PMSTPCOL PEmails

From: Belkys Sosa
Sent: Monday, July 21, 2008 9:11 AM
To: George Wunder; Paul Kallan
Subject: FW: Drop-In re South Texas Project Electrical Generation Station - Briefing Book Request for Commissioner Jaczko
Attachments: Alternate Vendor Qualification ver3.doc; Pre-Brief STP Drop_in.doc

fyi

From: Donna Williams
Sent: Friday, July 18, 2008 11:52 AM
To: George Wunder; Belkys Sosa; Adrian Muniz
Subject: FW: Drop-In re South Texas Project Electrical Generation Station - Briefing Book Request for Commissioner Jaczko

Heads up.

From: Patricia Lougheed
Sent: Friday, July 18, 2008 11:42 AM
To: Donna Williams; Meena Khanna; David Cullison; Roger Rihm
Subject: FW: Drop-In re South Texas Project Electrical Generation Station - Briefing Book Request for Commissioner Jaczko

I'm filling in for Mark Cox today. There's a good chance you will be seeing a short turn-around green ticket for this. Please pass this on to the appropriate parties. Thanks

Patricia Lougheed
RIV EDO Coordinator
backup NSIR EDO Coordinator
(rotational)
(301) 415-1067

From: Glenda Evans
Sent: Friday, July 18, 2008 11:21 AM
To: Diana Diaz-Toro
Cc: Cathy Jaegers; EDO_TRPS
Subject: Drop-In re South Texas Project Electrical Generation Station - Briefing Book Request for Commissioner Jaczko

Diana:

Pursuant to our telephone conversation this morning, below is the information regarding a briefing book for the Drop-In that has been scheduled with Commissioner Jaczko. Please note that this Drop-In was scheduled this week. It is the second of two requested by South Texas. The first one that was scheduled is planned for September 23rd, and a request for briefing materials was previously submitted.

Date: Tuesday, July 22

Time 4:00 PM - 5:00 PM

Org: South Texas Project Electrical Generation Station

Facility: STP Nuclear Operating Company

Subject: Discussions regarding Combined Operating License Application and issues of mutual interest

Attendees: Joe Sheppard – CEO

Whatever information you are able to provide given minimal effort is greatly appreciated. Thank you.

Glenda P. Evans
Administrative Assistant
Office of Commissioner Gregory B. Jaczko
11555 Rockville Pike
Rockville, Maryland 20852
301-415-1820
glenda.evans@nrc.gov

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Subject: FW: Drop-In re South Texas Project Electrical Generation Station - Briefing Book Request for Commissioner Jaczko
Sent Date: 7/21/2008 9:11:00 AM
Received Date: 7/21/2008 9:11:03 AM
From: Belkys Sosa

Created By: Belkys.Sosa@nrc.gov

Recipients:
"George Wunder" <George.Wunder@nrc.gov>
Tracking Status: None
"Paul Kallan" <Paul.Kallan@nrc.gov>
Tracking Status: None

Post Office: HQCLSTR02.nrc.gov

Files	**Size**	**Date & Time**
MESSAGE	2370	7/21/2008 9:11:03 AM
Alternate Vendor Qualification ver3.doc	36858	
Pre-Brief STP Drop_in.doc	2194426	

Options
Priority: Standard
Return Notification: No
Reply Requested: No
Sensitivity: Normal
Expiration Date:
Recipients Received:

Alternate Vendor Qualification

Because a rule certifying a standard plant design does not belong to the designer (vendor), an applicant for a combined license (COL) that references the design certification rule (DCR) could use a vendor other than the applicant that achieved the design certification. In that situation, the COL applicant must acquire the detailed design information identified in 10 C.F.R. § 52.63(c) in order to demonstrate that the alternate vendor has the ability to provide the certified design and that the COL applicant's design information is consistent with the design information in the DCR. 72 Fed. Reg. 49445 (Aug. 28, 2007).

In Part 52, subpart B "Standard Design Certifications", section 52.63(c) provides that the Commission will require the information normally contained in procurement specifications and construction and installation specifications to be completed and available for inspection prior to granting a COL if the information is necessary for the Commission to make its safety determinations, including the determination that the COL application (COLA) is consistent with the design certification. In subpart C "Combined Licenses", this requirement is mirrored in section 52.73(b).

Under 10 C.F.R. § 52.73(a) the Commission will entertain a COLA referencing a standard design certification issued under subpart B only if the entity that sponsored and obtained the certification supplies the design for the COL applicant's use or the COL applicant demonstrates that the alternate vendor is qualified to supply the design.

At a public meeting scheduled for July 23, 2008, STPNOC is expected to present a summary of their due diligence report (DDR) on their alternate vendor, Toshiba, Inc. The report will constitute their demonstration that Toshiba is qualified to provide the ABWR certified design for the STPNOC COLA. The staff review of the DDR and the associated audit activities have not yet been scheduled in EPM. The effort will require an estimated five to six technical staff experts for two discrete three-week periods between July 28, 2008, and September 30, 2008. While the staff plans to complete the review and audit activities this year, the documentation of the review and audit will be included in the appropriate section of the Safety Evaluation Report for the COL. The staff will brief NRO Division management on the review approach on July 15, 2008.

The staff anticipates it will make its determination of Toshiba's qualification in two parts (1) a review of STPNOC's DDR, and (2) an independent staff audit of Toshiba's capabilities. The review of the DDR will include these topics: (1) Does Toshiba have access to GE documents cited in the DCD, and if not, can Toshiba develop these documents on its own? (2) How has Toshiba addressed reactor internals vibration issues? (3) How has Sargent and Lundy's finite element analysis of the reactor building been addressed? and (4) How are Westinghouse's capabilities for ABWR fuel analysis addressed? The NRC technical branches will prepare an evaluation of the scope, findings, and conclusions of the alternate vendor qualifications within their respective technical disciplines. The audit of Toshiba's capabilities will focus on its ability to supply the ABWR certified design. The staff will examine if Toshiba has adequate technical and support staff and adequate formal programs and management to provide the certified ABWR design, control changes to the design, translate the design into engineering, procurement, construction, installation and testing specifications necessary to build the certified design, and to respond to staff questions throughout the review process.

A. BACKGROUND

New Reactor Application for STP Units 3 and 4

- On September 20, 2007, South Texas Project Nuclear Operating Company (STPNOC) submitted their combined license application (COLA) for Units 3 and 4.

- The COLA is for the General Electric (GE) Advanced Boiling-Water Reactor (ABWR), certified by the U.S. Nuclear Regulatory Commission (NRC) in 1997.

- Units 3 and 4 are owned jointly by NRG Energy of Princeton, New Jersey, and City Public Service (CPS) of San Antonio, Texas.

- In a letter dated November 29, 2007, the staff accepted and docketed the application; however, the letter noted that in 12 areas the application lacked information that the staff needed in order to develop a review schedule.

- By letter dated January 10, 2008, STPNOC informed the staff it was arranging vendor support for the application and requested that the NRC staff suspend its review of several sections of the COLA. STPNOC requested that the staff continue with its environmental review.

- The staff reviewed the applicants January 10, 2008, request and found that it had significant impact on much of the COLA. In a letter dated January 30, 2008, the staff informed STPNOC that the Office of New Reactor would stop its review of most of the Final Safety Analysis Report (FSAR) submitted as a part of the COLA. The staff is continuing its review of the applicant's Environmental Report as well as its review of the Emergency Plan. The staff is reviewing selected sections of the FSAR for which contractors had already been engaged.

B. EXPECTED DISCUSSION TOPICS

- Toshiba Corporation (Toshiba) has been chosen to serve as prime contractor for the STP Units 3 and 4 projects. A team from STPNOC recently travelled to Japan as part of the due diligence effort. Toshiba will supply the design for the STP ABWR units.

- The STPNOC team found that Toshiba has a large amount of design basis information for the ABWR. This is because Toshiba built three ABWR units in Japan.

- Toshiba will still have to develop a considerable amount of ABWR design basis information. This is because the first of a kind engineering for the ABWR design certified by the NRC was done by GE.

- On March 25, 2008, NRG Energy, a 50 percent owner of STP Units 3 and 4, announced the formation of Nuclear Innovation North America (NINA) LLC. This company is going to focus on new advanced design reactors (including STP 3 and 4) in selected markets.

- Toshiba has agreed to partner with NRG Energy on NINA and will invest $300 million over the next six years. Half of this amount will be to support STP 3 and 4.

- Japan Steel Works is preparing to pour the ingot for the STP Unit 3 reactor pressure vessel.

- Joe Sheppard may wish to ask about the Commission's perspectives on allegations management.

The STPNOC representatives talked about the ongoing Toshiba due diligence. They said that on their recent trip to Japan they found that Toshiba had a large amount of ABWR design basis information; they also said that they investigated the legal aspects and it appears that Toshiba has the right to use all of the design information they have. Toshiba does not, however, have design basis documentation for the first of a kind engineering that General Electric did for the US ABWR certified design; Toshiba will have to reconstitute this information. This is probably going to be a big job for them. Steve Thomas said that there is a good deal of design basis information that falls in this category.

By June 30, 2008, STPNOC intends to present documentation of their due diligence to the staff. Steve Thomas said that his goal is to submit to us something that looks like one of our inspection reports. It will tell us what they looked at, what they found, and what they concluded. I don't think we are sure yet what our obligations are as far as making a determination on Toshiba being qualified to provide a design. This is something that I believe we should pursue with staff counsel.

Greg Gibson talked about their ongoing COLA recovery. Before October they intend to submit a revision to the COLA and to have the vendor support necessary to allow the staff to resume its review in full.

TAB 7

Facility Organization

Operating Reactor Units: South Texas Project, Units 1 and 2

New Reactor Construction: South Texas Project, Units 3 and 4

The organizational chart is attached.

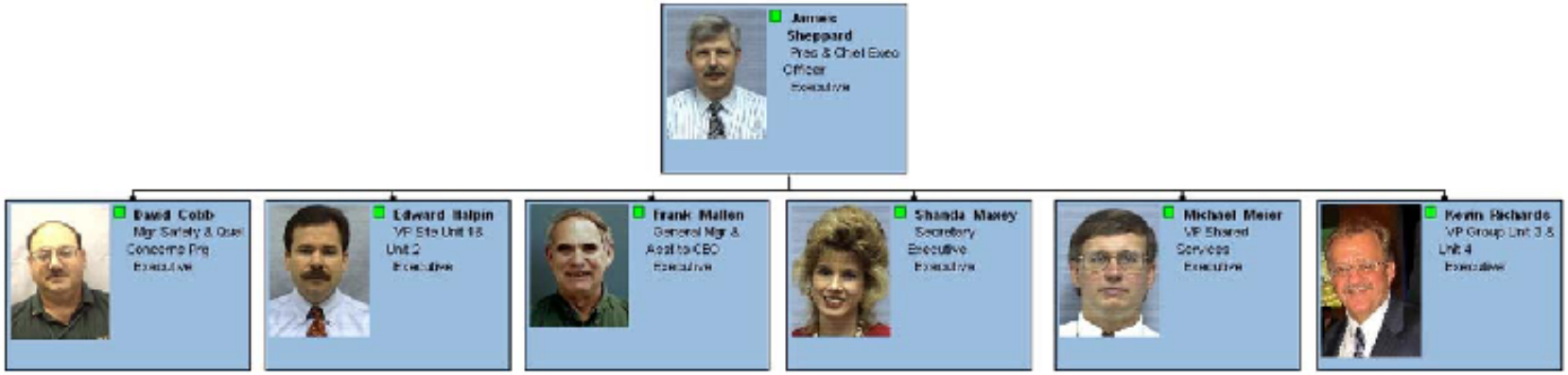
Effective January 1, 2007, STPNOC management was reorganized to incorporate the management of the new construction (Units 3 and 4). Under James J. Sheppard, President and CEO, the management is divided into three groups. Ed Halpin is the Site Vice President for Operating Units 1 and 2. Kevin Richards continues in his role as Group Vice President of new reactors (Units 3 and 4). Mike Meier is the Vice President of Shared Services, servicing Units 1, 2, 3, and 4.

TAB 8

Biographical Information

Effective 09/25/07 Page 1

Executive Management



Michael Meier

James J. Sheppard

President and Chief Executive Officer

STP Nuclear Operating Company

James J. (Joe) Sheppard is President and CEO for the STP Nuclear Operating Company. He has held that position since 2003. Prior to assuming that position, he served as Vice President and Assistant to the President/CEO where he oversaw the leadership changes prior to the retirement of his predecessor. Before that, he served as the Vice President, Engineering and Technical Services where he managed the engineering and technical support functions that directly supported plant operations. Prior to that, he served as the Vice President, Business Systems in which he managed the site's business functions and oversaw the transition to the Operating Company. Prior to these assignments, Mr. Sheppard served as the Assistant to the Executive Vice President and as the General Manager, Nuclear Licensing.

Mr. Sheppard came to Houston Lighting and Power Company from Sequoyah Fuels Corporation where he was President and Chief Executive Officer responsible for plant operations of the uranium conversion plant and ultimately for development and execution of plans to shutdown and decommission the facility. Prior to Sequoyah Fuels, Mr. Sheppard held a series of positions with Carolina Power & Light, including Plant Operations Manager and Plant General Manager of the Robinson Nuclear Project.

Mr. Sheppard is a graduate of the U.S. Naval Academy with a Bachelor of Science degree in Aerospace Engineering. He is also a graduate of Duke University in Durham, North Carolina, where he received his Master of Business Administration. Additionally, Mr. Sheppard is a licensed Senior Reactor Operator and a graduate of the Institute of Nuclear Power Operations' Senior Nuclear Plant Management course, and the Senior Nuclear Executives Seminar.

KEVIN D. RICHARDS

Group Vice President
STP Nuclear Operating Company
December 2007

Kevin Richards is the STPNOC Group Vice President, STP Units 3 and 4. This position is responsible for the overall management and direction associated with construction and operations of Units 3 and 4. Mr. Richards has over 27 years of experience in constructing and operating nuclear power plants.

Mr. Richards joined Houston Lighting and Power's (HL&P) STP in 1985 as part of the construction turnaround team. Kevin held various project management positions during construction and start-up of the plant and was a key leader in developing and implementing the project completion process. In addition, he has held several management positions at STP including Maintenance Division Manager, Outage Manager, Work Control Manager, SGRP Installation Manager, Manager of Work Management and General Manager of Alliances and Plant Investment. Kevin has held key leadership positions on several successful projects including Outage Director for two world record outages and Installation Manager for a World Record Steam Generator Replacement.

Prior to joining HL&P, Mr. Richards held various Construction Management and Field Engineering positions with Sargent & Lundy and Public Service Oklahoma in construction of Nuclear and Fossil Fueled power plants. In addition, Mr. Richards was employed with Multi-Amp Institute as a developer, trainer and supervisor for power plant training courses.

Mr. Richards earned a Bachelor of Science degree in Engineering Technology from Oklahoma State University in 1979. He majored in Construction Management and was a Coop Engineer with the Oklahoma Department of Transportation. Kevin is also a graduate from the STARS Executive Leadership Academy and INPO's Senior Nuclear Plant Managers' Workshop.

Kevin has been married to his wife, Suzie, for over 27 years and has two children, a daughter Kristin, 25 and a son, Taylor, 24. Kristin is a College Campus Minister at the University of Texas. Taylor is a Graduate Student at the University of Houston and works for AWC Incorporated. Kevin and Suzie have been members of Family Life Church for over 15 years.