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

July 25, 2012

Mr. Joseph W. Shea
Manager, Corp. Nuclear Licensing Programs
Tennessee Valley Authority
1101 Market Street, LP 4B-C
Chattanooga, TN 37402-2801

SUBJECT: WATTS BAR NUCLEAR PLANT - NRC INSPECTION PROCEDURE 95001
SUPPLEMENTAL INSPECTION REPORT 05000390/2012405 AND
05000391/2012405, AND CLOSED REGULATORY PERFORMANCE AND
ANNUAL ASSESSMENT MEETING.

Dear Mr. Shea:

On June 29, 2012, the U.S. Nuclear Regulatory Commission (NRC) staff completed a supplemental inspection pursuant to Inspection Procedure 95001, "Inspection for One or Two White Inputs in a Strategic Performance Area," at your Watts Bar Nuclear Plant, Units 1 and 2. The enclosed inspection report documents the inspection results which were discussed at the exit meeting on June 29, 2012, with Mr. D. E. Grissette and other members of your staff.

As required by the NRC Reactor Oversight Process Action Matrix, this supplemental inspection was performed because a finding of greater than Green safety significance was identified in the 3rd quarter of 2011. The violation was previously documented in a Final Significance Determination for a Security-Related Greater than Green Finding and Notice of Violation; Watts Bar Nuclear Plant, NRC Inspection Report 05000390, 391/2011402, dated December 7, 2011. The NRC staff was informed on January 19, 2012, by your staff's readiness for this inspection.

The objectives of this supplemental inspection were to provide assurance that: (1) the root and the contributing causes for the risk-significant issues were understood; (2) the extent of condition and extent of cause of the issues were identified; and (3) corrective actions were or will be sufficient to address and preclude repetition of the root and contributing causes. The inspection consisted of examination of activities conducted under your license as they related to safety, compliance with the Commission's rules and regulations, and the conditions of your operating license.

The inspectors determined that your staff performed a comprehensive evaluation of the greater than Green finding. Your staff's evaluation identified the primary root causes associated with the finding to be: (1) Inadequate Corporate and Station Management Oversight of the processes/programs

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required for properly evaluating and implementing regulatory requirements and new/or revised guidance; and (2) Lack of procedures needed to ensure implementation of regulatory requirements or new/revised regulatory guidance.

Your staff also identified three contributing causes associated with the finding as: (1) Not following established expectations regarding ownership of the Operating Experience (OE) program and its associated procedure, that contributed to security failing to adequately document and review OE events; (2) Security change management implementation was inadequate; and (3) Management oversight of station performance relative to effectiveness reviews and Corrective Action Program (CAP) closure did not identify gaps in program implementation prior to the NRC baseline security inspection.

The NRC determined that the root causes and corrective actions taken to address the violation and prevent recurrence appear to be adequate. The inspection objectives of IP 95001 have been satisfied. The greater than Green safety significance is considered closed. Therefore, security performance at Watts Bar Unit 1 and 2 returned to the Licensee Response column of the NRC's security action matrix effective, July 1, 2012.

Based on the results of this inspection, no findings were identified.

Additionally, as discussed in the NRC meeting announcement dated June 11, 2012, a Regulatory Performance meeting was conducted on July 29, 2012, to discuss the results of the Annual Assessment letter issued on March 5, 2012. Subsequently, we discussed the status of the Part 73 upgrades. The NRC exit meeting, the Regulatory Performance meeting, and the status of 10 CFR Part 73 upgrades were not open to the public.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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 Website at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns 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.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's

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document system, ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.22. Otherwise, mark your entire response "Security-Related Information-Withhold Under 10 CFR 2.390" and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,

/RA/

Binoy B. Desai, Chief
Plant Support Branch 2
Division of Reactor Safety

Docket No. 50-390, 50-391
License No. NPF-90, CPPR-92

Enclosure:
Inspection Report 05000390/2012405 and
05000391/2012405 (OUO – SRI)
w/Attachment: Supp. Info. (OUO)

cc w/encl.: (See page 4)

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Binoy B. Desai, Chief
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cc w/encl.: (See page 4)

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