



50-498/499

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 8, 1998

Mr. William T. Cottle
President and Chief Executive Officer
STP Nuclear Operating Company
South Texas Project Electric
Generating Station
P. O. Box 289
Wadsworth, TX 77483

SUBJECT: DECEMBER 4, 1997, LETTER FROM L. MARTIN REGARDING NOVEMBER 13, 1997, NRC TRIP REPORT

Dear Mr. Cottle:

Thank you for your December 4, 1997, letter, which responded to our November 13, 1997, trip report. The purpose of the trip report was to document new facts that were obtained during a site visit in which interviews were conducted and meetings were held with the engineering department as part of the staff's preparation for the twelfth Systematic Assessment of Licensee Performance (SALP) for the South Texas Project (STP). One of the facts that was recorded in the trip report was the finding that there were no significant conditions adverse to quality found by STP's quality assurance program in the area of engineering in the last 18 months. Your response letter took issue with the implication that the adequacy of STP's engineering oversight function was being called into question.

In a subsequent telephone conversation that took place on December 17, 1997, we agreed that this fact could have been taken out of context to imply that the NRC was questioning the adequacy of STP's engineering oversight function. This is not the case. Evidence suggests that a strong independent oversight function that does not rely on the NRC to identify problems is present at STP. The STP engineering quality group has identified a number of issues which, had they not been identified, could have eventually escalated to a significant level.

Another item discussed in the telephone conversation was your interpretation that we were comparing the issues found by the STP engineering quality group with a number of conditions recently identified by the NRC in Inspection Report 97-24, which was the subject of the December 8, 1997, predecisional enforcement conference. This is not the case. The NRC inspection findings that we were referring to in our November 13, 1997, trip report were findings in the engineering area over the last 18 months, excluding those in Inspection Report 97-24.

In light of the number of issues identified by the NRC in the engineering area, we believe the STP engineering quality group should self-assess and identify areas where they might improve their effectiveness, thereby enabling licensee self-identification of more issues, at lower levels, and prior to them becoming self-revealing or having the NRC detect them. As was stated in the December 17, 1997, telephone conversation, both of our organizations are intent on preserving and improving the oversight function.

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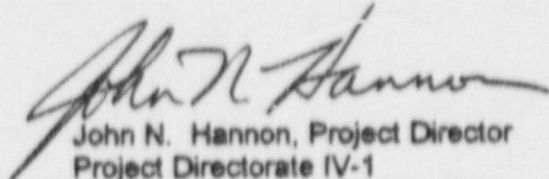
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One other detail in the trip report that you pointed out is misleading. The statement that "there are only five individuals in STP's quality assurance staff in the area of engineering," although correct, can be misinterpreted. The use of the word "only" in this sentence has no basis, and should be deleted.

Sincerely,

A handwritten signature in dark ink, appearing to read "John N. Hannon". The signature is fluid and cursive, with a long horizontal stroke at the end.

John N. Hannon, Project Director
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

cc: See next page

One other detail in the trip report that you pointed out is misleading. The statement that "there are only five individuals in STP's quality assurance staff in the area of engineering," although correct, can be misinterpreted. The use of the word "only" in this sentence has no basis, and should be deleted.

Sincerely,

ORIGINAL SIGNED BY:
John N. Hannon, Project Director
Project Directorate IV-1
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket Nos. 50-498 and 50-499

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Mr. William T. Cottle
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