated June 12, 2012, you agreed to issuance of this letter and Confirmatory Order.

Pursuant to Section 223 of the Atomic Energy Act of 1954, as amended, any person who willfully violates, attempts to violate, or conspires to violate any provision of this Order shall be subject to criminal prosecution as set forth in that section. Violation of this Order may also subject the person to civil monetary penalties.

You are not required to respond to this letter. However, if you choose to provide a response, please provide it to me within 30 days at NRC Region II, ATTN: Regional Administrator, 245 Peachtree Center Avenue, NE, Suite 1200, Atlanta, Georgia 30303-1257.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. The NRC will also include this letter, and the attached Confirmatory Order, on its Web site at www.nrc.gov; the letter can be found on this website by selecting the "Public Meetings and Involvement" link and then the "Enforcement" link. Your response, if you choose to provide one, will also be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. The NRC also includes significant enforcement actions on its Web site at (<http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>).

If you have any questions or comments concerning this letter, please contact Mr. James Moorman, Director, Division of Construction Projects, at 404-997-4200.

Sincerely,

/RA/

Victor M. McCree
Regional Administrator

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

Enclosures:

1. Confirmatory Order
2. Consent and Hearing Waiver Form

cc w/encls:

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TVA

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cc email distribution w/encls:

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Tennessee Valley Authority

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Watts Bar 2 Licensing

Tennessee Valley Authority

Electronic Mail Distribution

Letter to Michael D. Skaggs from Victor M. McCree dated June 18, 2012.

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[NRC OFFICE OF INVESTIGATION REPORT NO. 2-2011-003]

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