

October 3, 2007

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

SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION - NRC
MATERIAL CONTROL AND ACCOUNTING PROGRAM INSPECTION REPORT
NOS. 5000498/2005201 AND 05000499/2005201

Dear Mr. Sheppard:

As you are aware, on September 19 - 21, 2005, the U.S. Nuclear Regulatory Commission (NRC) conducted an inspection of the material control and accounting (MC&A) safeguards program at the South Texas Project Electric Generating Station, Units 1 and 2. The inspection was conducted under Phase III of Temporary Instruction 2515/154. The results of that MC&A inspection were documented in Inspection Report Nos. 5000498/2005201 and 05000499/2005201, issued on November 5, 2005. In an effort to keep its stakeholders informed of inspection activities, the Commission directed staff to make security-related inspection report cover letters available to the public. This letter is consistent with Commission guidance on its contents and no actions are required on your part.

The inspection examined activities conducted under your license as they relate to safety, security and compliance with the Commission's rules and regulations and with the conditions of your license. The inspectors reviewed selected procedures and records, observed storage of special nuclear material in the spent fuel pool, and interviewed personnel. Areas examined during the inspection included physical inventory and accounting records.

Based on the results of that inspection, no findings of significance were identified. However, one NRC-identified violation, which was determined to be of very low safety significance, was discussed in the report. The NRC treated the violation as non-cited violation (NCV) consistent with Section VI.A.1 of the Enforcement Policy because of the very low safety significance of the violation and because it was placed in the corrective action program for resolution.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, will be available electronically for public inspection in the NRC Public Document Room or from the Public Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns contained in the report, and in accordance with 10 CFR 2.390, the report will not be available for public inspection.

J. Sheppard

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Should you have any questions concerning this letter, please contact Martha Williams at (301) 415-7878.

Sincerely,

/RA/ by P. Peduzzi for

Barry Westreich, Chief
Reactor Security Oversight Branch
Division of Security Operations
Office of Nuclear Security and Incident Response

Docket Nos. 50-498, 50-499
License Nos. NPF-76, NPF-80

cc: E.D. Halpin, Site Vice President,
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Roger Mulder, State Liaison Officer
State Energy Conservation Office
Comptroller of Public Accounts
P.O. Box 13528
Austin, TX 78711-3528

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