



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005**

February 5, 2003

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

**SUBJECT: SUMMARY OF MEETING ON THE APPROVED EXEMPTION FROM THE
SCOPE OF SPECIAL TREATMENT REQUIREMENTS**

Dear Mr. Cottle:

This refers to the public meeting conducted at the NRC Region IV office on January 22, 2003, between your staff and the NRC. The participants discussed the process used to apply the exemption from the scope of special treatment requirements imposed by 10 CFR Parts 21, 50, and 100. Your staff presented the status of your implementation of the process and provided useful insight into the benefits gained by the exemption.

The attendance list is enclosed with this summary (Enclosure 1). A copy of the presentation slides is also enclosed (Enclosure 2).

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).

Should you have any questions concerning this matter, we will be pleased to discuss them with you.

Sincerely,

/RA/

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

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

Enclosures:

1. Attendance List
2. Licensee Presentation

cc w/enclosures:

Tom Jordan, Vice President
Engineering & Technical Services
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

S. M. Head, Manager, Licensing
Nuclear Quality & Licensing Department
STP Nuclear Operating Company
P.O. Box 289, Mail Code: N5014
Wadsworth, Texas 77483

A. Ramirez/C. M. Canady
City of Austin
Electric Utility Department
721 Barton Springs Road
Austin, Texas 78704

M. T. Hardt/W. C. Gunst
City Public Service Board
P.O. Box 1771
San Antonio, Texas 78296

D. G. Tees/R. L. Balcom
Houston Lighting & Power Company
P.O. Box 1700
Houston, Texas 77251

Jon C. Wood
Matthews & Branscomb
112 E. Pecan, Suite 1100
San Antonio, Texas 78205

A. H. Gutterman, Esq.
Morgan, Lewis & Bockius
1111 Pennsylvania Avenue NW
Washington, DC 20004

C. A. Johnson/R. P. Powers
AEP - Central Power and Light Company
P.O. Box 289, Mail Code: N5022
Wadsworth, Texas 77483

INPO

Records Center
700 Galleria Parkway
Atlanta, Georgia 30339-5957

Director, Division of Compliance
& Inspection
Bureau of Radiation Control
Texas Department of Health
1100 West 49th Street
Austin, Texas 78756

Brian Almon
Public Utility Commission
William B. Travis Building
P.O. Box 13326
1701 North Congress Avenue
Austin, Texas 78701-3326

Environmental and Natural
Resources Policy Director
P.O. Box 12428
Austin, Texas 78711-3189

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

G. R. Bynog, Program Manager/
Chief Inspector
Texas Department of Licensing & Regulation
Boiler Division
P.O. Box 12157, Capitol Station
Austin, Texas 78711

Susan M. Jablonski
Office of Permitting, Remediation and Registration
Texas Commission on Environmental Quality
MC-122, P.O. Box 13087
Austin, Texas 78711-3087

Ted Enos
4200 South Hulen
Suite 630
Fort Worth, Texas 76109

Electronic distribution by RIV:
 Regional Administrator (**EWM**)
 DRP Director (**ATH**)
 DRS Director (**DDC**)
 Senior Resident Inspector (**NFO**)
 Branch Chief, DRP/A (**WDJ**)
 Senior Project Engineer, DRP/A (**CJP**)
 Section Chief, DRP/TSS (**PHH**)
 RITS Coordinator (**NBH**)

R:_STP\2003\ST1-22-03MS-DRP.wpd

RIV:SPE:DRP/A	C:DRP/A			
CJPaulk;tbh;dlf	WDJohnson			
/RA/	/RA/			
02/4/03	02/5/03			

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

Enclosure 1

STP Implementation of Risk-Informed Exemption Meeting

01/22/03 1-3 p.m.

NAME	TITLE	ORGANIZATION
C. Paulk	Senior Project Engineer	NRC/RIV/PBA
R. Mathew	OPS Engineer	NRC/NRR/DIPM
D. Fischer	Senior Mechanical Engineer	NRC/NRR
R. Gramm	Section Chief	NRC/NRR/DLPM
Mohan Thadani	Senior Project Manager	NRC/NRR/DLPM
Samuel Lee	Project Manager	NRC/NRR/DRIP/RPRP
John Mateychick	Reactor Inspector	NRC/RIV/DRS/EMB
Wayne Sifre	Reactor Inspector	NRC/RIV/DRS/EMB
W. D. Johnson	Branch Chief	NRC/RIV/DRP/PBA
T. McConnell	Reactor Inspector	NRC/RIV/DRS/EMB
Neil O'Keefe	Senior Resident Inspector	NRC/RIV/DRP/PBA
Gilbert L. Guerra	Resident Inspector	NRC/RIV/DRP/PBA
Claude E. Johnson	Branch Chief	NRC/RIV/DRP/PBC
Elmo Collins	Dep. Dir. DRP	NRC/RIV/DRP
Dwight Chamberlain	Director, DRS	NRC/RIV/DRS
Rick Grantom	Manager, Risk Management	STPNOC
Glen Schinzel	Supv. Risk Insight Imp.	STPNOC
Tom Jordan	V. P. Eng. & Tech. Svcs.	STPNOC
Scott Head	Manager Licensing	STPNOC
Lee Ellershaw	Sr. Rx Inspector (post 3 p.m.)	NRC/RIV/DRS/EMB

**An Overview of the STPNOC Approved Exemption
from the Scope of Special Treatment Requirements
Imposed by 10CFR Parts 21, 50, and 100**

**A Presentation for the
NRC Region IV Staff
January 22, 2003**

**Mr. Tom Jordan, Mr. Rick Grantom
Mr. Scott Head, Mr. Glen Schinzel
South Texas Project Nuclear Operating Company
P.O. Box 289, Wadsworth, Texas USA 77483**

361-972-7854 361-972-7073 (fax) geschinzel@stpegs.com

Why a Risk-Informed Approach?

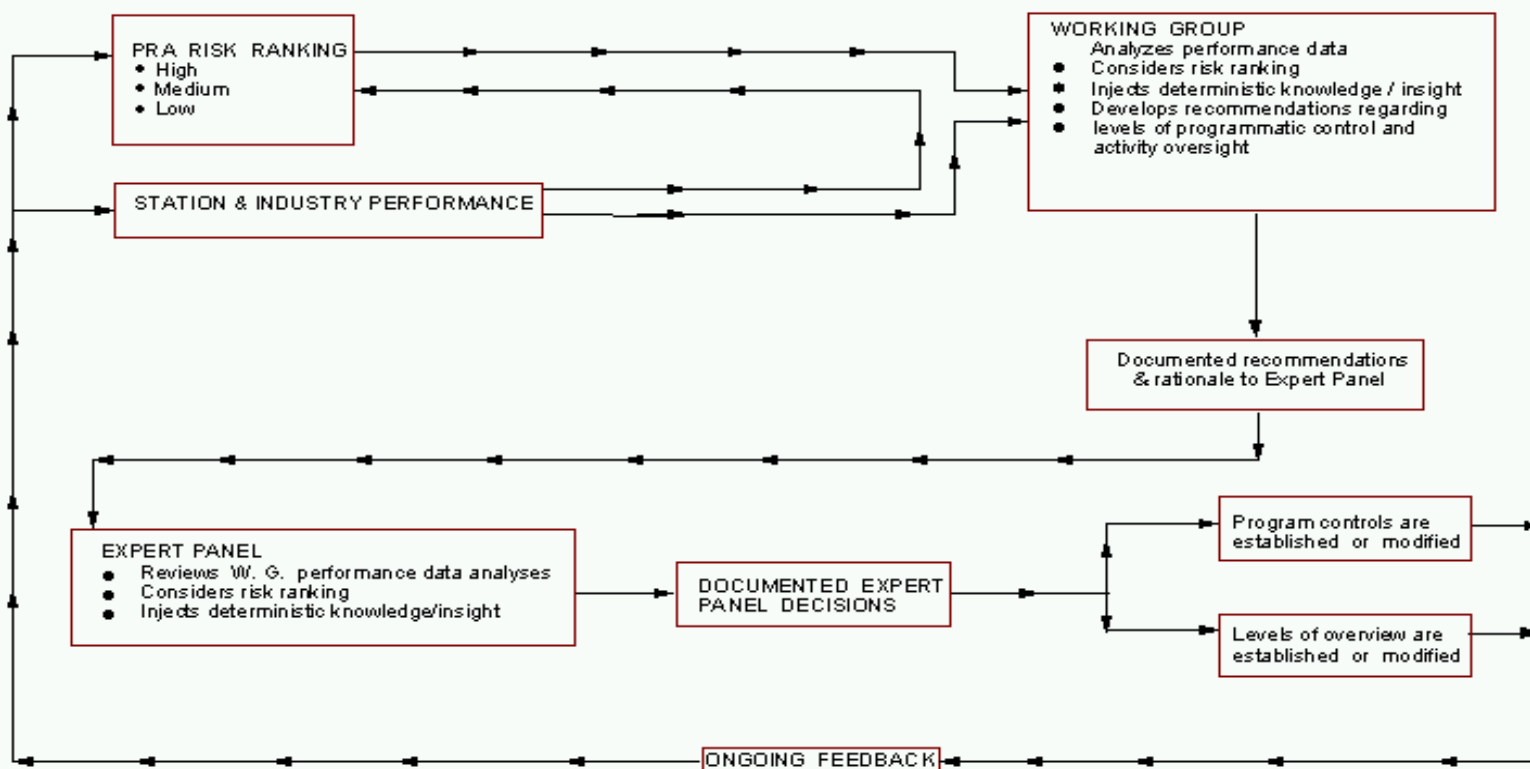
A risk-informed approach to safety-related activities:

- Allows a documented technical basis for identifying what components are truly important (safety significant) and what components are of lesser importance (non-safety significant)

- Once identified, resources can be appropriately allocated with additional focus on the safety significant components

- This results in:
 - Reduced burden for the power plant
 - Reduced burden for the regulator
 - *Improved* overall safety

Importance Determination Flowchart



Importance Determination Controls

- Decision-Making process is made up of two groups - a Working Group and an Expert Panel
 - both groups use experienced, qualified personnel
 - both groups use personnel from maintenance, operations, engineering, licensing, and quality organizations
- Procedures govern the component importance determination process
- Through this process, components are placed into one of four categories:
 - HSS - high safety significant
 - MSS - medium safety significant
 - LSS - low safety significant
 - NRS - not risk significant



Categorization Results

- 43 systems (over 51,000 components) categorized to date
- Components have been categorized as follows:
 - HSS - 3%
 - MSS - 6%
 - LSS - 15%
 - NRS - 76%
- HSS/MSS components are safety significant (important)
- LSS/NRS components are not-safety-significant (least important)

Results Broken Down Further

<p>RISC - 1</p> <p>Safety-Related, Safety Significant</p> <p>3,852 (7.5%)</p>	<p>RISC - 2</p> <p>Non-Safety Related, Safety Significant</p> <p>402 (0.8%)</p>
<p>RISC - 3</p> <p>Safety-Related, Not Safety Significant</p> <p>13, 485 (26.3%)</p>	<p>RISC - 4</p> <p>Non-Safety Related, Not Safety Significant</p> <p>33,503 (65.4%)</p>

Why is it okay to categorize components and treat them differently?

- Industrial practices have been demonstrated to be acceptable through improved power plant capacity and reliability factors
- Industry experiences has shown that component failure frequencies for safety-related/non-safety related components have not been significantly different
- It is expected that all components, including the least important components, will continue to function when demanded
- Even if a safety-related Low/NRS component or an equivalent industrial component were to fail, it would result in little to no impact on safety

Scope of the STP Exemption Request

- 10CFR Part 21 (Vendor Notification)
 - 10CFR50.49 (Environmental Qualification)
 - 10CFR50.55 (ASME / ISI, IST)
 - 10CFR50.59 (Change Control)
 - 10CFR50.65 (Maintenance Rule)
 - Appendix B (Quality Assurance Program)
 - Appendix J (Containment Leak-tightness)
 - 10CFR Part 100 (Seismic)
-
- Exemption was granted on August 3, 2001
 - STP committed to take a deliberate/cautious implementation approach

Implementing the Exemption

- STP added a new section to the FSAR, Section 13.7, to detail the approved Exemption
 - this FSAR Section captures the commitments made by STP in the Exemption submittal
 - this FSAR Section has unique change control processes imbedded in it
- Only categorized components are subject to the Exemption
- Exempted components must continue to meet Appendix B Criterion III, XV, and XVI (design, nonconformances, and corrective actions) as well as other commitments associated with ensuring functionality
- Periodic reviews are performed to validate that the performance and categorization assumptions are still valid
 - Required to be performed once per 18 months - last performed July, 2002
- The PRA Model is required to be periodically reviewed/updated to ensure that the Model reflects the as-designed, as-operated plant



Exemption Implementation to Date

- **Local Leak-Rate Testing**
 - Programmatic procedure revised
 - 57% scope reduction in required testing (35 penetrations)
- **Maintenance Rule (MR)**
 - Maintenance Rule Basis Document revised
 - 15 systems removed from the MR scope
 - The removed systems continue to be tracked by the STP Corrective Action Program (Note: STP did not seek exemption from Criterion III, XV, or XVI of Appendix B (design, nonconformances, and corrective action))
- **Valve Stroke Time Testing**
 - 25% reduction in testing (70 tests in recent Unit 2 refueling outage)
 - Scope of testing procedures has been adjusted
 - Focus has been on Stroke Time Testing of Motor-Operated Valves

Exemption Implementation to Date

- **Intrusive Check Valve Inspections**
 - Three check valve groups have been processed for removal from IST
 - Intrusive inspections and historical emergent repair work (ie, galling of studs) are being eliminated
- **Tool-Pouch Maintenance (TPM)**
 - Tool-Pouch Maintenance Guideline has been revised
 - TPM performance is tracking 30% above historical levels
- **Preventive Maintenance (PMs)**
 - Scopes and frequencies have been adjusted for Low/NRS components
- **Relief Valves**
 - In 12/01, STP adopted '87 edition of ASME OM Code
 - New Code required 180 relief valves to be added to the IST Program
 - 162 of these valves were Low/NRS and eliminated from IST scope

Exemption Implementation to Date

- **Parts Procurement**
 - **Some examples where the Exemption has been utilized:**
 - Spent Fuel Pool Heat Exchanger outlet valve flow guide
 - Sample pumps for the Radiation Monitors
 - Generic safety-related vent and drain valves
 - HVAC A-D flow controller changeout
 - **We are using the Design Change process to address parts changeout (existing STP process) even though the design function is not impacted**
 - **The replaced component is still required to satisfy the design functional requirements**
 - **Appropriate post-maintenance testing is performed to provide sufficient confidence that the component will perform as expected**

Other Benefits/Feedback Noted

- The Station's awareness and focus on safety significant components and activities affecting them has been raised
 - activities are designated as 'High Risk' or 'Medium Risk' with specific owners and plans developed
 - activities are highlighted in the Daily Communication & Teamwork meetings attended by Station managers
- The Station's awareness of safety significant Balance-of-Plant components has been raised and additional controls applied when appropriate
 - ie, Instrument Air compressors, Feed Reg Valves, Main Steam Iso. Valves
- Process inefficiencies are being uncovered and properly challenged to ensure that Station's resources are focused on safety and business acumen



2003 Look-ahead

- Continue to perform additional categorizations
- Areas for additional implementation focus include:
 - Circuit Board parts and repairs
 - ASME repairs and replacements
 - Environmental Qualifications
 - Inservice Testing
 - Snubber Testing
 - Expendable Materials
 - Parts Procurement
- Exemption implementation plans are being developed for each of the above focus areas

Summary

- The approved Exemption is just over a year old - implementation is progressing on a methodical, approved implementation schedule
- Implementation of the Exemption is an ongoing process - it is now part of our Licensed Basis and is embedded in our continuous Station improvement focus
- With the Exemption in place, STP is seeing the focus on nuclear safety becoming sharper as awareness of safety significant components and activities are communicated
- STP is also supporting the industry efforts on Option 2 and 10CFR 50.69



Enclosure 2