



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION IV
1600 E. LAMAR BLVD.
ARLINGTON, TX 76011-4511

January 10, 2017

EA-16-250

Mr. Dennis L. Koehl
President and CEO/CNO
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, TX 77483

SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION, UNITS 1 AND 2,
NRC REACTIVE INSPECTION REPORT 05000498/2016407, 05000499/2016407,
AND PRELIMINARY GREATER THAN GREEN FINDING

Dear Mr. Koehl:

On October 17, 2016, the U.S. Nuclear Regulatory Commission (NRC) completed its initial assessment of the circumstances surrounding the security issues, which occurred on October 3, 2016, at the South Texas Project Electric Generating Station, Units 1 and 2. Based on this initial assessment, the NRC sent an inspection team on October 19, 2016.

On October 21, 2016, the NRC completed its reactive inspection. On December 1, 2016, the NRC inspection team discussed the results of this inspection with Mr. A. Capristo, Executive Vice President and Chief Administrative Officer, and other members of your staff. The inspection team documented the results of this inspection in the enclosed inspection report.

The attached report documents a finding that has been preliminarily determined to have a greater than very low security significance that may require additional inspections, regulatory actions, and oversight. We assessed the significance of each finding using the Physical Protection Security Significance Determination Process and best available information. 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 the inspection before the inspectors left the area. The finding is also an apparent violation of NRC requirements and is being considered for escalated enforcement action in accordance with our Enforcement Policy, which can be found at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. Because we have not made a final determination, no notice of violation is being issued at this time. Please be aware that further NRC review may prompt us to modify the number and characterization of the apparent violations.

“Enclosure transmitted herewith contains SUNSI. When separated from enclosure, this transmittal document is decontrolled.”

D. Koehl

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We intend to issue our final significance determination and enforcement decision, in writing, within 90 days from the date of this letter. The NRC's significance determination process is designed to encourage an open dialogue between your staff and the NRC; however, neither the dialogue nor the written information you provide should affect the timeliness of our final determination.

Before we make the final decision, you may choose to communicate your position on the facts and assumptions used to arrive at the finding and assess its significance by either (1) attending and presenting at a regulatory conference or (2) submitting your position in writing. The focus of a regulatory conference is to discuss the significance of the finding. Written responses should reference the inspection report number and enforcement action number associated with this letter in the subject line.

If you request a regulatory conference, it should be held within 40 days of your receipt of this letter. Please provide information you would like us to consider or discuss within 10 days prior to any scheduled conference. If you choose to attend a regulatory conference, it will be closed for public observation since security-related information will be discussed. If you decide to submit only a written response, it should be sent to the NRC within 40 days of your receipt of this letter. Written responses should be clearly marked as a "Response to an Apparent Violation; EA-16-250" and should include for the apparent violation: (1) the reason for the apparent violation or, if contested, the basis for disputing the apparent violation; (2) the corrective steps that have been taken and the results achieved; (3) the corrective steps that will be taken; and (4) the date when full compliance will be achieved. If you choose not to request a regulatory conference or to submit a written response, you will not be allowed to appeal the NRC's final significance determination.

Please contact Mark Haire at (817) 200-1527, and in writing, within 10 days from the issue date of this letter to notify the NRC of your intentions. If we have not heard from you within 10 days, we will continue with our significance determination.

If you disagree with a cross-cutting aspect assignment or a finding not associated with a regulatory requirement in this report, you should provide a response within 30 days of the date of this inspection report, with the basis of your disagreement, to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001; with copies to the regional Administrator, Region IV; the Director, Office of Enforcement; the Director, Office of Nuclear Security and Incident Response; and the NRC Resident Inspector at the South Texas Project Electric Generating Station, Units 1 and 2.

One cross-cutting aspect was assigned to the finding in the area of human performance. Specifically, individuals failed to use decision-making practices that emphasize prudent choices over those that are simply allowable. A proposed action is determined to be safe in order to proceed, rather than unsafe in order to stop, conservative bias [H.14].

This letter will be made available for public inspection and copying at <http://www.nrc.gov/reading-rm/adams.html> and at the NRC Public Document Room in accordance with 10 CFR 2.390, "Public Inspections, Exemptions, Request for Withholding." However, the enclosed report contains Security-Related Information, so the enclosed report will not be made publically available in accordance with 10 CFR 2.390(d)(1).

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D. Koehl

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If you choose to provide a response that contains Security-Related Information, please mark your entire response "Security-Related Information–Withhold from public disclosure under 10 CFR 2.390" in accordance with 10 CFR 2.390(d)(1) and follow the instructions for withholding in 10 CFR 2.390(b)(1). The NRC is waiving the affidavit requirements for your response in accordance with 10 CFR 2.390(b)(1)(ii).

Sincerely,

/RA/

Anton Vegel, Director
Division of Reactor Safety

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

Nonpublic Enclosure:
Inspection Report 05000498/2016407
05000499/2016407 w/Attachment:
Supplemental Information

cc w/enclosure:
Mr. Jay Bodnar
Manager, Security
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, TX 77483

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SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION, UNITS 1 AND 2, NRC REACTIVE INSPECTION REPORT 05000498/2016407, 05000499/2016407, AND PRELIMINARY GREATER THAN GREEN FINDING, DATED JANUARY 10, 2017

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