August 27, 2003

James J. Sheppard, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

SUBJECT: MIDCYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION

Dear Mr. Sheppard:

On August 5, 2003, the NRC staff completed its midcycle plant performance assessment of South Texas Project Electric Generating Station. The midcycle review for South Texas Project Electric Generating Station involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the first half of the current assessment cycle, January 1 through June 30, 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 which may conflict with your plant activities.

Plant performance for the most recent quarter was within the Licensee Response Column of the NRC’s Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all performance indicators indicating performance at a level requiring no additional NRC oversight (Green). However, the significance of two issues is still under review as part of the Significance Determination Process. These issues involve multiple power operated relief valve lifts and ineffective maintenance practices for motor operated valve actuators. In addition to baseline inspections which are planned for the next year, a supplemental inspection was conducted during the week of August 18, 2003, because of a PI in the Initiating Events Cornerstone that was White in the fourth quarter of 2002 and the first quarter of 2003 involving unplanned scrams per 7000 critical hours for Unit 2.

An inspection of the safety conscious work environment at South Texas Project Electric Generating Station was completed on June 12, 2003, and documented in NRC Inspection Report 50-498/03-09; 50-499/03-09. Based on the results of this inspection and actions taken, the Confirmatory Order (EA 97-341), issued June 9, 1998, was closed.

The enclosed inspection plan details the inspections scheduled through September 30, 2004. 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 6 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.
In accordance with 10 CFR 2.790 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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. William D. Johnson at 817/860-8148 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Arthur T. Howell III, Director
Division of Reactor Projects

Dockets:   50-498
          50-499
Licenses:  NPF-76
          NPF-80

Enclosure:
South Texas Project
   Inspection/Activity Plan

cc:
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Fort Worth, Texas  76109

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Bay City, TX  77414

The Honorable John Connor  
Mayor, City of Palacios  
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Palacios City Hall  
Palacios, TX  77465
Mr. James Mitchell, Sheriff
Matagorda County
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Region VI, Federal Center
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Texas Department of Public Safety
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Austin, TX  78773-0220

Mr. Richard A. Ratliff, Chief
Bureau of Radiation Control
Texas Department of Health
1100 W. 49th Street
Austin, TX  78756-3189
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This report does not include INPO and OUTAGE activities. This report shows only on-site and announced inspection procedures.
## South Texas Project

**Inspection / Activity Plan**

**08/01/2003 - 09/30/2004**

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