

SAFEGUARDS INFORMATION



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

March 24, 2008

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

SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION,
UNITS 1 AND 2 - NRC SECURITY INSPECTION REPORT 05000498/2008401
AND 05000499/2008401.

Dear Mr. Sheppard:

On February 26, 2008, the U.S. Nuclear Regulatory Commission (NRC) completed a security baseline inspection at your South Texas Project Generating Station, Units 1 and 2. The inspection covered one or more of the key attributes of the security cornerstone of the NRC's Reactor Oversight Process. The enclosed inspection report documents the inspection results, which were discussed on February 14, 2008, with you, and other members of your staff. On February 26, 2008, a telephonic exit meeting was conducted with T. Bowman, General Manager, Oversight, for additional inspection area characterization.

This inspection examined activities conducted under your license as they relate to 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 activities, and interviewed personnel.

WARNING: Violation of Section 147 of the Atomic Energy Act, protection requirements for "SAFEGUARDS INFORMATION," is subject to civil and criminal penalties.	Safeguards Information determination made by: Name/Title <u>M. P. Shannon</u> Organization <u>U.S. NRC, RIV</u> Basis <u>10 CFR 73.21</u> Signature <u>/RA/</u> Date <u>03/24/2008</u>
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This report documents one NRC identified and one Licensee identified finding of very low security significance (i.e., Green as determined by the Physical Protection Significance Determination Process). The deficiencies were promptly corrected or compensated for, and the plant was in compliance with applicable physical protection and security requirements within the scope of this inspection before the inspectors left the site. One finding had a cross-cutting aspect in the area of problem identification and resolution associated with operating experience, because the licensee failed to evaluate a security advisory which recommended preventative actions for this issue and did not communicate the results of the evaluation to affected internal stakeholders in a timely manner (P2.a)(Section 3S04). However, because of the very low security significance and because they are entered into your corrective action program, the NRC is treating these violations as non-cited violations (NCV) consistent with Section VI.A.1 of the NRC enforcement policy. If you contest these non-cited violations, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN.: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator Region IV; the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and the NRC resident inspectors at the South Texas Project Electric Generating Station, Units 1 and 2.

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 Publicly Available Records (PARS) component of the 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 enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response, if any. This practice will ensure that your response will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system, ADAMS. If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21. Otherwise, mark your entire response, "Security-Related Information-Withhold Under 10 CFR 2.390," and follow the instructions for withholding in 10 CFR 2.390(b)(1).

Sincerely,

/RA/

Michael P. Shannon, Chief
Plant Support Branch
Division of Reactor Safety

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Docket Nos.: 50-498, 50-499

License Nos.: NPF-76, NPF-80

Nonpublic Enclosure:

Inspection Report 05000498/2008401

and 05000499/2008401

w/attachment: Supplemental Information

cc w/enclosure:

M. C. Reddix

Manager, Security

STP Nuclear Operating Company

P.O. Box 289

Wadsworth, Texas 77483

cc w/o enclosure:

E. D. Halpin

Site Vice President

STP Nuclear Operating Company

South Texas Project Electric

Generating Station

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S. M. Head, Manager, Licensing

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C. T. Bowman

General Manager, Oversight

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