

50.12(a)(2), the exemption may not be granted until the Executive Director for Operations has consulted with the Commission.

The NRC has completed its evaluation of STPNOC's request for an exemption from the requirements of 10 CFR 50.34(b)(6)(ii) and 10 CFR 50.54(a)(3). The NRC has determined that exemptions from these requirements are not appropriate as documented in the safety evaluation dated August 3, 2001, prepared in support of the licensee's exemption requests.

The underlying purpose of the requirements is for the licensee to document how the quality assurance requirements of 10 CFR Part 50, Appendix B, will be satisfied, including changes to the application of these requirements to safety-related SSCs. The application of a risk-informed categorization process or changes to special treatment requirements applied to safety-related SSCs does not affect the underlying purpose of the requirement of 10 CFR 50.34(b)(6)(ii) or 10 CFR 50.54(a)(3) related to the documentation describing the licensee's QAP. Should the licensee be granted exemptions from any of the requirements of 10 CFR Part 50, Appendix B, for LSS and NRS SSCs, the documentation describing its QAP should note that exemptions have been granted for LSS and NRS SSCs from those requirements. Changes to the QAP that supplement any exemptions from the requirements of 10 CFR Part 50, Appendix B should be reviewed and approved pursuant to the requirements of 10 CFR 50.34(a)(3).

Further, the NRC has found that none of the special circumstances described under 10 CFR 50.12(a)(2) that are necessary for the Commission to grant the exemption are satisfied with regard to the specific requirements of 10 CFR 34(b)(6)(ii) or 10 CFR 50.54(a)(3). There are no conflicts with other rules or requirements of the Commission, the underlying purpose of the rule would not be met by granting the exemption, compliance with the rule would not result in undue hardship or excessive costs, granting the exemption would not result in either a benefit to the public health and safety or a decrease in safety, STPNOC is not seeking temporary relief from the regulation, and there are no other material circumstances not previously considered for which it would be in the public interest to grant an exemption.

4.0 Conclusion

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), an exemption is not appropriate. Further, the Commission

has determined that special circumstances are not present. Therefore, the Commission hereby denies STPNOC the exemptions from the 10 CFR 50.34(b)(6)(ii) requirements that the FSAR include information related to how the requirements of 10 CFR Part 50, Appendix B will be satisfied for STP and from the requirements of 10 CFR 50.54(a)(3) to submit for NRC review and approval changes to the QAP that would result from the granting of exemptions from the special treatment requirements of 10 CFR Parts 21, 50, and 100.

Dated at Rockville, Maryland, this 3rd day of August, 2001.

For The Nuclear Regulatory Commission.

John A. Zwolinski,

Director, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket No(s). 50-498 and 50-499]

STP Nuclear Operating Company, et al., South Texas Project, Units 1 and 2; Exemption

1.0 Background

STP Nuclear Operating Company, et al. (STPNOC or the licensee) is the holder of Facility Operating License Nos. NPF-76 and NPF-80, which authorize operation of the South Texas Project, Units 1 and 2 (STP or the facilities). The licenses provide, among other things, that the licensee is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC or the Commission) now or hereafter in effect.

The facilities consist of two pressurized-water reactors located at the licensee's site in Matagorda County, Texas.

2.0 Request/Action

Under Section 50.49(b) of Title 10 to the Code of Federal Regulations, Part 50, [10 CFR 50.49(b)] criteria were established that defined the scope of components to be subject to the requirements of 10 CFR 50.49 [the Environmental Qualification (EQ) Rule]. As defined under 10 CFR 50.49(b) the scope of electrical equipment important to safety that must be included under a program for qualifying equipment includes (1) safety-related electric equipment, (2) nonsafety-related electric equipment whose failure under postulated environmental conditions

could prevent satisfactory accomplishment of safety functions (a) through (c) specified below, and (3) certain post-accident monitoring equipment. Under the regulation, safety-related electric equipment is that relied upon to remain functional during and following design-basis events to ensure (a) the integrity of the reactor coolant pressure boundary, (b) the capability to shut down the reactor and maintain it in a safe shutdown condition, or (c) the capability to prevent or mitigate the consequences of accidents that could result in potential offsite exposures comparable to the guidelines in 10 CFR 50.34(a)(1), 10 CFR 50.67(b)(2), or 10 CFR 100.11 as applicable. Further, under the regulation, design-basis events are defined as conditions of normal operation, including anticipated operational occurrences, design-basis accidents, external events, and natural phenomena for which the plant must be designed to ensure functions (a) through (c) defined above.

The purpose of the EQ rule, as defined under 10 CFR 50.49(a), is that licensee's shall establish a program for qualifying electric equipment. The EQ rule provides detailed requirements for the documentation requirements and methodology for qualification that licensee's shall implement to meet the purpose of the rule.

By letter dated July 13, 1999, as supplemented October 14 and 22, 1999, January 26 and August 31, 2000, and January 15, 18, 23, March 19, May 8 and 21, 2001, (hereinafter, the submittal), the licensee requested an exemption from the requirements of 10 CFR 50.49(b) to exclude structures, systems, or components (SSCs) categorized as low safety significant (LSS) and non-risk significant (NRS), using the licensee's categorization process, from the scope of SSCs subject to the EQ Rule.

3.0 Discussion

Pursuant to 10 CFR 50.12, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 50, when (1) the exemptions are authorized by law, will not present an undue risk to public health or safety, and are consistent with the common defense and security; and (2) when special circumstances are present. Under 10 CFR 50.12(a)(2)(vi), special circumstances are present whenever there is any other material circumstances not considered when the regulation was adopted for which it would be in the public interest to grant an exemption. If the special circumstance of 10 CFR 50.12(a)(2)(vi) is

relied on exclusively, the exemption may not be granted until the Executive Director for Operations has consulted with the Commission.

The NRC has completed its evaluation of STPNOC's request for an exemption from the requirements of 10 CFR 50.49(b). The NRC's evaluation is provided in a safety evaluation (SE), dated August 3, 2001, prepared in support of this exemption.

The staff has reviewed STPNOC's integrated SSC categorization process. The categorization process was found to use both a probabilistic and a deterministic based methodology that appropriately addressed the issues of defense-in-depth, safety margins, and aggregate risk impacts. The staff finds the proposed categorization process to be acceptable to categorize the risk significance of both functions and SSCs for use in reducing the scope of SSCs subject to special treatment. The categorization process provides an acceptable method for defining those SSCs for which exemptions from the special treatment requirements can be granted. In support of its finding on the licensee's categorization process, the staff also found that the alternative treatment practices (for example the five methods for procuring replacement SSCs that include vendor documentation, equivalency evaluation, technical evaluation, technical analysis, and testing) provide the licensee with a framework that, if effectively implemented, will provide reasonable confidence that safety-related LSS and NRS SSCs remain capable of performing their safety functions under design-basis environmental conditions.

In its review, the staff concluded that the requirements of 10 CFR 50.49(e) related to (1) temperature and pressure, (2) humidity, (3) chemical effects, (4) radiation, (5) aging, (6) submergence, and (7) synergistic effects represent design requirements that must be addressed in the licensee's alternative treatment processes so that the licensee could determine that the SSCs remain capable of performing their safety functions under design-basis environmental conditions. Based on these findings, the staff determined that LSS and NRS SSCs could be excluded from the scope of 10 CFR 50.49, except to the extent that design requirements are imposed by 10 CFR 50.49(e)(1) through (7), without undue risk to public health and safety.

The staff also found that granting of this exemption is in the public interest in that it enhances the effectiveness and efficiency of the NRC's oversight of the licensee's activities at STP by focusing its resources on those SSCs that are

most significant to maintaining public health and safety. Likewise, the licensee's resources and attention can be focused on those SSCs that have the highest contribution to plant risk. Further, the licensee's categorization process provides a method for establishing a licensing basis for STP that is consistent with the risk-informed approach in the NRC's reactor oversight process. This enhances the regulatory framework under which STPNOC operates its facility and by which the NRC oversees the licensee's activities.

As discussed further in the August 3, 2001, SE prepared in support of this exemption, the NRC has concluded that the special circumstances of 10 CFR 50.12(a)(2)(vi) are satisfied in that the licensee has presented a material circumstance (the categorization process) that was not considered when the regulations were adopted and that provides an acceptable method for refining the scope of SSCs to include under the regulations. Furthermore, it is in the public interest to grant such exemptions. Finally, as required by 10 CFR 50.12(a)(2)(vi), the Executive Director for Operations has consulted with the Commission in the application of this special circumstance during the Commission meeting held on July 20, 2001.

4.0 Conclusion

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemption is authorized by law, will not endanger life or property or common defense and security, and is, otherwise, in the public interest. Also, special circumstances are present. Therefore, the Commission hereby partially grants, subject to the conditions described below, STPNOC the exemption from the requirements of 10 CFR 50.49(b) for SSCs at STP categorized as LSS and NRS to the extent that this rule defines the scope of SSCs subject to the requirements of 10 CFR 50.49 except the requirements of 10 CFR 50.49(e)(1) through (7) continue to apply to the extent that these requirements describe the design conditions of (1) temperature and pressure, (2) humidity, (3) chemical effects, (4) radiation, (5) aging, (6) submergence, and (7) synergistic effects. As conditions of this exemption:

1. The licensee described the categorization, treatment, and oversight (evaluation and assessment) processes in its submittal dated July 13, 1999, as supplemented October 14 and 22, 1999, January 26 and August 31, 2000, and January 15, 18, 23, March 19, May 8 and 21, 2001. The licensee has documented these processes in a proposed FSAR submittal dated May 21,

2001, found acceptable by the staff as the regulatory basis for granting this exemption (see the NRC's SE dated August 3, 2001). The licensee shall incorporate this proposed FSAR submittal into the STP FSAR and shall implement the categorization, treatment, and oversight processes consistent with the STP FSAR descriptions.

2. The licensee shall implement a change control process that incorporates the following requirements:

- a. Changes to FSAR Section 13.7.2, "Component Categorization Process," dated May 21, 2001, and found acceptable by the NRC as described in the NRC's SE dated August 3, 2001, may be made without prior NRC approval, unless the change would decrease the effectiveness of the process in identifying high safety significant and medium safety significant components.

- b. Changes to FSAR Section 13.7.3, "Treatment of Component Categories," dated May 21, 2001, and found acceptable by the NRC as described in the NRC's SE dated August 3, 2001, may be made without prior NRC approval, unless the change would result in a reduction in the assurance of component functionality.

- c. Changes to FSAR Section 13.7.4, "Continuing Evaluations and Assessments," dated May 21, 2001, and found acceptable by the NRC as described in the NRC's SE dated August 3, 2001, may be made without prior NRC approval, unless the change would result in a decrease in effectiveness of the evaluations and assessments.

- d. The licensee shall submit a report, as specified in 10 CFR 50.4, of changes made without prior NRC approval pursuant to these provisions. The report shall identify each change and describe the basis for the conclusion that the change does not involve a decrease in effectiveness or assurance as described above. The report shall be submitted within 60 days of the date of the change.

- e. Changes to FSAR Sections 13.7.2, 13.7.3, and 13.7.4 that do not meet the criteria of a through c above shall be submitted to the NRC for prior review and approval.

Pursuant to 10 CFR 51.32, an environmental assessment and finding of no significant impact has been prepared and published in the **Federal Register** (66 FR 32397). Accordingly, based upon the environmental assessment, the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment.

This exemption is effective upon submittal of a FSAR update pursuant to 10 CFR 50.71(e) incorporating the FSAR Sections described in the conditions above.

Dated at Rockville, Maryland, this 3rd day of August, 2001.

For the Nuclear Regulatory Commission.
John A. Zwolinski,
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Management, Office of Nuclear Reactor
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NUCLEAR REGULATORY COMMISSION

[Docket No(s). 50-498 and 50-499]

STP Nuclear Operating Company, et. al. South Texas Project, Units 1 and 2; Exemption

1.0 Background

STP Nuclear Operating Company, et al. (STPNOC or the licensee) is the holder of Facility Operating License Nos. NPF-76 and NPF-80, which authorize operation of the South Texas Project, Units 1 and 2 (STP or the facilities). The licenses provide, among other things, that the licensee is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (NRC or the Commission) now or hereafter in effect.

The facilities consist of two pressurized-water reactors located at the licensee's site in Matagorda County, Texas.

2.0 Request/Action

Under Section 50.55a(f) of Title 10 to the Code of Federal Regulations, Part 50, [10 CFR 50.55a(f)], as it applies to STP, pumps and valves that are classified as American Society of Mechanical Engineers, Boiler and Pressure Vessel Code (ASME Code) Code Class 1, 2, or 3 must be designed and be provided with access to enable the performance of inservice testing (IST) for assessing operational readiness as set forth in Section XI of the applicable edition and addendum of the ASME Code applied to the construction of the particular pump or valve. Further, throughout the service life of STP, pumps and valves that are classified as ASME Code Class 1, 2, and 3 must meet the IST requirements, except design and access provisions, set forth in the applicable edition and addendum of the ASME Code for Operation and Maintenance of Nuclear Power Plants (OM Code) to the extent practical within the limitations of design, geometry and materials of construction of the components.

By letter dated July 13, 1999, as supplemented October 14 and 22, 1999, January 26 and August 31, 2000, and January 15, 18, 23, March 19, May 8 and 21, 2001, (hereinafter, the submittal), STPNOC requested an exemption from

the requirements of 10 CFR 50.55a(f) to the extent that it imposes the IST requirements under Section XI of the ASME Code and under the OM Code on safety-related structures, systems, or components (SSCs) at STP categorized as low safety significant (LSS) and non-risk significant (NRS). Also, STPNOC requested an exemption from the requirements of 10 CFR 50.55a(f) to the extent that it imposes the repair and replacement requirements of Section XI of the ASME Code on ASME Code Class 2 and 3 SSCs at STP categorized as LSS or NRS.

3.0 Discussion

Pursuant to 10 CFR 50.12, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 50, when (1) the exemptions are authorized by law, will not present an undue risk to public health or safety, and are consistent with the common defense and security; and (2) when special circumstances are present. Under 10 CFR 50.12(a)(2)(vi), special circumstances are present whenever there is any other material circumstances not considered when the regulation was adopted for which it would be in the public interest to grant an exemption. If the special circumstance of 10 CFR 50.12(a)(2)(vi) is relied on exclusively, the exemption may not be granted until the Executive Director for Operations has consulted with the Commission.

The NRC has completed its evaluation of STPNOC's request for an exemption from the requirements of 10 CFR 50.55a(f). The NRC's evaluation is provided in a safety evaluation (SE), dated August 3, 2001, prepared in support of this exemption.

The staff has reviewed STPNOC's integrated SSC categorization process. The categorization process was found to use both a probabilistic and a deterministic based methodology that appropriately addressed the issues of defense-in-depth, safety margins, and aggregate risk impacts. The staff finds the proposed categorization process to be acceptable to categorize the risk significance of both functions and SSCs for use in reducing the scope of SSCs subject to special treatment. The categorization process provides an acceptable method for defining those SSCs for which exemptions from the special treatment requirements can be granted. In support of its finding on the licensee's categorization process, the staff also found that the alternative treatment practices provide the licensee with a framework that, if effectively

implemented, will provide reasonable confidence that safety-related LSS and NRS SSCs remain capable of performing their safety functions under design-basis conditions. Based on these findings, the staff determined that LSS and NRS SSCs could be excluded from the scope of 10 CFR 50.55a(f) to the extent that it imposes the IST requirements under Section XI of the ASME Code and under the OMB Code for ASME Code Class 1, 2, and 3 components without undue risk to public health and safety.

The staff also found that granting of this exemption is in the public interest in that it enhances the effectiveness and efficiency of the NRC's oversight of the licensee's activities at STP by focusing its resources on those SSCs that are most significant to maintaining public health and safety. Likewise, the licensee's resources and attention can be focused on those SSCs that have the highest contribution to plant risk. Further, the licensee's categorization process provides a method for establishing a licensing basis for STP that is consistent with the risk-informed approach in the NRC's reactor oversight process. This enhances the regulatory framework under which STPNOC operates its facility and by which the NRC oversees the licensee's activities.

As discussed further in the August 3, 2001, SE prepared in support of this exemption, the NRC has concluded that the special circumstances of 10 CFR 50.12(a)(2)(vi) are satisfied in that the licensee has presented a material circumstance (the categorization process) that was not considered when the regulations were adopted and that provides an acceptable method for refining the scope of SSCs to include under the regulations. Furthermore, it is in the public interest to grant such exemptions. Finally, as required by 10 CFR 50.12(a)(2)(vi), the Executive Director for Operations has consulted with the Commission in the application of this special circumstance during the Commission meeting held on July 20, 2001.

4.0 Conclusion

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemption is authorized by law, will not endanger life or property or common defense and security, and is, otherwise, in the public interest. Also, special circumstances are present. Therefore, the Commission hereby grants, subject to the conditions described below. STPNOC the exemption from the requirements of 10 CFR 50.55a(f) to the extent that it imposes the IST requirements under Section XI of the ASME Code and under