



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

August 31, 2006

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

SUBJECT: MIDCYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -  
SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION

Dear Mr. Sheppard:

On August 8, 2006, the NRC staff completed its performance review of the South Texas Project Electric Generating Station for the first half of the calendar year 2006 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 months. 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.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Official Use Only - Security-Related Information" will include the physical protection review and resultant inspection plan.

Plant performance for the most recent quarter of calendar year 2006 at South Texas Project was within the Regulatory Response column of the NRC's Action Matrix, based on one White PI in the Mitigating Systems Cornerstone. Specifically, the current quarter results for the new Mitigating Systems Performance Index (MSPI) indicator for the Unit 2 Emergency AC Power Systems is White. As discussed in NRC Regulatory Issue Summary 2006-07, "Changes to the Safety System Performance Indicators," the NRC, on April 1, 2006, replaced the safety system unavailability PIs with MSPI.

The White MSPI indicator result was significantly influenced by the unavailability associated with the prolonged repair of Unit 2 Standby Diesel Generator (SDG) 22, which failed on December 9, 2003. Because of the differences in the way the former safety system unavailability PI and the current MSPI are calculated, the current quarter MSPI result reflects the unavailability associated with the repair of SDG 22. At the time of the failure of SDG 22, the NRC performed a special inspection. This inspection included an assessment of your root cause, extent of condition review, and corrective actions.

Following a notification of readiness by your staff, we plan to implement Supplemental Inspection Procedure 95001, "Inspection For One Or Two White Inputs In A Strategic


Performance Area," to review the actions taken to address the White MSPI indicator result. The scope and results of our previous inspection of the failure and repair of SDG 22 will be considered in determining the scope of this supplemental inspection.

With the exception of inspections related to physical protection, the enclosed inspection plan details the inspections, including Temporary Instructions, scheduled through March 31, 2008. The inspection plan is provided to minimize the resource impact on your staff and to allow for the early resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last 9 months of the inspection plan are tentative and may be revised at the annual performance 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 the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Mr. Claude Johnson at (817) 860-8148 with any questions you may have regarding this letter or the inspection plan.

Sincerely,



Arthur T. Howell III, Director  
Division of Reactor Projects

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50-499  
Licenses: NPF-76  
NPF-80

Enclosure:  
South Texas Project Inspection/Activity Plan

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SUNSI Review Completed: CEJ ADAMS:  Yes  No Initials: CEJ  
 Publicly Available  Non-Publicly Available  Sensitive  Non-Sensitive

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| SPE/PBA         | C.PBA      | D:DRS         | D:DRP      |  |
|-----------------|------------|---------------|------------|--|
| TRFarnholtz;mjs | CEJohnson  | DDChamberlain | ATHowell   |  |
| /RA/            | <i>CEJ</i> | <i>DDC</i>    | <i>ATH</i> |  |
| 8/21/06         | 8/24/06    | 8/25/06       | 8/29/06    |  |

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**South Texas Project  
Inspection / Activity Plan  
07/01/2006 - 03/31/2008**

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| Unit Number | Inspection Activity                           | Title                                                                           | No. of Staff on Site | Planned Dates Start | Planned Dates End | Inspection Type      |
|-------------|-----------------------------------------------|---------------------------------------------------------------------------------|----------------------|---------------------|-------------------|----------------------|
|             | <b>EB2-52B - STP PIR INSPECTION</b>           |                                                                                 | 9                    |                     |                   |                      |
| 1,2         | IP 71152B                                     | Identification and Resolution of Problems                                       |                      | 07/10/2006          | 07/14/2006        | Baseline Inspections |
| 1,2         | IP 71152B                                     | Identification and Resolution of Problems                                       |                      | 07/24/2006          | 07/28/2006        | Baseline Inspections |
|             | <b>EB1-2/17 - PERMANENT MODS/50.59</b>        |                                                                                 | 4                    |                     |                   |                      |
| 1,2         | IP 7111102                                    | Evaluation of Changes, Tests, or Experiments                                    |                      | 09/18/2006          | 09/22/2006        | Baseline Inspections |
| 1,2         | IP 7111117B                                   | Permanent Plant Modifications                                                   |                      | 09/18/2006          | 09/22/2006        | Baseline Inspections |
|             | <b>EB1-08P - ISI U1 &amp; TI 166</b>          |                                                                                 | 1                    |                     |                   |                      |
| 1           | IP 7111108P                                   | Inservice Inspection Activities - PWR                                           |                      | 10/09/2006          | 10/13/2006        | Baseline Inspections |
| 1           | IP 2515/166                                   | Pressurized Water Reactor Containment Sump Blockage [NRC GENERIC LETTER 2004-02 |                      | 10/23/2006          | 10/27/2006        | Safety Issues        |
| 1           | IP 7111108P                                   | Inservice Inspection Activities - PWR                                           |                      | 10/23/2006          | 10/27/2006        | Baseline Inspections |
|             | <b>TI-169 - MSPI VERIFICATION</b>             |                                                                                 | 1                    |                     |                   |                      |
| 1,2         | IP 2515/169                                   | Mitigating Systems Performance Index Verification                               |                      | 10/08/2006          | 12/31/2006        | Safety Issues        |
|             | <b>RP-ORS - OCCUPATIONAL RADIATION SAFETY</b> |                                                                                 | 1                    |                     |                   |                      |
| 1,2         | IP 7112101                                    | Access Control to Radiologically Significant Areas                              |                      | 10/16/2006          | 10/20/2006        | Baseline Inspections |
| 1,2         | IP 7112102                                    | ALARA Planning and Controls                                                     |                      | 10/16/2006          | 10/20/2006        | Baseline Inspections |
| 1,2         | IP 711151                                     | Performance Indicator Verification                                              |                      | 10/16/2006          | 10/20/2006        | Baseline Inspections |
|             | <b>RP-ORS - OCCUPATIONAL RADIATION SAFETY</b> |                                                                                 | 1                    |                     |                   |                      |
| 1,2         | IP 7112101                                    | Access Control to Radiologically Significant Areas                              |                      | 12/18/2006          | 12/22/2006        | Baseline Inspections |
| 1,2         | IP 7112102                                    | ALARA Planning and Controls                                                     |                      | 12/18/2006          | 12/22/2006        | Baseline Inspections |
| 1,2         | IP 711151                                     | Performance Indicator Verification                                              |                      | 12/18/2006          | 12/22/2006        | Baseline Inspections |
|             | <b>EB2-12B - MAINTENANCE RULE INSPECTION</b>  |                                                                                 | 2                    |                     |                   |                      |
| 1,2         | IP 7111112B                                   | Maintenance Effectiveness                                                       |                      | 04/02/2007          | 04/06/2007        | Baseline Inspections |
|             | <b>RP-ORS - OCCUPATIONAL RADIATION SAFETY</b> |                                                                                 | 1                    |                     |                   |                      |
| 1,2         | IP 7112101                                    | Access Control to Radiologically Significant Areas                              |                      | 04/16/2007          | 04/20/2007        | Baseline Inspections |
| 1,2         | IP 7112102                                    | ALARA Planning and Controls                                                     |                      | 04/16/2007          | 04/20/2007        | Baseline Inspections |
| 1,2         | IP 711151                                     | Performance Indicator Verification                                              |                      | 04/16/2007          | 04/20/2007        | Baseline Inspections |
|             | <b>EP2 - EP PROGRAM</b>                       |                                                                                 | 1                    |                     |                   |                      |
| 1,2         | IP 7111402                                    | Alert and Notification System Testing                                           |                      | 05/07/2007          | 05/11/2007        | Baseline Inspections |
| 1,2         | IP 7111403                                    | Emergency Response Organization Augmentation Testing                            |                      | 05/07/2007          | 05/11/2007        | Baseline Inspections |
| 1,2         | IP 7111404                                    | Emergency Action Level and Emergency Plan Changes                               |                      | 05/07/2007          | 05/11/2007        | Baseline Inspections |
| 1,2         | IP 7111405                                    | Correction of Emergency Preparedness Weaknesses and Deficiencies                |                      | 05/07/2007          | 05/11/2007        | Baseline Inspections |
| 1,2         | IP 711151                                     | Performance Indicator Verification                                              |                      | 05/07/2007          | 05/11/2007        | Baseline Inspections |
|             | <b>REQUAL - BIENNIAL REQUALIFICATION</b>      |                                                                                 | 3                    |                     |                   |                      |
| 1,2         | IP 711111B                                    | Licensed Operator Requalification Program                                       |                      | 07/16/2007          | 07/20/2007        | 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  
07/01/2006 - 03/31/2008**

| Unit Number | Inspection Activity                                    | Title                                                                                   | No. of Staff on Site | Planned Dates Start | Planned Dates End | Inspection Type      |
|-------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------|---------------------|-------------------|----------------------|
| 1, 2        | <b>EB2-07B - HEAT SINK INSPECTION</b>                  |                                                                                         | 2                    |                     |                   |                      |
|             | IP 7111107B                                            | Heat Sink Performance                                                                   |                      | 08/13/2007          | 08/17/2007        | Baseline Inspections |
| 1, 2        | <b>BRQ SIM - BIENNIAL REQUAL SIM ONLY</b>              |                                                                                         | 1                    |                     |                   |                      |
|             | IP 7111111B                                            | Licensed Operator Requalification Program                                               |                      | 09/10/2007          | 09/14/2007        | Baseline Inspections |
| 1, 2        | <b>EB1-21 - CDB</b>                                    |                                                                                         | 7                    |                     |                   |                      |
|             | IP 7111121                                             | Component Design Bases Inspection                                                       |                      | 09/24/2007          | 09/28/2007        | Baseline Inspections |
| 1, 2        | IP 7111121                                             | Component Design Bases Inspection                                                       |                      | 10/15/2007          | 10/26/2007        | Baseline Inspections |
| 1, 2        | <b>RP-ORS - OCCUPATIONAL RADIATION SAFETY</b>          |                                                                                         | 1                    |                     |                   |                      |
|             | IP 7112101                                             | Access Control to Radiologically Significant Areas                                      |                      | 10/01/2007          | 10/05/2007        | Baseline Inspections |
| 1, 2        | IP 7112102                                             | ALARA Planning and Controls                                                             |                      | 10/01/2007          | 10/05/2007        | Baseline Inspections |
| 1, 2        | IP 71151                                               | Performance Indicator Verification                                                      |                      | 10/01/2007          | 10/05/2007        | Baseline Inspections |
| 1           | <b>EXAM - INITIAL EXAM</b>                             |                                                                                         | 6                    |                     |                   |                      |
|             | X02357                                                 | STP UNIT 1 - INITIAL EXAM (12/07)                                                       |                      | 10/22/2007          | 10/26/2007        | Not Applicable       |
| 2           | X02358                                                 | STP UNIT 2 - INITIAL EXAM (12/07)                                                       |                      | 10/22/2007          | 10/26/2007        | Not Applicable       |
| 1           | X02357                                                 | STP UNIT 1 - INITIAL EXAM (12/07)                                                       |                      | 11/05/2007          | 11/09/2007        | Not Applicable       |
| 2           | X02358                                                 | STP UNIT 2 - INITIAL EXAM (12/07)                                                       |                      | 11/05/2007          | 11/09/2007        | Not Applicable       |
| 1, 2        | <b>RP TEAM - RADIATION SAFETY TEAM INSPECTION</b>      |                                                                                         | 5                    |                     |                   |                      |
|             | IP 7112103                                             | Radiation Monitoring Instrumentation and Protective Equipment                           |                      | 01/14/2008          | 01/18/2008        | Baseline Inspections |
| 1, 2        | IP 7112201                                             | Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems                |                      | 01/14/2008          | 01/18/2008        | Baseline Inspections |
| 1, 2        | IP 7112202                                             | Radioactive Material Processing and Transportation                                      |                      | 01/14/2008          | 01/18/2008        | Baseline Inspections |
| 1, 2        | IP 7112203                                             | Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control P |                      | 01/14/2008          | 01/18/2008        | Baseline Inspections |
| 1, 2        | <b>EB2-12T - TRIENNIAL MAINTENANCE RULE INSPECTION</b> |                                                                                         | 1                    |                     |                   |                      |
|             | IP 7111112B                                            | Maintenance Effectiveness                                                               |                      | 01/28/2008          | 02/01/2008        | Baseline Inspections |

This report does not include INPO and OUTAGE activities.  
This report shows only on-site and announced inspection procedures.