



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

March 3, 2004

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

**SUBJECT: ANNUAL ASSESSMENT LETTER - SOUTH TEXAS PROJECT ELECTRIC
GENERATING STATION (NRC REPORT 05000498;499/2004001)**

Dear Mr. Sheppard:

On February 3, 2004, 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, 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 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. 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 PIs indicating performance at a level requiring no additional NRC oversight (Green). In addition to conducting baseline inspections at your facility, we plan to conduct inspections governed by Temporary Instruction TI 2515/152, "Reactor Pressure Vessel Lower Head Penetration Nozzles;" TI 2515/153, "Reactor Containment Sump Blockage;" and TI 2515/154, "Spent Fuel Material Control and Accounting at Nuclear Power Plants."

While plant performance for the most recent three quarters was within the Licensee Response Column of the Action Matrix, there was a safety significant performance indicator during the first quarter of the assessment cycle. The performance of Unit 2 for the first quarter of the assessment period was in the Regulatory Response Column of the NRC's Action Matrix, based on the performance indicator for scrams per 7000 critical hours of operation in the Initiating Events Cornerstone exceeding the White threshold. The NRC conducted a supplemental inspection for this White performance indicator and concluded that your corrective actions were adequate.

As you are aware, the NRC has issued several Orders and threat advisories to enhance security capabilities and improve guard force readiness since the terrorist attacks on September 11, 2001. 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 2004, we plan to continue inspections of Order implementation combined with newly developed portions of the security baseline inspection program.

The enclosed inspection plan details the inspections scheduled through September 30, 2005. 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 12 months of the inspection plan are tentative and may be revised at the midcycle review meeting.

In accordance with 10 CFR 2.390 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/ by MASatorius for

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 w/enclosure:
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Publicly Available Non-Publicly Available Sensitive Non-Sensitive

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RIV:C:DRP/A	D:DRS	D:DRP		
WDJohnson;df	DDChamberlain	ATHowell		
/RA/	/RA/	MASatorius for		
2/23/04	2/26/04	3/3/04		

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South Texas Project
Inspection / Activity Plan
03/01/2004 - 10/01/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	TI 154	- TI 2515/154 SPENT FUEL MATERIAL CONTROL	2			
1, 2	IP 2515/154	Spent Fuel Material Control and Accounting at Nuclear Power Plants		01/01/2004	03/31/2004	Safety Issues
	PSB-S1	- AA-AC-PI-FFD	2			
1, 2	IP 7113001	Access Authorization		03/01/2004	03/05/2004	Baseline Inspections
1, 2	IP 7113002	Access Control		03/01/2004	03/05/2004	Baseline Inspections
1, 2	IP 7113008	Fitness For Duty Program		03/01/2004	03/05/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		03/01/2004	03/05/2004	Baseline Inspections
	EB-08P	- ISI UNIT 2	1			
2	IP 7111108P	Inservice Inspection Activities - PWR		04/05/2004	04/09/2004	Baseline Inspections
2	IP 7111108P	Inservice Inspection Activities - PWR		04/12/2004	04/16/2004	Baseline Inspections
	TI 152	- TI 2515/152 REACTOR PV LOWER HEAD PENETR	2			
2	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		03/31/2004	04/22/2004	Safety Issues
	TI 153	- TI 2515/153 REACTOR CONTAINMENT SUMP BLO	2			
1, 2	IP 2515/153	Reactor Containment Sump Blockage (NRC Bulletin 2003-01)		03/31/2004	04/22/2004	Safety Issues
	ACCESSPI	- ACRSA/PIV	1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/12/2004	04/16/2004	Baseline Inspections
	RP TEAM	- RAD SAFETY TEAM	4			
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		07/12/2004	07/16/2004	Baseline Inspections
1, 2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		07/12/2004	07/16/2004	Baseline Inspections
1, 2	IP 7112202	Radioactive Material Processing and Transportation		07/12/2004	07/16/2004	Baseline Inspections
1, 2	IP 7112203	Radiological Environmental Monitoring Program		07/12/2004	07/16/2004	Baseline Inspections
	EB-17B	- PERMANENT PLANT MODIFICATIONS	1			
1, 2	IP 7111117B	Permanent Plant Modifications		08/09/2004	08/13/2004	Baseline Inspections
	OB-EP2	- EP EXERCISE	3			
1, 2	IP 7111401	Exercise Evaluation		08/09/2004	08/13/2004	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/09/2004	08/13/2004	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/09/2004	08/13/2004	Baseline Inspections
	ALARA2	- ALARA PLANNING AND CONTROLS	1			
1, 2	IP 7112102	ALARA Planning and Controls		08/30/2004	09/03/2004	Baseline Inspections
	PEB-52	- BIENNIAL PIR	6			
1, 2	IP 71152B	Identification and Resolution of Problems		10/18/2004	10/22/2004	Baseline Inspections
1, 2	IP 71152B	Identification and Resolution of Problems		11/01/2004	11/05/2004	Baseline Inspections
	EB08P	- ISI U1	1			
1	IP 7111108P	Inservice Inspection Activities - PWR		03/14/2005	03/18/2005	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
03/01/2004 - 10/01/2005

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	EB08P - ISI U1		1			
1	IP 7111108P	Inservice Inspection Activities - PWR		03/28/2005	04/01/2005	Baseline Inspections
	TI 152 - TI 2515/152 REACTOR PV LOWER HEAD PENETR		2			
1	IP 2515/152	Reactor Pressure Vessel Lower Head Penetration Nozzles (NRC Bulletin 2003-02)		03/09/2005	04/07/2005	Safety Issues
	ACRSA - ACCESS CONTROLS TO RAD SIGNIFICANT AREAS		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		03/14/2005	03/18/2005	Baseline Inspections
	PEB-05T - TRIENNIAL FIRE PROTECTION		4			
1, 2	IP 7111105T	Fire Protection		06/06/2005	06/10/2005	Baseline Inspections
1, 2	IP 7111105T	Fire Protection		06/20/2005	06/24/2005	Baseline Inspections
	ALARA3 - ALARA PLANNING AND CONTROLS		1			
1, 2	IP 7112102	ALARA Planning and Controls		06/27/2005	07/01/2005	Baseline Inspections
	OB-EP2 - EMERG PREPAREDNESS PROGRAM INSPECTION		1			
1, 2	IP 7111402	Alert and Notification System Testing		07/25/2005	07/29/2005	Baseline Inspections
1, 2	IP 7111403	Emergency Response Organization Augmentation Testing		07/25/2005	07/29/2005	Baseline Inspections
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/25/2005	07/29/2005	Baseline Inspections
1, 2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/25/2005	07/29/2005	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		07/25/2005	07/29/2005	Baseline Inspections
	PEB-07B - HX PERFORMANCE		1			
1, 2	IP 7111107B	Heat Sink Performance		09/12/2005	09/16/2005	Baseline Inspections
	PEB-12B - MAINTENANCE RULE BIENNIAL		1			
1, 2	IP 7111112B	Maintenance Effectiveness		09/12/2005	09/16/2005	Baseline Inspections