



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

July 10, 2002

William T. Cottle, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION - NRC
INSPECTION REPORT 50-498/02-07; 50-499/02-07

Dear Mr. Cottle:

On June 15, 2002, the NRC completed an inspection at your South Texas Project Electric Generating Station, Unit 2. No inspection of Unit 1 was performed under this report number. The enclosed report documents the inspection findings which were discussed on June 27, 2002, with Mr. J. Sheppard and other members of your staff.

This inspection examined activities conducted under your licenses as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your licenses. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel. This inspection was the first in a series of three inspections to cover steam generator replacement activities at the South Texas Project. This inspection covered design and planning activities in support of steam generator replacement.

Based on the results of this inspection no finding of significance was identified.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response 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).

Sincerely,

/RA/

William D. Johnson, Chief
Project Branch A
Division of Reactor Projects

Dockets: 50-498
50-499

Licenses: NPF-76
NPF-80

Enclosure:
NRC Inspection Report
50-498/02-07; 50-499/02-07

cc w/enclosure:
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ENCLOSURE

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Dockets: 50-498
50-499

Licenses: NPF-76
NPF-80

Report No: 50-498/02-07; 50-499/02-07

Licensee: STP Nuclear Operating Company

Facility: South Texas Project Electric Generating Station, Unit 2

Location: FM 521 - 8 miles west of Wadsworth
Wadsworth, Texas 77483

Dates: March 17 - June 15, 2002

Inspectors: N. F. O'Keefe, Senior Resident Inspector
G. L. Guerra, Resident Inspector
J. F. Melfi, Reactor Inspector, Engineering Maintenance Branch,
Division of Reactor Safety

Approved By: W. D. Johnson, Chief, Project Branch A, Division of Reactor Projects

Attachment: Supplemental Information

SUMMARY OF FINDINGS

South Texas Project Electric Generating Station
NRC Inspection Report 50-498/02-07; 50-499/02-07

IR 05000498-02-07; IR 05000499-02-07; on 03/17-06/15/2002; South Texas Project Nuclear Operating Company; South Texas Project Electric Generating Station, Unit 2. Integrated Resident & Regional Report of Steam Generator Replacement Activities.

This inspection was conducted by resident and regional engineering inspectors. This inspection was the first in a series of three inspections to cover steam generator replacement activities at the South Texas Project in accordance with the approved inspection plan. This inspection covered design and planning activities by the licensee. No findings of significance were identified. Unit 1 was not included in this inspection.

Report Details

Plant Status

Unit 2 began the inspection period at full power. On May 18, 2002, power was reduced to 80 percent to perform maintenance on main turbine governor valves. Power was returned to 100 percent the same day. On June 14, operators manually tripped the unit when Feedwater Isolation Valve 2C unexpectedly shut during a partial stroke test. The unit remained in Mode 3 at the conclusion of this inspection.

1. REACTOR SAFETY

Cornerstones: Initiating Events, Mitigating Systems, Barrier Integrity

1R02 Evaluation of 10 CFR 50.59 Safety Evaluations for Steam Generator Replacement

a. Inspection Scope (71111.02)

The inspectors reviewed selected safety evaluations and design changes (see list in attachment) associated with the replacement of the Unit 2 steam generators scheduled for Refueling Outage 9. This review was performed in accordance with NRC Inspection Procedure 50001, "Steam Generator Replacement Inspection," and the purpose was to evaluate design changes to verify that they were performed in accordance with the requirements of 10 CFR 50.59.

The Unit 1 steam generator replacement was previously assessed in Inspection Report 50-498/99-05. Since the replacement will be a nearly identical process, the inspectors assessed any changes to the design packages that occurred as a result of the Unit 1 steam generator replacement.

b. Findings

No findings of significance were identified.

4. OTHER ACTIVITIES (OA)

4OA5 Steam Generator Replacement Activities

.1 Preoutage Planning and Controls

a. Inspection Scope (50001)

The inspectors inspected the licensee's activities associated with planning for the steam generator replacement in Unit 2. The inspectors performed an organizational review of the licensee and its contractors. This included a review of organizational charts and the planned staffing requirements the licensee had outlined. The inspectors evaluated project planning and status with regard to the observed activities of replacement steam generator receipt, transport, and storage. The inspectors discussed with licensee personnel adverse impacts to the operating unit and problem identification and resolution (1272 lessons learned) from the Unit 1 steam generator replacement and industry events. The inspectors also reviewed the licensee's Mockup Training Plan.

b. Findings

No findings of significance were identified.

.2 Replacement Steam Generator Receipt and Transport

a. Inspection Scope (50001)

The inspectors reviewed the applicable engineering analysis associated with replacement steam generator receipt and transport to the site storage location. This review was performed in accordance with NRC Inspection Procedure 50001, "Steam Generator Replacement Inspection." Specifically, the inspectors focused on crane and rigging equipment, component drop analysis, safe load paths, and load lay-down areas. The inspectors observed selected portions of the receipt and transport process. The following documents were reviewed:

Engineering Evaluation, "Steam Generator Replacement Haul Route Evaluation Report," Condition Report 98-19446-05

Engineering Evaluation, "Steam Generator Replacement Rigging and Transport," Condition Report 98-19446-07

b. Findings

No findings of significance were identified.

.3 Security Considerations

a. Inspection Scope (50001)

The inspectors evaluated the implementation of the licensee's security compensatory measures necessary to facilitate transporting the replacement steam generators into the protected area. The inspectors reviewed the licensee's plans to control access during the outage, when the number of personnel on site increases significantly. Temporary physical changes to the security system were inspected.

b. Findings

No findings of significance were identified.

4OA6 Meetings, including Exit

On April 11, 2002, the inspectors presented the results of the 10 CFR 50.59 review to Mr. T. Jordan, Vice President, Engineering and Technical Services, and other members of licensee management. On June 27, 2002, the inspectors presented the results of the inspection to Mr. J. Sheppard, Vice President & Assistant to the President/CEO, and other members of licensee management.

The inspectors asked the licensee whether any materials examined during the inspection should be considered proprietary. No proprietary information was identified.

ATTACHMENT

Supplemental Information

PARTIAL LIST OF PERSONS CONTACTED

Licensee

S. Blossom, Assistant Installation Manager
F. Comeaux, Engineer
J. Conly, Licensing Engineer
R. Gangluff, Manager, Chemistry
E. Halpin, Plant Manager
S. Head, Manager, Licensing
T. Jordan, Vice President, Engineering and Technical Services
J. LeValley, Area Project Manager
A. Kent, Manager, Engineering
F. Mangan, Vice President, Business Services
W. Mookhoek, Senior Licensing Specialist
G. Parkey, Vice President, Generation
U. Patil, Engineer
J. Price, Engineer
K. Richards, Installation/Return to Service Manager
J. Sheppard, Vice President & Assistant to the President/CEO
G. Simmons, Area Project Manager, Health Physics
B. Sotos, Engineer
D. Stonestreet, Project Manager
K. Tamplett, Licensing Engineer

Licensee Contractor

J. Atwell, Project Manager - Bechtel
S. Pearson, Site Manager - Bechtel

DOCUMENTS REVIEWED

The following documents were selected and reviewed by the inspectors to accomplish the objectives and scope of the inspection and to support any findings:

IP 50001 Steam Generator Replacement Inspection
IP 71111.02 Evaluation of Changes, Tests, or Experiments

Unit 2 - 10CFR50.59 Evaluations

<u>Number</u>	<u>Title</u>	<u>Date</u>
CR 98-19444-2	Large Bore Secondary System Piping Reroute	November 28, 2001
CR 98-19443-7	Upper Head T-Cold Conversion	March 26, 2002
CR 98-19447-01	SG Level Trip Setpoint Change	September 4, 2001

CR 98-19447-02	SG Level Transmitter Upgrade - Train A	August 6, 2001
CR 98-19447-07	Pressurizer Relief Tank Level Setpoint Temperature Change	September 4, 2001
CR 98-19447-06	Pressurizer Level and Tavg Setpoint Changes	September 3, 2001
CR 98-19447-17	AMSAC Initiation	August 6, 2001

Unit 2 - 10CFR50.59 Screening Evaluations

<u>Number</u>	<u>Description</u>	<u>Date</u>
99-115476-3	New Design to Fix Blowdown Issue in Unit 1	October 23, 2001

Miscellaneous Documents

<u>Number</u>	<u>Title</u>	<u>Date or Revision</u>
CR 01-13637	10 CFR 50.59 Self-Assessment	February 13, 2002
CR 98-19449-5 CR 96-2849-13	One time deviation from RG 1.75 for SGRO	January 12, 2000
DCP 96-2842-3	Replacement of Model E Steam Generator with Model Delta 94 Steam Generator	April 8, 2000
2C362PFW433	Feedwater, "FW" Sheet 1	0
USQE 99-66-23	Replacement Steam Generator Non-LOCA Safety Evaluation	0
WNEP 9647	Delta 94 Steam Generator Thermal and Hydraulic Design Data Report for South Texas Nuclear Plant Unit 1, December 15, 1998	1
WCAP-15136	South Texas Project Units 1 and 2 Replacement Steam Generator Program Safety Analysis and Licensing Report	2
CN-ICAT(97)-056	Pressurizer Level Setpoints for RSG (Revised) (12/3/97)	0