



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

March 4, 2003

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

**SUBJECT: ANNUAL ASSESSMENT - SOUTH TEXAS PROJECT ELECTRIC GENERATING
STATION (REPORT 50-498, 499/03-01)**

Dear Mr. Cottle:

On February 5, 2003, the NRC staff completed its end-of-cycle plant performance assessment of South Texas Project Electric Generating Station. The end-of-cycle 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 period from January 1 through December 31, 2002. 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, South Texas Project Electric Generating Station operated in a manner that preserved public health and safety and fully met all cornerstone objectives. The performance of Unit 1 for the most recent quarter, as well as the first three quarters of the assessment cycle, 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 PIs indicating performance at a level requiring no additional NRC oversight (Green).

The performance of Unit 2 for the most recent quarter was in the Regulatory Response Column of the NRC's Action Matrix, based on the PI of scrams per 7000 critical hours of operation in the Initiating Events Cornerstone exceeding the White threshold. Unit 2 performance for the first three quarters was in the Licensee Response Column, based on all inspection findings being classified as having very low safety significance (Green) and PIs indicating performance at a level requiring no additional NRC oversight (Green).

The NRC staff will conduct baseline inspections at both units through March 31, 2004. In response to the low-to-moderate risk significant PI, NRC will schedule and conduct a Supplemental Inspection at Unit 2, in accordance with NRC Manual Chapter 95001, "Inspection for One or Two White Inputs in a Strategic Performance Area." In addition to the baseline inspections, we plan to perform Temporary Instruction 2515/150, "Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-02)," for Unit 1 and Temporary Instruction 2515/148, "Inspection of Nuclear Reactor Safeguards Interim Compensatory Measures," for both units.

The enclosed inspection plan details the inspections scheduled through March 31, 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 six months of the inspection plan are tentative and may be revised at the Midcycle Review meeting.

As you are aware, since the terrorist attacks on September 11, 2001, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness. 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 2003, we plan to continue these inspections and conduct portions of the security baseline inspection program, as well as perform additional inspections to evaluate your compliance with new requirements that may be ordered. Based on our final determinations in this regard, we will notify you of any inspection plan changes.

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 this inspection plan, we will contact you to discuss the change as soon as possible. Please contact 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 Electric Generating
Station Inspection/Activity Plan

cc w/enclosure:

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WDJohnson;df;vlh	DDChamberlain	ATHowell		
/RA/	/RA/	/RA/		
2/27/03	2/27/03	3/2/03		

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E=E-mail

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South Texas Project
Inspection / Activity Plan
03/02/2003 - 03/31/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
OB-PIR - STP PIR INSPECTION			5			
1, 2	IP 71152B	Identification and Resolution of Problems		02/24/2003	03/07/2003	Baseline Inspections
EMB - HEAT SINKS			1			
1, 2	IP 7111107B	Heat Sink Performance		03/10/2003	03/14/2003	Baseline Inspections
SEC-TI - SECURITY ORDER VERIFICATION			3			
1, 2	IP 2515/148	Inspection of Nuclear Reactor Safeguards - Interim Compensatory Measures		03/10/2003	03/14/2003	Safety Issues
ACCESSPI - ACRSA/PI			1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		03/31/2003	04/04/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		03/31/2003	04/04/2003	Baseline Inspections
EMB - ISI & ISI/SG - UNIT 1			1			
1	IP 7111108P	Inservice Inspection Activities - PWR		04/07/2003	04/18/2003	Baseline Inspections
TI 150-1 - TI 2525/150 UNIT 1			2			
2	IP 2515/150	Reactor Pressure Vessel Head and Vessel Head Penetration Nozzles (NRC Bulletin 2002-0		04/07/2003	04/18/2003	Safety Issues
PSB-EP1 - EP PROGRAM BASELINE INSPECTION			1			
1, 2	IP 7111402	Alert and Notification System Testing		05/05/2003	05/09/2003	Baseline Inspections
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		05/05/2003	05/09/2003	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		05/05/2003	05/09/2003	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		05/05/2003	05/09/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		05/05/2003	05/09/2003	Baseline Inspections
OB-IN - INITIAL EXAM PREP			3			
1	X02244	SOUTH TEXAS UNIT 1 - INITIAL EXAM (07/03)		07/28/2003	08/01/2003	Not Applicable
2	X02245	SOUTH TEXAS UNIT 2 - INITIAL EXAM (07/03)		07/28/2003	08/01/2003	Not Applicable
ALARA3 - ALARA PLANNING AND CONTROLS			1			
1, 2	IP 7112102	ALARA Planning and Controls		08/04/2003	08/08/2003	Baseline Inspections
OB-IN - INITIAL EXAMS			4			
1	X02244	SOUTH TEXAS UNIT 1 - INITIAL EXAM (07/03)		08/18/2003	08/22/2003	Not Applicable
2	X02245	SOUTH TEXAS UNIT 2 - INITIAL EXAM (07/03)		08/18/2003	08/22/2003	Not Applicable
PSB-S1 - SECURITY BASELINE INSPECTION			1			
1, 2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizat		09/29/2003	10/03/2003	Baseline Inspections
1, 2	IP 7113003	Response to Contingency Events (Protective Strategy and Implementation of Protective Str		09/29/2003	10/03/2003	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		09/29/2003	10/03/2003	Baseline Inspections
EMB - SSD & PC			5			
1, 2	IP 7111121	Safety System Design and Performance Capability		11/17/2003	11/21/2003	Baseline Inspections
1, 2	IP 7111121	Safety System Design and Performance Capability		12/08/2003	12/12/2003	Baseline Inspections

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
03/02/2003 - 03/31/2004

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	OPS RQ - REQUALIFICATION INSPECTION		2			
1, 2	IP 711111B	Licensed Operator Requalification		11/17/2003	11/21/2003	Baseline Inspections
	EMB - 50.59		1			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		12/08/2003	12/12/2003	Baseline Inspections
	ALARA1 - ALARA PLANNING AND CONTROLS		1			
1, 2	IP 7112102	ALARA Planning and Controls		02/23/2004	02/27/2004	Baseline Inspections

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This report shows only on-site and announced inspection procedures.