



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

May 29, 2001

William T. Cottle, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

**SUBJECT: ANNUAL ASSESSMENT LETTER - SOUTH TEXAS PROJECT ELECTRIC
GENERATING STATION (REPORT 50-498, 499/01-01)**

Dear Mr. Cottle:

On May 7, 2001, the NRC staff completed its end-of-cycle plant performance assessment of South Texas Project Electric Generating Station, Units 1 and 2, facility. The end-of-cycle review for South Texas Project Electric Generating Station involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 2, 2000, to March 31, 2001. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, South Texas Project Electric Generating Station operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through May 31, 2002, with one exception.

We will conduct an Operational Safeguards Response Evaluation (OSRE) based on the time since the last OSRE, changes made to your security program, and past performance. As discussed in our February 28, 2001, letter to you, your request to postpone the OSRE was approved. Accordingly, the OSRE was rescheduled from the week of April 16, 2001, to the week of November 5, 2001. We will continue with OSRE inspections until the industry proposed Safeguards Performance Assessment Program is approved by the NRC staff as an acceptable substitute for the OSRE inspections.

The enclosure details the scheduled inspections that will occur through May 31, 2002. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1 through December 31), the next inspection and assessment cycle will consist of only three quarters (i.e., the second, third, and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1 through September 30) in lieu of a midcycle review. The impact on the inspection plan, which is included as an enclosure, is minimal. Activities planned for the transition cycle represent only 60-80 percent of those activities that would be accomplished during a typical 12-month inspection and assessment cycle.

In accordance with 10 CFR 2.790 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/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at 817/860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

David N. Graves, Chief
Project Branch A
Division of Reactor Projects

Dockets: 50-498
50-499
Licenses: NPF-76
NPF-80

Enclosure:
South Texas Project Electric Generating Station Inspection/Activity Plan

cc w/enclosure:
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/RA/	/RA/	<i>E-DNGraves for</i>	/RA/	/RA/	<i>DNGraves</i>
05/15/01	05/15/01	05/21/01	05/18/01	05/24/01	05/29/01

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T=Telephone

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South Texas Project
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	OB-PIR - PROBLEM ID INSP		3			
1, 2	IP 71152	Identification and Resolution of Problems		06/04/2001	06/15/2001	Baseline Inspections
	EMB - HX PERF		1			
1, 2	IP 7111107B	Heat Sink Performance		06/11/2001	06/15/2001	Baseline Inspections
	PSB-RP1 - RAD MONITORING INSTRUMENTATION		1			
1, 2	IP 7112103	Radiation Monitoring Instrumentation		06/25/2001	06/29/2001	Baseline Inspections
	OB-RQ - REQUAL INSP		2			
1, 2	IP 7111111B	Licensed Operator Requalification		08/06/2001	08/10/2001	Baseline Inspections
	OB-EXAMS - RO/SRO EXAMS		4			
1	X02211	SOUTH TEXAS-UNIT 1 - INITIAL EXAM (09/2001)		09/04/2001	09/07/2001	Not Applicable
1	X02211	SOUTH TEXAS-UNIT 1 - INITIAL EXAM (09/2001)		09/17/2001	09/21/2001	Not Applicable
2	X02212	SOUTH TEXAS-UNIT 2 - INITIAL EXAM (09/2001)		09/17/2001	09/21/2001	Not Applicable
	PSB-RP3 - ALARA PLANNING AND CONTROLS (3)		1			
1, 2	IP 7112102	ALARA Planning and Controls		09/10/2001	09/14/2001	Baseline Inspections
	PSB-RP2 - ACCESS CONTROL TO RAD SIGN AREAS & PIV		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		10/15/2001	10/19/2001	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		10/15/2001	10/19/2001	Baseline Inspections
	EMB - SSD&PCI		9			
1, 2	IP 7111121	Safety System Design and Performance Capability		11/05/2001	11/09/2001	Baseline Inspections
1, 2	IP 7111121	Safety System Design and Performance Capability		12/03/2001	12/07/2001	Baseline Inspections
	EMB - 50.59		1			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		11/05/2001	11/09/2001	Baseline Inspections
	PSB-S1 - OSRE AND RESP TO CONT EVENTS		6			
1, 2	IP 7113003	Response to Contingency Events (Protective Strategy and Implementation of Protective Strategy)		11/05/2001	11/09/2001	Baseline Inspections
1, 2	IP 81110	Operational Safeguards Response Evaluation (OSRE)		11/05/2001	11/09/2001	Regional Initiative
	PSB-S2 - ACCESS AUTH/CONTROL, SEC PLAN & PIV		1			
1, 2	IP 7113001	Access Authorization Program (Behavior Observation Only)		12/10/2001	12/14/2001	Baseline Inspections
1, 2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorization)		12/10/2001	12/14/2001	Baseline Inspections
1, 2	IP 7113004	Security Plan Changes		12/10/2001	12/14/2001	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		12/10/2001	12/14/2001	Baseline Inspections
	EMB - PERM MODS		2			
1, 2	IP 7111117B	Permanent Plant Modifications		01/14/2002	01/18/2002	Baseline Inspections
	RP-2 - ALARA		1			
1, 2	IP 7112102	ALARA Planning and Controls		02/10/2002	02/14/2002	Baseline Inspections
	EMB - TRIENNIEL FIRE PROTECTION INSPECTION		5			
1, 2	IP 7111105T	Fire Protection		04/29/2002	05/03/2002	Baseline Inspections

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