



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

March 3, 2004

Tennessee Valley Authority
ATTN: Mr. J. A. Scalice
Chief Nuclear Officer and
Executive Vice President
6A Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

**SUBJECT: ANNUAL ASSESSMENT LETTER - SEQUOYAH NUCLEAR PLANT, REPORT
50-327/2004-01, 50-328/2004-01**

Dear Mr. Scalice:

On February 4, 2004, the NRC staff completed its end-of-cycle plant performance assessment of the Sequoyah Nuclear Plant. The end-of-cycle review for Sequoyah involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2003. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Sequoyah operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix for both Units 1 and 2. At the beginning of the review period, Sequoyah Unit 2 had entered into the Regulatory Response Column of the NRC Action Matrix which was based upon one PI in the Initiating Events Cornerstone (Unplanned Scrams per 7000 Critical Hours) that crossed the White threshold in the fourth quarter of 2002. The degradation of this PI is considered to be of very low safety significance. Per our Assessment Follow-up Letter dated January 21, 2003, we informed you that, as a result of the White PI, we planned to conduct Supplemental Inspection Procedure 95001 in order to better understand the causes contributing to the increase of unplanned scrams and your planned corrective actions. We completed this Supplemental Inspection in July 2003 for the White PI. We concluded in Inspection Report 50-328/2003-08 that the root causes and corrective actions for the PI issues were adequate.

Since both units are currently in the Licensee Response column of the Action Matrix, we plan to conduct only reactor oversight process (ROP) baseline inspections at Sequoyah Units 1 and 2 through September 30, 2005. We also plan on conducting several non-ROP inspections which include safety issue inspections to follow-up on industry issues with Reactor Containment Sump Blockage, Reactor Pressure Vessel Lower Head penetrations, and Spent Fuel Material Control and Accountability, as well as inspections of your Independent Spent Fuel Storage Installation (ISFSI) project.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. We have conducted inspections to review your implementation of these requirements and have monitored your actions in response to changing threat conditions. For calendar year 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made 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).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at 404-562-4520 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Stephen J. Cahill, Chief
Reactor Projects Branch 6
Division of Reactor Projects

Docket Nos. 50-327, 50-328, 72-34

License Nos. DPR-77, DPR-79

Enclosure: Sequoyah Inspection / Activity Plan

cc w/encl: (See page 3)

TVA

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cc w/encls:

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Sequoyah
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	ISFSI - INDEPENDENT SPENT FUEL STORAGE PREOP		1			
1	IP 60854	Preoperational Testing Of An ISFSI		04/12/2004	04/16/2004	Other Routine
1	IP 60854	Preoperational Testing Of An ISFSI		04/19/2004	04/30/2004	Other Routine
	OL PREP - INITIAL OPERATOR LIC EXAM PREP		3			
1	V23215	SEQUOYAH/EXAMS AT POWER FACILITIES		05/17/2004	05/21/2004	Not Applicable
	2515/154 - SPENT FUEL MATERIAL CONTROL & ACC.		1			
1, 2	IP 2515/154	Spent Fuel Material Control and Accounting at Nuclear Power Plants		05/23/2004	05/29/2004	Safety Issues
	EB2-MR - MAINTENANCE RULE		1			
1, 2	IP 711112B	Maintenance Effectiveness		06/01/2004	06/04/2004	Baseline Inspections
	OL EXAM - INITIAL OPERATOR LIC EXAM		4			
1	V23215	SEQUOYAH/EXAMS AT POWER FACILITIES		06/07/2004	06/11/2004	Not Applicable
	2515/153 - RX CONTAINMENT SUMP BLOCKAGE		2			
1, 2	IP 2515/153	Reactor Containment Sump Blockage (NRC Bulletin 2003-01)		06/21/2004	06/25/2004	Safety Issues
	OL EP - EMERGENCY EXERCISE		3			
1, 2	IP 7111401	Exercise Evaluation		06/21/2004	06/25/2004	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		06/21/2004	06/25/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		06/21/2004	06/25/2004	Baseline Inspections
	PS-RP - RAD PROTECTION PUBLIC (ISFSI IF NEEDED)		3			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		08/02/2004	08/06/2004	Baseline Inspections
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		08/02/2004	08/06/2004	Baseline Inspections
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		08/02/2004	08/06/2004	Baseline Inspections
1, 2	IP 7112203	Radiological Environmental Monitoring Program		08/02/2004	08/06/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/02/2004	08/06/2004	Baseline Inspections
	PS-SEC - SECURITY		2			
1, 2	IP 7113001	Access Authorization		09/13/2004	09/17/2004	Baseline Inspections
1, 2	IP 7113002	Access Control		09/13/2004	09/17/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		09/13/2004	09/17/2004	Baseline Inspections
	OL RQ - OPERATOR REQUALIFICATION		2			
1, 2	IP 7111111B	Licensed Operator Requalification Program		10/04/2004	10/08/2004	Baseline Inspections
	2515/152 - U-1: RPV LOWER HEAD PENETRATION		1			
1	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		10/25/2004	10/29/2004	Safety Issues
	EB2-ISI - UNIT 1 INSERVICE INSPECTION		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		11/01/2004	11/05/2004	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Sequoyah
Inspection / Activity Plan
03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
	EB1SSDPC - SSDPC PRE-INSPECTION VISIT		2			
1, 2	IP 7111121	Safety System Design and Performance Capability		01/17/2005	01/21/2005	Baseline Inspections
	EB1SSDPC - SAFETY SYSTEM DESIGN & PERF. CAPABILITY		5			
1, 2	IP 7111121	Safety System Design and Performance Capability		02/14/2005	02/18/2005	Baseline Inspections
1, 2	IP 7111121	Safety System Design and Performance Capability		02/28/2005	03/04/2005	Baseline Inspections
	EB2-HS - HEAT SINK		1			
1, 2	IP 7111107B	Heat Sink Performance		03/28/2005	04/01/2005	Baseline Inspections
	OL PREP - INITIAL OPERATOR LIC EXAM PREP		2			
1	V23215	SEQUOYAH/EXAMS AT POWER FACILITIES		03/28/2005	04/01/2005	Not Applicable
	OL EXAM - INITIAL OPERATOR LIC EXAM		2			
1	V23215	SEQUOYAH/EXAMS AT POWER FACILITIES		04/18/2005	04/22/2005	Not Applicable
	EB2-ISI - UNIT 2 INSERVICE INSPECTION		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		04/25/2005	04/29/2005	Baseline Inspections
	PS-RP - RAD PROTECTION OCCUPATIONAL - WEEK 1		2			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/25/2005	04/29/2005	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/25/2005	04/29/2005	Baseline Inspections
1, 2	IP 7112202	Radioactive Material Processing and Transportation		04/25/2005	04/29/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		04/25/2005	04/29/2005	Baseline Inspections
	PS-RP - RAD PROTECTION OCCUPATIONAL - WEEK 2		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		05/16/2005	05/20/2005	Baseline Inspections
1, 2	IP 7112202	Radioactive Material Processing and Transportation		05/16/2005	05/20/2005	Baseline Inspections
1, 2	IP 7112202	Radioactive Material Processing and Transportation		05/16/2005	05/20/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		05/16/2005	05/20/2005	Baseline Inspections
	OL EP - EMERGENCY PREPAREDNESS		1			
1, 2	IP 7111402	Alert and Notification System Testing		06/20/2005	06/24/2005	Baseline Inspections
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		06/20/2005	06/24/2005	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		06/20/2005	06/24/2005	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		06/20/2005	06/24/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		06/20/2005	06/24/2005	Baseline Inspections
	PI&R - PROBLEM IDENTIFICATION AND RESOLUTION		8			
1, 2	IP 71152B	Identification and Resolution of Problems		07/11/2005	07/15/2005	Baseline Inspections
	PI&R - PROBLEM IDENTIFICATION AND RESOLUTION		4			
1, 2	IP 71152B	Identification and Resolution of Problems		07/11/2005	07/15/2005	Baseline Inspections

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Sequoyah
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03/01/2004 - 09/30/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	PI&R	- PROBLEM IDENTIFICATION AND RESOLUTION	8			
1,2	IP 71152B	Identification and Resolution of Problems		07/25/2005	07/29/2005	Baseline Inspections
	PI&R	- PROBLEM IDENTIFICATION AND RESOLUTION	4			
1,2	IP 71152B	Identification and Resolution of Problems		07/25/2005	07/29/2005	Baseline Inspections
	EB2-MODS	- MODIFICATIONS/10CFR50.59	3			
1,2	IP 71111	Reactor Safety-Initiating Events, Mitigating Systems, Barrier Integrity		07/25/2005	07/29/2005	Baseline Inspections
1,2	IP 711117B	Permanent Plant Modifications		07/25/2005	07/29/2005	Baseline Inspections