

Mr. William T. Cottle
 President and Chief Executive Officer
 STP Nuclear Operating Company
 South Texas Project Electric
 Generating Station
 P.O. Box 289
 Wadsworth, TX 77483

October 2, 1998

SUBJECT: CONFIRMATORY ORDER MODIFYING LICENSE, SOUTH TEXAS PROJECT,
 UNITS 1 AND 2 (TAC NOS. MA2240 AND MA2241)

Dear Mr. Cottle:

The Commission has issued the enclosed Confirmatory Order Modifying License (Order) for the STP Nuclear Operating Company, South Texas Project, Units 1 and 2. This Order confirms STP Nuclear Operating Company's commitment, as stated in your letters dated April 15 and June 4, 1998, to complete implementation of Thermo-Lag 330-1 fire barriers corrective actions by the end of 1998. This commitment was set out in your letter of consent dated June 25, 1998.

You should proceed with implementation of these corrective actions in accordance with your proposed schedule.

A copy of this Order is being filed with the Office of the Federal Register for publication.

Sincerely,

ORIGINAL SIGNED BY:
 Thomas W. Alexion, Project Manager
 Project Directorate IV-1
 Division of Reactor Projects III/IV
 Office of Nuclear Reactor Regulation

Docket No. 50-498 and 50-499

Enclosure: Order

cc w/encl: See next page

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DATE	9/1/98	8/27/98	1/2/98	9/9/98	9/10/98	9/23/98

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

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Sincerely,

A handwritten signature in cursive script that reads "Thomas W. Alexion".

Thomas W. Alexion, Project Manager
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

Enclosure: Order

cc w/encl: See next page

Mr. William T. Cottle
STP Nuclear Operating Company

South Texas, Units 1 & 2

cc:

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Houston, TX 77251

Judge, Matagorda County
Matagorda County Courthouse
1700 Seventh Street
Bay City, TX 77414

UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
STP Nuclear Operating Company)	Docket Nos. 50-498 and 499
)	
South Texas Project, Units 1 and 2)	

CONFIRMATORY ORDER MODIFYING LICENSE

EFFECTIVE IMMEDIATELY

I.

STP Nuclear Operating Company, (the Licensee) is the holder of Facility Operating License Nos. NPF-76 and NPF-80, which authorizes operation of South Texas Project, Units 1 and 2, located in Matagorda County, TX.

II.

The staff of the U.S. Nuclear Regulatory Commission (NRC) has been concerned that Thermo-Lag 330-1 fire barrier systems installed by licensees may not provide the level of fire endurance intended and that licensees that use Thermo-Lag 330-1 fire barriers may not be meeting regulatory requirements. During the 1992 to 1994 timeframe, the NRC staff issued Generic Letter (GL) 92-08, "Thermo-Lag 330-1 Fire Barriers" and subsequent requests for additional information that requested licensees to submit plans and schedules for resolving the Thermo-Lag issue. The NRC staff has obtained and reviewed all licensees' corrective plans and schedules. The staff is concerned that some licensees may not be making adequate progress toward resolving the plant-specific issues, and that some implementation schedules may be either too tenuous or too protracted. For example, several licensees informed the NRC

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staff that their completion dates had slipped by 6 months to as much as 3 years. For plants that have completion action scheduled beyond 1997, the NRC staff has discussed with these licensees the progress of the licensees' corrective actions and the extent of licensee management attention regarding completion of Thermo-Lag corrective actions. South Texas Project, Units 1 and 2, are two of the plants whose schedule extends beyond 1997.

Based on the information submitted by STP Nuclear Operating Company, the NRC staff has concluded that the schedules presented by STP Nuclear Operating Company are reasonable. This conclusion is based on (1) the amount of installed Thermo-Lag, (2) the complexity of the plant-specific fire barrier configurations and issues, (3) the need to perform certain plant modifications during outages as opposed to those that can be performed while the plant is at power, and (4) integration with other significant, but unrelated issues that STP Nuclear Operating Company is addressing at its plant. In order to remove compensatory measures such as fire watches, it has been determined that resolution of the Thermo-Lag corrective actions by STP Nuclear Operating Company must be completed in accordance with current STP Nuclear Operating Company schedules. By letter dated June 15, 1998, the NRC staff notified STP Nuclear Operating Company of its plan to incorporate STP Nuclear Operating Company's schedule commitment into a requirement by issuance of an order and requested consent from the Licensee. By letter dated June 25, 1998, the Licensee provided its consent to issuance of a Confirmatory Order.

III.

The Licensee's commitment as set forth in its letter of June 25, 1998, is acceptable and is necessary for the NRC to conclude that public health and safety are reasonably assured. To preclude any schedule slippage and to assure public health and safety, the NRC staff has

determined that the Licensee's commitment in its June 25, 1998, letter be confirmed by this Order. The Licensee has agreed to this action. Based on the above, and the Licensee's consent, this Order is immediately effective upon issuance.

IV.

Accordingly, pursuant to sections 103, 161b, 161i, 161o, 182, and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 50, IT IS HEREBY ORDERED, effective immediately, that:

STP Nuclear Operating Company shall complete final implementation of Thermo-Lag 330-1 fire barrier corrective actions at South Texas Project, Units 1 and 2, described in the STP Nuclear Operating Company submittals to the NRC dated December 20, 1995, August 26, 1996, November 6, 1996, and July 7, 1997, as modified and summarized by the letters of April 15, 1998, and June 4, 1998, by the end of 1998, excluding those corrective actions which are the subject of the pending deviation request from Appendix R, Section II.G.2.c, dated September 14, 1995, as supplemented by letters dated November 6, 1996, May 22, 1997, August 4, 1997, and April 15, 1998, for NRC staff review and approval pursuant to License Condition 2.E of a change to the approved fire protection program. A schedule for completion of any corrective actions associated with this request will be determined separately.

The Director, Office of Nuclear Reactor Regulation, may relax or rescind, in writing, any provisions of this Confirmatory Order upon a showing by the Licensee of good cause.

V.

Any person adversely affected by this Confirmatory Order, other than the Licensee, may request a hearing within 20 days of its issuance. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time must be made in writing to the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, and include a statement of good cause for the extension. Any request for a hearing shall be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Attention: Chief, Rulemakings and Adjudications Staff, Washington, D.C. 20555. Copies of the hearing request shall also be sent to the Director, Office of Nuclear Reactor Regulation, U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, to the Deputy Assistant General Counsel for Enforcement at the same address, to the Regional Administrator, NRC Region IV, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas, 76011 and to the Licensee. If such a person requests a hearing, that person shall set forth with particularity the manner in which his/her interest is adversely affected by this Order and shall address criteria set forth in 10 CFR 2.714(d).

If a hearing is requested by a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any such hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Confirmatory Order should be sustained.

In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section IV above shall be final 20 days

from the date of this Order without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in Section IV shall be final when the extension expires if a hearing request has not been received. An answer or a request for hearing shall not stay the immediate effectiveness of this Order.

Dated at Rockville, Maryland this 2nd day of October 1998.

FOR THE NUCLEAR REGULATORY COMMISSION


Samuel J. Collins, Director
Office of Nuclear Reactor Regulation