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,

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 Co., et al., South Texas Project, Units 1 and 2; Denial of 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 issubject 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

The General Design Criteria (GDC) of Appendix A to Title 10 of the Code of Federal Regulations part 50 (10 CFR part 50, appendix A), establish minimum requirements for the principal design criteria for water-cooled nuclear power plants. The underlying purpose of the GDC is to establish the necessary design, fabrication, construction, testing, and performance requirements for structures, systems, and components (SSCs) important to safety; that is, SSCs that provide reasonable assurance that the facility can be operated without undue risk to the health and safety of the public. 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 part 50, appendix A, GDC 1, ''Quality Standards and Records,'' GDC 2, ''Design Bases for Protection Against Natural Phenomena,'' GDC 4, ''Environmental and Dynamic Effects Design Bases,'' and GDC 18, ''Inspection and Testing of Electric Power Systems.'' The scope of the exemption is limited to those safety-related SSCs that are categorized in accordance with the licensee's risk-informed categorization process as low safety significant (LSS) or non-risk significant (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. Special circumstances are present under 10 CFR 50.12(a)(2)(i) whenever application of the regulation in the particular circumstances conflicts with other rules or requirements of the Commission. Under 10 CFR 50.12(a)(2)(ii), special circumstances are present when application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule. Special circumstances are present pursuant to 10 CFR 50.12(a)(2)(iii) when compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated. Special circumstances are present under 10 CFR 50.12(a)(2)(iv) whenever an exemption would result in benefit to the public health and safety that compensates for any decrease in safety that may result from the granting of the exemption. Special circumstances are present under 10 CFR 50.12(a)(2)(v) whenever the exemption would provide only temporary relief from the applicable regulation and the licensee or applicant has made good faith efforts to comply with the regulation. Special circumstances are present under 10 CFR 50.12(a)(2)(vi) 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 10 CFR 50.12(a)(2)(vi) is relied on exclusively for satisfying the special circumstances provision of 10 CFR 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 GDC 1, GDC 2, GDC 4, and GDC 18. The NRC has determined that an exemption from these requirements is not appropriate as documented in the safety evaluation (SE) dated August 3, 2001, prepared in support of the licensee's exemption request.

GDC 1 states, in part, that plant equipment shall be designed, fabricated, erected, and tested to quality standards that are commensurate with the importance of the safety function performed. GDC 1 additionally requires that a quality assurance program (QAP) shall be established and implemented to provide adequate assurance that plant equipment is functional, and that appropriate records be maintained for various activities. The NRC concluded that even for LSS and NRS SSCs it remains necessary (1) To use appropriate standards (as available and applicable) commensurate with the risk significance, (2) to establish and implement a QAP, (3) to maintain plant records as determined by the licensee, and (4) for the licensee to have confidence, commensurate with their risk significance, that LSS and NRS SSCs will be capable of functioning

under design-basis conditions. Further, as discussed in the SE dated August 3, 2001, prepared in support of the licensee's exemption requests, the NRC has determined that it should deny the related licensee requests for exemptions from 10 CFR 50.34(b)(6)(ii) that requires the QAP be described in the Final Safety Analysis Report and 10 CFR 50.54(a)(3) that requires the licensee to submit certain changes to the QAP to the NRC for review and approval. In part, the basis for the NRC's determination to deny these related exemption requests is that the NRC found that 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 requirements. Also, the licensee has submitted a revision to the STP QAP that meets the requirements of GDC 1 for LSS and NRS SSCs as discussed in the SE, dated August 3, 2001, prepared in support of the licensee's requested exemptions. As such, the NRC determined that an exemption from GDC 1 is not necessary as the licensee's submittal continues to meet the requirements of GDC 1.

The licensee requested exemptions to GDC 2, 4, and 18 to the extent that they require tests and inspections to (1) Demonstrate that SSCs are designed to withstand the effects of natural phenomena without loss of capability to perform their safety functions (GDC 2), (2) are able to withstand environmental effects (GDC 4), and (3) be performed for individual features, such as wiring, insulation, connections, switchboards, relays, switches, and buses (GDC 18). The NRC determined that GDC 2, GDC 4, and GDC 18, specify design requirements and do not require tests and/or inspections to be performed. Other regulations, from which the licensee has requested exemptions, specify testing and/or inspection requirements on SSCs. Further, the licensee has stated that safety-related LSS and NRS SSCs would be designed to satisfy original design requirements, including the design requirements of GDC 2, GDC 4, and GDC 18. Therefore, the NRC determined that an exemption from these regulations is not necessary, as the licensee will continue to maintain the design of safety-related LSS and NRS SSCs consistent with the design requirements of GDC 2, GDC 4, and GDC 18.

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 exemptions are satisfied with regard to the specific requirements of GDC 1, GDC 2, GDC 4, and GDC 18. There are no conflicts with other rules or requirements of the Commission, the underlying purpose of the rules would not be met by granting the exemptions, compliance with the rules would not result in undue hardship or excessive costs, granting the exemptions 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 regulations, and there are no other material circumstances not previously considered for which it would be in the public interest to grant the exemptions.

4.0 Conclusion

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemptions are not appropriate. Further, the Commission has determined that special circumstances are not present. Therefore, the Commission hereby denies STPNOC the exemptions requested from the requirements of GDC 1, GDC 2, GDC 4, and GDC 18 for STP.

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

In the introduction to Appendix B, ''Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants,'' of Title 10 of the Code of Federal Regulations Part 50 (10 CFR Part 50, Appendix B), it states that nuclear power plants ''include structures, systems, and components [SSCs] that prevent or mitigate the consequences of postulated accidents that could cause undue risk to the health and safety of the public. This appendix establishes quality assurance requirements for the design, construction, and operation of those structures, systems, and components. The pertinent requirements of this appendix apply to all activities affecting the safety-related functions of those structures, systems, and components; these activities include designing, purchasing, fabricating, handling, shipping, storing, cleaning, erecting, installing, inspecting, testing, operating, maintaining, repairing, refueling, and modifying.'' Under 10 CFR Part 50, Appendix B, there are 18 criteria to be met by the licensee's quality assurance program. These 18 criteria are (I) Organization, (II) Quality Assurance Program, (III) Design Control, (IV) Procurement Document Control, (V) Instructions, Procedures, and Drawings, (VI) Document Control, (VII) Control of Purchased Material, Equipment, and Services, (VIII) Identification and Control of Materials, Parts, and Components, (IX) Control of Special Processes, (X) Inspection, (XI) Test Control, (XII) Control of Measuring and Test Equipment, (XIII) Handling, Storage, and Shipping, (XIV) Inspection, Test, and Operating Status, (XV) Nonconforming Materials, Parts, or Components, (XVI) Corrective Action, (XVII) Quality Assurance Records, and (XVIII) Audits.

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 definition of scope of SSCs to be covered by the rule in the introduction of 10 CFR Part 50, Appendix B, to the extent that it imposes the requirements of 15 of the 18 criteria on SSCs categorized as low safety significant (LSS) or non-risk significant (NRS) in accordance with the licensee's categorization process. The three criteria that are not included within the scope of the licensee exemption request and that will continue to be applied to activities associated with all safety-related SSCs (including LSS and NRS SSCs) are Criterion III, ''Design Control,'' Criterion XV, ''Nonconforming Materials, Parts, or