

REACTOR OVERSIGHT PROCESS  
INITIAL IMPLEMENTATION EVALUATION PANEL MEETING

Date & Time:

Tuesday, December 12, 2000

Location:

U.S. Nuclear Regulatory Commission  
Region II Office  
Sam Nunn Atlanta Federal Center, 24 T20  
Atlanta, Georgia 30303-8931

Agenda:

Tuesday, December 12, 2000

8:00-8:30	Recap of Previous Day's Meeting/Meeting
8:30-12:00	Presentation of Stakeholder Issues/Views
12:00-1:00	Lunch
1:00-3:00	Panel Discussion of Stakeholder Issues/Views
3:00-4:00	Agenda Planning for January Meeting - Schedule March Meeting Dates
4:00-5:00	Public Comments/General Discussion
5:00	Adjourn

REACTOR OVERSIGHT PROCESS INITIAL IMPLEMENTATION  
EVALUATION PANEL MEMBER ROSTER

Randy Blough	Mr. A. Randolph Blough Director - Division of Reactor Projects, Region I U.S. Nuclear Regulatory Commission
Bill Borchardt	Mr. R. William Borchardt Director - Office of Enforcement U. S. Nuclear Regulatory Commission
Ken Brockman	Mr. Kenneth E. Brockman Director - Division of Reactor Projects, Region IV U. S. Nuclear Regulatory Commission
Mary Ferdig	Ms. Mary A. Ferdig Ph.D. Candidate, Organization Development Program, Benedictine University; Ferdig, Inc. Organizational Research and Development
Steve Floyd	Mr. Steve Floyd Director - Regulatory Reform and Strategy Nuclear Energy Institute
Dave Garchow	Mr. David F. Garchow Vice President of Operations PSEG Nuclear LLC
Richard Hill	Mr. Richard Hill General Manager - Support - Farley Project Southern Nuclear Operating Company
Rod Krich	Mr. Rod M. Krich Vice President - Nuclear Regulatory Services Commonwealth Edison Company
Robert Laurie	Mr. Robert A. Laurie Commissioner - California Energy Commission

## PANEL MEMBER ROSTER (Continued)

Jim Moorman	Mr. James H. Moorman, III Senior Resident Inspector - Alto Verde Site U.S. Nuclear Regulatory Commission
Thomas Moughton	Mr. Thomas Moughton NEI
Loren Plisco	Mr. Loren R. Plisco Director - Division of Reactor Projects, Region II U.S. Nuclear Regulatory Commission
Steve Reynolds (Not present)	Mr. Steven A. Reynolds Deputy Director - Division of Reactor Projects, Region III U.S. Nuclear Regulatory Commission
Ed Scherer	Mr. A. Edward Scherer Manager, Nuclear Oversight and Regulatory Affairs Southern California Edison Company
James Setser	Mr. James L. Setser Chief - Program Coordination Branch Environmental Protection Division Georgia Department of Natural Resources
Ray Shadis (Not present)	Mr. Raymond G. Shadis New England Coalition on Nuclear Pollution
Jim Trapp	Mr. James M. Trapp Senior Reactor Analyst U.S. Nuclear Regulatory Commission
Chip Cameron (Not present)	Mr. Francis X. Cameron Special Counsel Office of the General Counsel U.S. Nuclear Regulatory Commission

## PANEL MEMBER ROSTER: (Continued)

John Monninger	Mr. John Monninger Technical Assistant - Associate Director for Inspections and Programs Office of Nuclear Reactor Regulation U.S. Nuclear Regulatory Commission
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## PROCEEDINGS

(8:26 a.m.)

MR. PLISCO: Welcome to the second day of our meeting.

Are there any, I guess, follow-up issues or questions? I know we were kind of running out of steam late yesterday.

MR. SCHERER: Neurons or world --

MR. PLISCO: Any neurons?

I just wanted to, I guess, recap and see if there is any remaining issues or, I guess, just in thinking things over in the evening whether had any other views or issues you wanted to throw at David or move on with the agenda.

MS. FERDIG: I think we should move on with the agenda.

I did do some thinking and I have some things that at break we can print out, but not with conversation.

MR. PLISCO: Well, as we discussed at our first meeting, one of the groups that we want to hear from, get their views on were the states. There were a number of states that were specifically spelled out and even active in development of program and evaluation of

1 program. And we are lucky enough to have two of them  
2 here today.

3 There are several others we know that are  
4 interested and couldn't make it. And when we talk  
5 about our agenda later in the day, we are going to  
6 schedule some time for them in January.

7 But today the State of Vermont and the State  
8 of Illinois, specifically.

9 MR. SHERMAN: I am William Sherman. I am the  
10 State Nuclear from the State of Vermont, and I really  
11 appreciate the panel's invitation to speak.

12 Let me summarize what I have to say and then  
13 I have a few slides.

14 I would like to register as a data point for  
15 you expressing pretty strong skepticism about the  
16 program. So strong, as a matter of fact, that you may  
17 not want to hear -- you may not want to listen to me.  
18 But I'll try and explain why we're skeptical of the  
19 program. And I know that when I do this, I run the  
20 risk of saying things that you have dealt with because  
21 Vermont, even though we follow nuclear issues, nuclear  
22 safety issues fairly closely, we are one of four or  
23 five states that have a defined nuclear safety state  
24 presence.

1           We have not been a pilot plant state.  
2   Vermont Yankee was not chosen. And so the State of New  
3   Jersey has certainly put more effort than Vermont has.  
4   Nevertheless, let me give you our views.

5           And before I start, I notice that, well, I'm  
6   older than a lot of you. Maybe your looks are  
7   deceiving. And I thought I'd try a test before I got  
8   started just to see what ground I'm treading on.

9           If I say the name Saul Bernstein. Does any --  
10   do any of you know who that was?

11           MR. KRICH: Yes.

12           MR. SHERMAN: You do?

13           MR. KRICH: Yes, because I'm older than you.

14           MR. SHERMAN: Oh, well, see that might be.

15           If I say Andy Walford, do you know?  
16   anybody?

17           (No response.)

18           No? Good. Then I can say things and get  
19   away with it.

20           MR. GARCHOW: I'm not sure I want to pass the  
21   test. That when I pass you say I'm old.

22           MR. SHERMAN: See that's right. There you  
23   go. There you go.

24           I'm here representing Governor Howard Dean of

1 Vermont. I work for the Dean Administration. And we  
2 here in Vermont neither anti-nuclear or nor pro-  
3 nuclear.

4 Because we are from New England the panel  
5 member, Shadis, knows us pretty well. I am the primary  
6 spokesman for nuclear issues for the State of Vermont,  
7 often in the papers. Mr. Shadis is occasionally in the  
8 paper and has accused me of being in bed with the  
9 industry.

10 The Vermont Yankee people have accused me of  
11 being a nuclear "nay-sayer." So I think maybe I am  
12 doing some part of my job right.

13 We have weighed in and so in February, before  
14 the implementation of the program we did send a letter,  
15 which I believe Loren or John, you have copies over  
16 there. The letter made some fairly simple points. It  
17 basically endorsed New Jersey's comments because we  
18 work very closely with New Jersey. And it did urge a  
19 slower implementation, which ultimately wasn't chosen.

20 So because we are fairly strongly opposed,  
21 for some reasons, I hope you will bear with me. And I  
22 would like to try and make my presentation interesting  
23 so that you would like to listen to some of it. So you  
24 will have to bear with this, you know. But I'll try



1 not to take Gary's time. And Gary has a little bit  
2 different view, I think.

3 When I put those items up on there all of us,  
4 have been around and so those all ring bells. We all  
5 know what those refer to. I mean we know what the  
6 Brown's Ferry fire was. Everybody knows what Three  
7 Mile Island was. Most everybody knows about the loss  
8 of feed water at Davis Bessie.

9 And these are all events that took place over  
10 our history in which things did not work the way that  
11 we might have thought. And yet they were not  
12 disasters. Well, Three Mile Island was an economic  
13 disaster but it wasn't really a public health disaster.

14 Tom Early instituted what is called the "near  
15 miss nureg." Does anybody know what that nureg number  
16 is? I mean I thought some of the NRC folks would --

17 MR. MONNINGER: Is that the access sequence  
18 free person?

19 MR. SHERMAN: I think that is what it is.

20 MR. MONNINGER: I can find it.

21 MR. SHERMAN: You don't need to. But that's  
22 what I'm referring to. And I have been involved in  
23 some of that. The "near miss nureg," is that still put  
24 out?

1                   (Yeses.)

2                   Because I think that's a very, very valuable  
3 tool. It identifies events that occur, I guess every  
4 year. At least I thought it was put out every year.

5                   Vermont Yankee had a near miss back in '91.  
6 Vermont Yankee had a complete loss of off-site power  
7 incident.

8 Here's what happened. Even though it had been  
9 undetected for almost 20 years of operation, there was  
10 a common mode failure in the switch yard.

11                  Actually it was something called "zener  
12 diodes" if any of you have gotten down to that level.  
13 And it had been an industry issue that through industry  
14 experience had been found, could have been corrected,  
15 it was non-safety equipment in the ship -- in the  
16 switch yard, so it was detected earlier, and it caused  
17 a complete failure of the switch yard.

18                  Now coupled with that -- and the diesels  
19 started correctly, as planned. But coupled with that  
20 there had been an engineering modification a year-and-  
21 a-half previously, which was simply inadequate  
22 engineering. Inadequate safety engineering evaluation  
23 where they had modified service water such that service  
24 water flow was starved. It wasn't something that they

1 knew was going to happen but it did happen.

2           On that incident they burned out all of the  
3 station air compressors because of over heating. And  
4 just by luck they did not over heat and burn out the  
5 diesel generators.

6           But it was just luck. Because -- and the  
7 operators were not able to understand what was  
8 happening. It took them probably four hours, or five  
9 hours, to grasp why service water was starved and what  
10 they needed to do. They only -- they needed to open  
11 one valve in order to provide the head differential on  
12 service water, but the operators didn't realize that.  
13 So this really was a near miss.

14           Had we not had the layers of conservatism  
15 that are implicit in the design from the '70's we could  
16 have had something way more serious in Vermont in '91  
17 because of all of those unforeseen things.

18           MR. TRAPP: Bill, a question. Was the Vernon  
19 Tie, do you know if that was available or unavailable?

20           MR. SHERMAN: Oh, I love it. The Vernon Tie  
21 was available and, of course, that would have mitigated  
22 it.

23           The Vernon Tie, for those who are not  
24 northeasterners, Vermont Yankee has kind of a dooms day

1   electrical system than, when everything else fails, it  
2   can tie to a local dam. That's a good thing. Thanks.

3           All of this is just history, so I can say  
4   what I want to say later.

5           You know, all of what we are at in the agency  
6   -- all of what you are in the agency really developed  
7   in the '70's. The '70's was a wonderful time to be  
8   alive. And this is a quote from the '70's. An  
9   explanation from documentation in the '70's that talks  
10  about defense in depth. I don't need to read it. I  
11  think we all know.

12           In the '70's, I mean, the agency set its  
13  course. Here's an example of maybe one of the most  
14  famous statements and speeches that were made with the  
15  agency. It's James Kissinger famous Bell Harbor speech  
16  where he says, "You should not expect the NEC...", well  
17  it was before NRC, 1971, "...to fight the industry's  
18  political, social and commercial battles."

19           It set the tone. It set the philosophy for  
20  the foundation of nuclear safety regulations. You can  
21  see it all through the '70's. Take a look at this --  
22  at this quote from Chairman Anders in 1976.  
23  "Overriding goal consideration is safety. Though we  
24  are interested in regulatory efficiency, we will take

1 as long as necessary to ensure the plant is safe before  
2 it is allowed to operate."

3 This isn't the Regulatory Oversight Program  
4 but it makes me feel good to be able to say all of  
5 these things.

6 Here's another statement from Chairman Rowden  
7 also in '76 who took over from Chairman Anders. This  
8 is shortly after NRC was established from AEC. "The  
9 strong criticism we have received from the regulated  
10 industry responding to what it views as undue  
11 regulatory conservatism reflects the reality that NRC  
12 has taken measures it deemed necessary, notwithstanding  
13 the substantial impact on the industry."

14 Interesting that it is a letter to our third  
15 presidential candidate.

16 What this did is it set the tone for agency.  
17 This is where you started and it formed the foundation  
18 of what has been the most successful regulated  
19 industry, well, most successful. I don't have that  
20 breadth. One of the most successful regulated  
21 industries in history.

22 I mean, you have -- have an exemp -- exemp --  
23 I can't say it. Very good. You have a very good  
24 record of -- of doing your job, having public health

1   protected.  And it's all because of this -- this ground  
2   work which was laid in the '70's and the philosophy  
3   that was established in the '70's.

4               Now I didn't -- I didn't do a slide on  
5   Chairman Jackson's statement.  But most of you know  
6   that -- that she did a speech -- if I had had three  
7   more minutes before catching the plane I would have  
8   done a slide.  And basically she says just the  
9   opposite.  I mean what she says is that our goal as an  
10  agency has to consider making your industry  
11  commercially viable.  You know the opposite philosophy  
12  then has proven safety and a safe situation.

13              And I wanted to just throw these up to show  
14  you, you know, just exactly where that foundation was.

15              Now you may have cornerstones but you have a  
16  severely eroded foundation right now.  An NRC or an AEC  
17  that talks like Chairman's Slesinger, Anders, or Rowden  
18  is an NRC that the public could have confidence in.  I  
19  won't finish that.

20              Now I mentioned Saul Bernstein and Andy  
21  Walford and those of you who do remember will remember  
22  old Saul as the -- the head of the nuclear program.  It  
23  was Wisconsin Electric.  Andy Walford was the head of  
24  the nuclear program at Lilco.

1           Both of them in the '70's declared war on the  
2 NRC. Make nucleonics weak was public statement. It  
3 could be very well within the '76 Chairman Rowden's  
4 comment to Mr. Nadar was related to the industry  
5 efforts Steve -- that Bernstein and Walford and others  
6 were making about how -- how awful regulation was.

7           But the Commission in the '70's didn't give  
8 in to this warring, or whining, whichever one you want  
9 to call it.

10           And the other point that I'd make about all  
11 of this is that all of these quotes and all of this  
12 that I am stating are all pre-TMI II. The industry has  
13 sort of written the history as -- as Three Mile Island  
14 happened and then awful things happened to us after  
15 Three Mile Island.                   But this -- this  
16 foundation Bernstein, Walford were all before what some  
17 call the over regulation of TMI II.

18           Okay. Now the revised oversight program in  
19 our view in Vermont is kind of an out growth of where  
20 NRC is going. An out growth of changing the philosophy  
21 that is reflected in the difference in views from  
22 Chairman Rowden's statement. This is what Chairman  
23 Jackson would say and probably Chairman Messer has  
24 said, though I haven't picked out any of his

1 statements.

2           If we think about the previous over sight  
3 program we think about and SALP -- what can you say  
4 about SALP? SALP wasn't perfect. SALP wasn't -- SALP  
5 was subjective. In my view SALP was effective. And I  
6 could explain that more if you needed. And SALP may  
7 have been efficient maybe even more efficient than this  
8 regulatory conference system that I hear you describe  
9 which seems to me to be very inefficient arguing about  
10 red, white, blue, green. I mean it is just seems to be  
11 -- but I'll say more about that.

12           So I'd like to do a little exercise at this  
13 point. Randy, we are both in Region 1.

14           MR. BLOUGH: Right.

15           MR. SHERMAN: What's the worst -- who is the  
16 worst performer in Region 1?

17           MR. BLOUGH: Well, IP II is in multiple  
18 degrading cornerstones.

19           MR. SHERMAN: I know, I know, but -- but I  
20 know they're cornerstones but I want you to back off.  
21 Are they really the worst performer?

22           MR. BLOUGH: Yes.

23           MR. SHERMAN: Just because of the  
24 cornerstones? Well, wait you don't have to answer



1     that.  I mean because I know the cornerstones say that.  
2     But so now I'd like to ask --

3                 MR. BLOUGH:  Well, I agree with that  
4     assessment.

5                 MR. SHERMAN:  So you think that even before  
6     the cornerstones were bad they were the worst performer  
7     in the region?  Well, don't answer that.  Let me --

8                 MR. BLOUGH:  It depends on how far back you  
9     go.  But, yes.

10                MR. SHERMAN:  I wanted to ask the same  
11     question of Ken and, Steve is not here, didn't come  
12     back, and -- and Loren.  I mean in your regions, I  
13     mean, what I -- I wanted to do some guided imagery.  I  
14     mean, I wanted to kind of have you close your eyes,  
15     imagine things that are and then I wanted you to  
16     imagine the worst performer in your region.

17                And then I wanted to find out, you know, from  
18     Steve, who is not here, is it really quad-cities?  I  
19     asked Gary that this morning.  He said it was.  Loren  
20     is it really Farling?  Richard?

21                (Laughter)

22                And kind of my experience is that having been  
23     in the industry as long as I have, Randy, I can kind of  
24     close my eyes and I know in New England who has been

1 Category I self-plants, who has been Category II self-  
2 plants. I can differentiate who are -- and I can  
3 differentiate that not because of -- of the performance  
4 indicators. I can differentiate that just because of  
5 what I know which is subjective. But maybe it is  
6 because I remember SALP is why -- is how I can do that.

7 If -- if -- if it does -- if it is true that  
8 when you closed your eyes and imagined plants and you  
9 came up with the same plants that the performance  
10 indicators indicated then maybe that's an indication  
11 that the system works. If it isn't true that the  
12 performance indicators are showing what you kind of  
13 know from -- you said it, Jim, yesterday "gut feel".  
14 What you know from "gut feel" is the worst plant then  
15 you have to question as a panel whether the performance  
16 indicators are working.

17 All right. Let me say --

18 MR. FLOYD: Just one question for you if I  
19 could?

20 MR. SHERMAN: Yes, please.

21 MR. FLOYD: When you say performance  
22 indicator. Do you also mean the infection finding  
23 results? Because the performance indicators are  
24 actually are relatively small portion of the overall

1 program. I think everybody in the room would agree  
2 that 18 performance indicators don't give you a  
3 complete picture of the plant in any rational sense.

4 MR. SHERMAN: Well, good. And, again, Gary  
5 and I were speaking about that this morning. And I  
6 think what you said to me was that the performance  
7 indicators make up about 15 percent of, or something,  
8 and --

9 MR. FLOYD: That's about my judgement.

10 MR. SHERMAN: And so that is a good thing.  
11 Let me say more about that and show you where I would  
12 go with that. Let me tell you what I think the problem  
13 is if I may.

14 This is my attempt at a flow chart of a sort.  
15 And on the left side there was something left off when  
16 I printed it. Under it says "Plant Performance  
17 Culture" I meant to have the word "methods" under the  
18 word "culture."

19 And what this is meant to show is that --  
20 well, first you've got plant performance. You've got  
21 culture, methods, the way that -- that the plant is --  
22 the way that the people are functioning. The way that  
23 management is assigning priorities. Everything to do  
24 with performance.

1           And the SALP Evaluation System attempted to  
2   measure performance. When it measured operations,  
3   engineering, maintenance, and plant support, it  
4   attempted assign a rating on performance. Now what  
5   derives from performance is, well, what I call the  
6   results of plant performance. And the results of plant  
7   performance can be a lot of things. I mean it could be  
8   a capacity factor, it could be -- but what we've boiled  
9   that down to, to a great extent, is cornerstones, and  
10   performance indicators, and then, Steve, as you say the  
11   inspection results too.

12           Now what you want -- what you want to  
13   regulate and what you want to be the best it can be is  
14   performance. And the SALP was a direct measure of what  
15   you wanted to regulate. In other words, you want the  
16   culture to be good. You want the methods to be good.

17           The results are one removed from -- are one  
18   step removed from what it is you are trying to  
19   regulate. And so what you can see first is that what  
20   you -- one of the problems that you are all talking  
21   about, and that I listened to yesterday, is trying to  
22   struggle with why it is, or what it is, that the  
23   performance indicators do. And it is all related to  
24   the fact that the performance indicators are once

1 removed from the thing that you are trying to regulate  
2 and influence.

3           A second problem with this is that -- that  
4 once you -- trying to regulate on the performance  
5 indicator results allows, I mean, in order -- in order  
6 to deal -- in order to get to the problem you have to  
7 have the degraded results first before you have the  
8 problem identified. In other words, if you are trying  
9 to focus on the performance you are trying to focus  
10 their -- did I disconnect you? You are trying to focus  
11 on -- on stopping the trend before the performance  
12 indicator is degraded.

13           Where in the system that is being created you  
14 are waiting till -- till there is degradation before  
15 you -- before you have some concern about it.

16           Now the most serious aspect is that the  
17 performance indicators may not identify poor  
18 performers. In other words, the question that I asked  
19 you that, Randy, you answered correctly because you are  
20 working the system but maybe is right. The performance  
21 indicators may not -- it may be true that -- that  
22 degraded performance indicators do not really indicate  
23 the poor performers.

24           And so what I think that one of the efforts

1 of the panel has to be and probably is already is to  
2 determine whether the performance indicator system  
3 identifies poor performers.

4 MR. BLOUGH: When you say performance  
5 indicator system do you mean this scheme of both  
6 performance indicators and are colorizing the  
7 inspection findings?

8 MR. SHERMAN: Right.

9 MR. BLOUGH: Okay.

10 MR. SCHERER: Why is -- I'm trying to  
11 understand how is inspection findings different now  
12 under the oversight process versus under the SALP  
13 process? Isn't it -- is an inspection different in  
14 your mind if it somehow results oriented as opposed to  
15 what it was looking at before? Aren't they looking at  
16 the same thing?

17 MR. SHERMAN: I think that I have to answer  
18 that question, "I don't know." But -- but I think they  
19 are looking at 75 or 85 percent of the same things.  
20 And as I'm going to say here in just a minute, the most  
21 confidence that I -- that I have is the confidence in  
22 the judgement of the senior residents. You know I --  
23 but I have confidence in their subjective judgement.  
24 Or maybe subjective is the wrong term. I have

1 confidence in their developed -- their developed  
2 assessment of the program that is not related at all to  
3 performance indicators. So maybe we are saying the  
4 same thing.

5 MR. BROCKMAN: It is really an interesting  
6 moment because I'm trying to make sure that I'm  
7 understanding where you are coming from. We keep on  
8 coming back to the performance indicators.

9 I can tell you in Region 4 the inspection  
10 program -- I've got license -- I have one plant, one  
11 site in the region, who is getting less inspection  
12 under the new program than under the old program. I  
13 have 13 sites that are getting more inspection.  
14 Anywhere from five to 15 percent more inspection under  
15 the new program. More intrusiveness. More interaction  
16 with resident inspection staff and with the regional  
17 inspection staff.

18 This would seem to challenge your premise  
19 that you're coming from. Because the PI's provide one  
20 bit of data and if in fact that had caused us to make a  
21 substantive reduction in amount of inspection, well, I  
22 could -- I could line up with your logic pattern very  
23 soundly. I mean it would really hold the line, it'd be  
24 quite clear.

1           But when I'm looking at on the average about  
2   a 15 percent inspection growth of the baseline program  
3   compared to the core program that we had before then I  
4   begin -- I'm seeing a bit of a disconnect and having a  
5   hard time following your logic. So, I mean, if you  
6   could help me I really want to understand where you are  
7   coming from.

8           MR. SHERMAN: And -- and I too. So let me  
9   ask you a question. You know, is what's -- what is it  
10   that is driving the additional inspection? Is it the  
11   performance indicators or is it other things?

12          MR. BROCKMAN: Oh, it's the program. The  
13   program is laid out -- is bigger than the -- is flat  
14   bigger than the old one. Than the old core inspection  
15   program. I mean, it --

16          MR. SHERMAN: Then maybe my objection is not  
17   in the program, per say, as much as it is in the  
18   emphasis that the program provides on performance  
19   indicators.

20          And -- and this interminable discussion that  
21   we had yesterday about green white boundaries and all  
22   that stuff which don't make any difference at all. I  
23   mean, that is useless discussion, foolish discussion.  
24   Sort of silly discussion.



1           MR. BROCKMAN: Is part of the crime getting -  
2 - I'm wondering what's wrong, and I really do want to  
3 understand, if I've got an additional data set that I  
4 didn't have before. If my inspection -- if I'm  
5 comparing the current to the old and I say that the  
6 baseline inspection program now is as big or bigger  
7 than the old, looking at more areas than the old  
8 program did, and I gain an additional data set off of  
9 PI's to give me further insight, where do I have an  
10 erosion?

11           MR. SHERMAN: Again, probably not an erosion.  
12 But the emphasis -- but -- but my skepticism relates to  
13 the emphasis that does exist on the performance  
14 indicators. If the program and the embedded content of  
15 the program works and provides what you say that's a  
16 good thing.

17           But the emphasis on the performance  
18 indicators I would still remain skeptical on.

19           MR. BROCKMAN: Let me try one more thing  
20 because I want to make sure I've got common terminology  
21 with what your are calling performance indicators and  
22 that might be where -- where I could get my connection.

23           When you are talking performance indicators  
24 are you talking about the 18, which we got rid of

1     number 19, the 18 data bites that are submitted on a  
2     quarterly basis from --

3                 MR. SHERMAN:   Yes, I mean --

4                 MR. BROCKMAN:   Okay, that's what you are  
5     discussing.   Okay, you are not talking about the entire  
6     concept of differentiating on this significant risk  
7     impact inspection findings and what have you in their  
8     overall safety significance.   You are talking that page  
9     right there of the data bites.

10                MR. SHERMAN:   I am talking about this page  
11     which -- which obviously there is a great deal of  
12     concern based on the discussion that you had yesterday  
13     that Steve, and Ed, and Rich, and Dave, and Rod, you  
14     know, kind of talked about.

15                Now what I pose to you is -- and here's the  
16     way I wanted to state this question in exactly these  
17     terms.   Is it possible for performance to degrade  
18     without indicators degrading?   That's what I wanted to  
19     ask.   In other words, is it possible for this  
20     performance to degrade without these indicators  
21     degrading?   And the answer is probably "yes."

22                MR. FLOYD:   Okay, if you are limiting it to  
23     the 18 performance indicators the answer is probably  
24     "no."

1           MR. SHERMAN: Okay, good. Now you know you  
2 are walking into a little bit of trap. I'm not trying  
3 to set this trap but you are walking into a little bit  
4 of trap, you know, in terms of where I'm going with  
5 this. And the trap is eventually what you show to the  
6 public and what the public is able to glean. But I'll  
7 get to that.

8           MR. BROCKMAN: But likewise under the old  
9 sub-station it was possible for performance to degrade  
10 and the SALP not to reflect it at all.

11          MR. GARCHOW: We're talking looking backwards  
12 so you don't have to talk about possibilities. You can  
13 come up with seven, eight plants that SALP missed  
14 totally if the plants sort of got into very significant  
15 issues and had some events, I won't say significant  
16 events, but certainly had a pattern, a very large  
17 pattern, of poor performance that was not seen by SALP  
18 until it ended being a fairly large issue for both the  
19 utility and the NRC when it finally it surfaced exactly  
20 what the magnitude of the problems were.

21          MR. BROCKMAN: I didn't want to focus on a  
22 miss. I want to focus on an acknowledge within SALP.  
23 I have Level I, Level II, Level III performance. Level  
24 III whether you got worse or better within three, I

1    don't have another level to move to. But I mean there  
2    was still movement that we would recognize. Movement  
3    within the one band. And once again you get to a  
4    threshold. Did they come out of the -- the Level I  
5    performance level? No, they are still in Level I  
6    performance. So I mean there was movement  
7    acknowledged, change in performance, better, worse,  
8    that the old system did not reflect.

9                   And I don't -- I think we want to make sure  
10   that we understand that, too, when we are doing the  
11   compare and contrast.

12                  MR. GARCHOW: That was my point.

13                  MR. SHERMAN: Right. Dave, I think that your  
14   point is the very best and I think that the point about  
15   SALP missed degrading performance --

16                  MR. GARCHOW: Some.

17                  MR. SHERMAN: Some.

18                  MR. GARCHOW: Also corrected some plants in  
19   that process actually -- actually turned some plants  
20   on.

21                  MR. SHERMAN: That's exactly what I feel.  
22   What I feel is that SALP -- SALP was an imperfect  
23   system but SALP did some thing right and missed some  
24   things. And what I think that this panel should do,

1 again, I wanted to state this carefully. The panel  
2 should determine whether the PI System identifies poor  
3 performers. It might be useful to kind of look and try  
4 and figure out if the PI System flags these performers  
5 worse or better than the SALP System did.

6 MR. SCHERER: I'm worried about communication  
7 between, at least myself, in understanding your point.  
8 You seem to be indicated that the 18 performance  
9 indicators are the oversight program. And that is not,  
10 in my mind, what we have been talking about yesterday  
11 and certainly today. It's a combination of the  
12 performance indicator and the inspection results, all  
13 of which are on the web page, all of which are colored,  
14 and -- and make up -- remember if you have all green  
15 PI's but you have white or yellow or red inspection  
16 results then you are into the degraded performance  
17 condition.

18 So there seems -- you seem to be saying, or  
19 what I thought you were hear -- was hearing you say is  
20 this performance indicator is the oversight program and  
21 we might miss something that we were picking up in SALP  
22 because in SALP we had inspection.

23 My problem correlating it and listening to  
24 Ken's discussion is to us, at least to me, the

1 performance indicators is only a small sub-set of what  
2 we are looking at. We are doing performance indicators  
3 plus inspection and the inspections as you know get  
4 color coded based on their risk significance and they  
5 also go into a degraded performance.

6               So when I think of degraded performance  
7 somebody could be all green in terms of their  
8 performance indicators, the 18 performance indicators,  
9 but if they are getting inspection results that would  
10 have gone into the same inspection modules, and as Ken  
11 says, "more inspection hours," that would have gone  
12 into a subjective SALP then outgoing into that quote  
13 "degraded performance."

14               What am I missing in terms of --

15               MR. FLOYD: Impact, amplify what Ed just  
16 said, because the question "Should we not go back and  
17 see if the performance indicators would have picked up  
18 plants that had problems?" That was exactly what was  
19 done that you can read about in SALP, what is it 99007?  
20 And 007 --

21               MR. SHERMAN: Right. I suspect that its in -

22 -               MR. FLOYD: What we've concluded when we went  
23 back and did that was that yes indeed the set of 18  
24 performance indicators while it picked up some, missed

1 some others because the performance indicators, as an  
2 example, don't do a very good job of picking up design  
3 related issues. Okay, at the plant, therefore, you  
4 need an expanded set of inspection areas to compliment  
5 and supplement the inspection findings. And it is the  
6 combination of both the performance indicators and the  
7 inspection program that gives you the insight.  
8 Certainly not one by themselves.

9           The performance indicators certainly missed  
10 some key areas that could provide some insight in some  
11 key areas but certainly not enough to give you a  
12 picture.

13           MR. SHERMAN: Then again maybe my skepticism  
14 can be better cast in terms of the visibility that is  
15 created -- the visibility that you have created by the  
16 performance indicator system which I know you are  
17 worried about because of what I thought was kind of a  
18 silly discussion about -- about green and white  
19 boundaries.

20           And so obviously you are very concerned about  
21 this and so there's some middle ground between what you  
22 are saying and I'm saying.

23           And what I was going to suggest to you, you  
24 know, what I was going to suggest that the panel

1 consider is that if you are going to create these  
2 performance indicators to give external visibility then  
3 I think that you ought to add number 19. And number 19  
4 is I want to avoid using subjective. I want to use  
5 number 19 as the developed assessment -- the developed  
6 overall assessment of performance cultured methods from  
7 the -- from the senior resident and the branch chiefs  
8 and the directors of projects.

9           You hate to hear that from me because you  
10 say, "Whoa that's going back and that's doing SALP."  
11 But you've already said that the inspections are a big  
12 part so let's get it up here in top level. Let's get  
13 it up here where you can see the senior inspectors and  
14 the -- the kind of the assessment of the program.

15           MR. FLOYD: We're looking at a roll up of  
16 just the performance indicator tables.

17           MR. SHERMAN: Yeah, that's what came off the  
18 web.

19           MR. FLOYD: No, no, no. That's only one  
20 thing that comes off the web.

21           MR. SHERMAN: No, I know, but it did come off  
22 the web.

23           MR. FLOYD: If you look at the individual web  
24 site, you will see that the performance indicator



1 results and the inspection finding results going back  
2 over the past four quarters in each of the seven  
3 cornerstone areas. And it's the combination of the PI  
4 results and the inspection finding results that give  
5 you that overall perspective of the plant.

6 I think IP II is a good case in point. I  
7 think they've got, what, one yellow PI but they've got  
8 three white inspection findings and a red inspection  
9 finding. So if you just looked at the performance  
10 indicated for IP II you would say, "Gee they're all  
11 green except for one" so that's not a very good  
12 indication.

13 MS. FERDIG: Well, I just think that what I'm  
14 hearing Mr. Sherman say, Dr. Sherman, is --

15 MR. SHERMAN: Oh, no, not doctor.

16 MS. FERDIG: It's

17 MR. SHERMAN: Although I once answered to His  
18 Governorship.

19 MS. FERDIG: But I do think that there's a  
20 lot of information about what -- what the public, the  
21 impression the public has based on the information  
22 that's available and how that can be balanced in a way  
23 to offer a whole lot more confidence to reflect what  
24 the programs really about.

1                   MR. BROCKMAN: I understand the communication  
2     issue. Very --

3                   MS. FERDIG: And the other thing I'm  
4     wondering about is the -- you talked about a 19th  
5     indicator but one of the things I'm also curious about  
6     are the ways in which the performance indicators can  
7     become more predictive, more leading information about  
8     performance in the future.

9                   And there may be openness throughout to  
10    continue to refine those indicators and you may have,  
11    you and others, may have ideas about that.

12                  Again, with the notion of thinking of them as  
13    a way of measuring or indicating performance, a method  
14    for indicating performance, not unlike methods that  
15    were used to assess performance in the SALP. I mean,  
16    it just how to --

17                  MR. SHERMAN: Yeah. I don't have any  
18    specific value to add to that except that I think  
19    that's what you should be doing. And I think that's  
20    what you have done as well. I mean, you've given lots  
21    and lots of thought.

22                  I am going to put a caveat as I get to the  
23    end a little bit on that. But mostly, Mary, I agree  
24    with what you said.

1                   MR. BROCKMAN: Can I ask another question?

2                   MR. SHERMAN: Okay, yes. We want to leave  
3 some time for Gary. All of his flights are canceled it  
4 doesn't make any difference.

5                   MR. BROCKMAN: One of the things that I have  
6 heard you emphasize was that how easily it was for the  
7 old program to differentiate between the different  
8 sites. And the lead in question is, "Who's your  
9 worst?" "Who's your worst?" Who's the worst performer  
10 or the one you've got the most concerns --

11                  MR. SHERMAN: That's just a mechanism.

12                  MR. BROCKMAN: Yeah, and let's not get hung  
13 up on the word. But one of the things that I think the  
14 new program is doing, and I'm most interested in your  
15 insight as saying, "I don't care who's number one. I  
16 don't care who's number 14 if they all meet an  
17 acceptance -- an acceptable performance level in many  
18 different areas. It doesn't make any difference as  
19 long as I can say everyone of them -- I'm confident in  
20 their program and that ebb and flow within this area of  
21 concern --

22                  MR. SHERMAN: It's a great way to 80 where I  
23 want to go and I'd -- I'd like to make some cute  
24 comment. But let instead just the way to where I was

1 going to go.

2 MR. BLOUGH: And correlated to that is they  
3 all have substantial margin between it's -- from above  
4 unacceptable performance. If there are of substantial  
5 margin does it matter that you can differentiate if  
6 they're all fairly far away from --

7 MR. SHERMAN: That's why I'm really  
8 interested in the viewpoint -- let me make my quip and  
9 then I'll go way into -- my quip was that's the day  
10 Garchow, did I pronounce it correctly?

11 MR. GARCHOW: Close enough.

12 MR. SHERMAN: Okay, that's the day Garchow  
13 will be gone analogy of nuclear plants which can, Loren  
14 and Randy, I hope you don't believe. I don't believe  
15 it. And I hope you don't believe it.

16 MR. GARCHOW: The issue in that and I can  
17 make the whole talk about how the economic  
18 deregulations actually driving all the plants to  
19 excellence.

20 MR. SHERMAN: I don't believe it.

21 MR. GARCHOW: I actually believe that's  
22 absolutely true. So I think their pattern and the  
23 performance over the last five years the data would  
24 suggest that that's happening. That the difference

1 between top floor tile, and medium in most categories  
2 is less than two percent now. And levels of  
3 performance greater than when your slides -- when the  
4 commissioners were standing up talking about an  
5 industry who had much, much relatively poor performance  
6 by several orders of magnitude in most areas in '78,  
7 '79, and '80.

8 So it's a different industry so -- but now  
9 it's a promise after the debate.

10 MR. SHERMAN: I don't believe that and let me  
11 say some things which will go along -- you wanted --  
12 what we've established is that you won't agree with  
13 what I'm going to say next. So let me say this.

14 What I'd like to concentrate now on and I  
15 have about three more things to say. I'd like to  
16 concentrate on the concept of incentives. Incentives.  
17 The regulation that I described from the foundation  
18 that was created in the '70's created systems which  
19 established positive incentives for increased  
20 performance for bettering performance.

21 You can see that on the slide that I still  
22 have up there. With the SALP program which is  
23 essentially defined in this left side of this. When  
24 you have an evaluation of those categories if you are a

1 Category 3 you have a strong incentive to change your  
2 maintenance program or your engineering program to make  
3 it a two or a one.

4 If you are a Category 2 plant and if you are  
5 in Vermont which expects nothing short of true  
6 excellence then you have a strong incentive in the SALP  
7 program to bring that performance from a two to a one.

8 Now, again, let me be clear Vermont Yankee  
9 was a solid Category 2 SALP plant. It still is as a  
10 matter of fact.

11 With plant support trending toward one and  
12 engineering, well, engineering solidly mired in sub-  
13 category two. Still the system that was set up  
14 established these incentives. SALP created an  
15 incentive to make plant performance better. When plant  
16 performance was worse and needed to have a different  
17 message sent Bill -- the enforcement program and the  
18 escalated enforcement program kicked in.

19 This is something from the -- from recent  
20 trends in escalated enforcement. Escalated enforcement  
21 was never understood as punitive. Nobody ever thought  
22 that the fines that were levied caused anybody any  
23 financial harm. Everybody understood that escalated  
24 enforcement was completely motivational. As a matter

1 of fact there is a wonderful quote that, again, came  
2 out of material from the '70's. Not attributed to any  
3 individual it was from interviews with NRC folks.

4 "A civil penalty's largest cost is the stigma  
5 attached to it." Plan and simple. What the agency  
6 could do, did do, always has done, well until now, is  
7 to send messages to nuclear -- nuclear plants through  
8 civil penalties that they expect better performance.  
9 It's an incentive. The escalate enforcement system  
10 that creates an incentive to get your performance  
11 better.

12 Now what I'd like to do is just look at these  
13 results. These are things that you all know from --  
14 from the history because most everyone in the room is -  
15 - is thoroughly understanding of the history. The one  
16 thing that I didn't -- I couldn't grab enough  
17 information to go back to '94 and '93. I wish I had  
18 been able to get that, Bill, so that I could've known  
19 that.

20 But you can see that in '95 we had about 20,  
21 I guess it's this column right here that's the civil  
22 penalty. You had about 25 civil penalties and then you  
23 had kind of the agency's knee jerk response to the Time  
24 Magazine article in Millstone. So you had 52 and 70

1 civil penalties, which again, is the major problem for  
2 the SALP system and the agency's performance. It's  
3 knee jerk reactions.

4 And then -- but now you see that we're down  
5 to -- to, I guess, this is 26 escalated notice of  
6 violation. Only seven -- only seven civil penalties in  
7 '99. I don't know, do you know what 2000 has been so  
8 far, Bill?

9 MR. BORCHARDT: I think it's about that  
10 number but under new oversight process the only civil  
11 penalties you'll have normally are the ones outside of  
12 the STP, you know, for discrimination.

13 MR. SHERMAN: In other words, the willful --  
14 the willful stuff, you know, stuff that is still  
15 flowing through. And that's the point that I'm trying  
16 to make is that you had a system which created  
17 incentives for better performance. And I would -- if I  
18 had only been able to go back further I would like to  
19 show you that in your previous history you probably had  
20 some equilibrium level of fines before this Millstone  
21 stuff. And that's probably about the right level that  
22 you needed to send messages to utilities to do better.

23 Now here we have the difference between kind  
24 of the Sherman view and the Garchow view of history.



1 If you believe that -- that all of the sudden -- all of  
2 the sudden here that you draw a line and all of the  
3 sudden the industry was completely baffled and it had  
4 been through the history which Dave believes.

5 MR. GARCHOW: I actually don't believe that.

6 MR. SHERMAN: Okay, maybe that's true. But -  
7 - but I believe that the industry is almost exactly the  
8 way it's always been. It's -- it's an industry that is  
9 staffed by professionals who put safety first but there  
10 are ebbs and flows in every utility depending on both  
11 management and personnel. And I believe that the  
12 system that we had from the '70's up until now which  
13 established incentives and sent messages was an  
14 effective system that needed to be in place and still  
15 needs to be in place.

16 What you get -- if you learned anything from  
17 -- from this history here, I mean, what you learned  
18 here is you learned about Main Yankee and Millstone.  
19 What's -- what's the commonality between Main Yankee  
20 and Millstone? Both of them got themselves where they  
21 were by cost cutting. Economic pressure, cost cutting,  
22 I mean, that was the finding in the Main Yankee report  
23 and we all know that that was kind of the base of  
24 Millstone's maladies.

1           Now, if you think that -- that's not going to  
2    --I mean, if you think that based on that it's not  
3    going to happen in the future then we don't agree.

4           MR. SCHERER:   My problem --

5           MR. SHERMAN:   Wait.   I want to make one more  
6    point with that.

7           And then you can take -- where else do you  
8    know, I mean, you also know, Rod, your acquired  
9    partners from the United Kingdom got themselves into  
10   the exactly the same trouble in Britain in regulation  
11   by cost cutting.

12          And we all know what -- what the root cause  
13   of Tokomera's problem was -- is cost cutting.

14          MR. SCHERER:   I was just trying to follow  
15   your logic.

16          MR. SHERMAN:   Okay.

17          MR. SCHERER:   You -- you opened your  
18   presentation talking about the problems TMI, Brown's  
19   Ferry, which I understand, and the current -- the  
20   existing cell process and now you are talking about the  
21   previous enforcement policy that essentially didn't  
22   prevent the issues that -- I'll wait.

23          MR. SHERMAN:   Yeah, no, no.   Go ahead.   I --

24          MR. BROCKMAN:   Leave your enforcement graph

1 up for a minute if you would. Okay.

2 MR. SCHERER: I'm trying to understand you --  
3 you point out that we've had industry near misses --

4 MR. SHERMAN: Yes, go ahead. We've had  
5 industry near misses --

6 MR. SCHERER: We've had Millstones, we've had  
7 DC Corp which was a SALP One plant, if I recall, that  
8 we shut down. We've had enforcement imposition of  
9 civil penalties that didn't prevent these events from  
10 occurring. And now when we're looking at a process  
11 that may or may not be better or we're trying to come  
12 up with a process that is more effective at spotting  
13 these trains the answer you seem to be giving is "Well,  
14 don't change this robust system that was in existence  
15 in the past." I'm having trouble finding that logic  
16 that be.

17 You've outlined problems we've had with the  
18 past system. You acknowledge it was robust system and  
19 it did prevent catastrophes. I mean, there's a lot of  
20 defense and depth. There was a lot of -- of margins  
21 built into these plants and into the regulatory process  
22 that over saw them. And there was a lot of direct  
23 inspection of the plants to make sure that utilities  
24 are doing what they're doing.

1           It was an imperfect system at best. It  
2       didn't prevent these near misses that you outlined. It  
3       didn't prevent SALP One plants from, in fact, being on  
4       a downward trend. SALP didn't pick up for some period  
5       of time.

6           MR. SHERMAN: Let me catch you just keep your  
7       train of thought. It did make the misses near.

8           MR. SCHERER: Understand.

9           MR. SHERMAN: In other words they were  
10      misses. They -- or it made the near misses, misses.

11          MR. SCHERER: You're talking about all of the  
12      enforcement trends in financial -- in penalties whether  
13      they're, and I tend to agree, there's no utility that  
14      went bankrupt paying an NRC fine. But the utilities  
15      that paid NRC fines and had enforcement were much more  
16      concerned about their reputation and publicity they  
17      received than receiving an NRC fine.

18          Now you then say but that didn't prevent the  
19      Millstone, it didn't prevent the Main Yankee, why is it  
20      that we should hold on to -- to a system that didn't  
21      function. Why shouldn't be looking for a system that  
22      would function better in the future.

23          MR. SHERMAN: My point is exactly 180 degrees  
24      over from the way that you are saying it. My point is

1     that the previous system did prevent Millstone and Main  
2     Yankee. Even with what they had it prevented them from  
3     -- from being public health problems.

4             The near misses -- the near miss I described  
5     in -- in the Vermont Yankee loss of power event in '91,  
6     it was a near miss. And the reason it was a near miss  
7     was because of the regulatory system which created  
8     conservatism.

9             And -- and what stopped -- what prevented a  
10    problem in Vermont wasn't regulatory oversight, per  
11    say, it was overall conservative regulation which  
12    required conservative -- enough conservatism in the  
13    service water system calc's such that even though you  
14    had about half the flow you still had enough to do the  
15    cooling.

16            So my point -- my point is that all of these  
17    systems created incentives for better performance that  
18    didn't -- didn't stop there being problems but it  
19    always exercised positive influences.

20            MR. KRICH: Let me, if I could -- I think I  
21    understand what you are saying and it's -- it's an  
22    interesting theory. But I think you also have to look  
23    at the other data as well. So how would you then  
24    reconcile, and I don't want to make more of this than

1 it is, but there's the other side of this that how  
2 would you reconcile the fact that performance in terms  
3 of safety measures. You go back to the AEOD  
4 performance indicators that AEOD used to put out semi-  
5 annually and annually. Number of scrams, number of  
6 safety systems that were not available goes to the  
7 workers for those measures of safety having been over  
8 that type that you you've just shown here. How do you  
9 reconcile that with your -- as your theory?

10 MR. SHERMAN: I think that it is a very good  
11 thing that the industry has -- has -- the industry  
12 performance has improved as it has in terms of sp --  
13 fewer scrams, fewer forced outages, higher capacity  
14 factor. I think most of that is economically driven.  
15 But I think -- but I still -- I think it's a very --

16 MR. KRICH: And you get to the same point.  
17 Who cares?

18 MR. SHERMAN: Exactly. Nobody cares. The  
19 point that I made was that I think the panel has to --  
20 has to come with grips with whether that really --  
21 whether the fact that you have -- whether the fact that  
22 you have fewer scrams over here really catches whether  
23 your culture and your methods are degrading or not.

24 MR. KRICH: I guess that gets to my own point

1 -- and I might not express this correctly. Steve could  
2 maybe do a better job than me but what we -- what we, I  
3 think, all concluded that we were interested in is  
4 where did we put the public with respect to risk of  
5 operation of the plant?

6 And we were all looking for a means of  
7 questioning how to find that risk as opposed to a  
8 subjective assessment of these performance in these  
9 areas. Instead what we're looking for is some means of  
10 actually measuring where the plant is relative to its  
11 risk to the public.

12 Steve, if --

13 MR. SHERMAN: I know -- I mean, I understand  
14 that as the basis and again I think -- I think that  
15 kind of the key focus, one of the key focuses of the  
16 panel needs to -- needs to be this -- this question  
17 that New Jersey posed before you started which was "Do  
18 the performance indicators really highlight whether  
19 you've got, you know, do they catch degraded  
20 performance?"

21 But let me finish this concept that I'm on  
22 which is on incentives. You know, the reason I had the  
23 enforcement graph up is an example of incentives which  
24 just by your comment, Bill, you know, that -- that

1 method of descending incentives is basically not there  
2 because you're not -- you're not really doing -- I want  
3 to -- hold on -- I'll take your questions in a minute.

4 What are the incentives that are created by  
5 this system of performance indicators? Now think about  
6 that for a minute. What's the incentive that -- what's  
7 the incentive created by this? You heard it all  
8 yesterday. I mean it was interesting listening to you.

9

10 Rod, you mentioned the incentive to change  
11 the ALARA threshold. In other words this program  
12 creates the incentive to change the ALARA threshold.

13 And, Dave, you -- you -- right after he said  
14 that you gave another example of where the incentive is  
15 to change it from white to green.

16 Ed, you used the phrase "don't", in regard to  
17 this, "don't wanna penalize the plant." Because your  
18 incentive is -- is to have these be green not white.  
19 Your incentive is to somehow change this and even --  
20 even change the basis that you -- and Jim, your  
21 statement, I think, I may -- I tried to do the best  
22 with meeting you all and getting your names right.  
23 Your statement was "Some plants would -- vowed they  
24 would not get white at all costs."



1                   Now, so they have an incentive to -- go on,  
2   you said it. An incentive to delay that decision to  
3   down power. That's what incentive is created.

4                   Now, so -- so where before the incentives by  
5   self were incentives that were an incentive to make  
6   operations better. To make engineering better. Now  
7   the incentive is to -- you fill it in -- delay, you  
8   know, the incentive is to tamper -- tamper with the  
9   indicator -- tamper. I don't mean to be that negative.  
10   To -- to avoid the indicator. But even in some cases  
11   to be less safe. Because delaying the dat -- delaying  
12   the down power perhaps is on some -- some ten to the  
13   sixth, ten to the seventh, Lord knows what, less safe.

14                  So my point is that -- that what the panel  
15   needs to do, and then I'll take all those questions.  
16   The panel should investigate methods to create positive  
17   incentives which are visible to the public for superior  
18   performance.

19                  I don't believe the performance indicator  
20   system creates those incentives. It creates just the  
21   opposite incentives. Creates incentives for -- for,  
22   again, somebody else said it. I think it was you, Ed.  
23   It creates incentives for the plant to work toward the  
24   indicators.

1           MR. KRICH: Bill, I -- I agree with you  
2 entirely with what you're saying there. And maybe I --  
3 maybe I'm missing something here. But the whole reason  
4 of this panel and the whole reason for a bunch of other  
5 working groups that are existence right now with that  
6 work that are -- groups that are comprised of the NRC  
7 and the industry are to do exactly that. Which is  
8 we've identified some problems with the performance  
9 indicators and we are working to get those cleared up.

10           The ALARA example that I used was something  
11 that we'd just come to realize. Is the potential of  
12 shortcoming of the performance indicator in the ALARA  
13 case.

14           So I think it's better --

15           MR. SHERMAN: The problem -- the problem is  
16 that -- that the indicators, the results are often  
17 things you can't avoid. Like equipment failures causes  
18 unavailabilities. So over on this side of the table  
19 you were complaining about unavailability. And that's  
20 because -- that's not a really valid indicator of  
21 performance. I mean, you can't help the equipment  
22 failures and if you happen to have a couple of random  
23 equipment failures that cause you to be a white, or who  
24 knows a yellow, that is not necessarily indicative of

1 poor performance.

2 MR. SCHERER: I disagree with that. I think  
3 equipment failures is an indicator of poor performance.  
4 What I was arguing yesterday is don't penalize plants  
5 that want to do preventative maintenance to avoid the  
6 equipment failure when it is required.

7 So I think the discussion yesterday was  
8 different than the way you are characterizing it in  
9 that we were trying to look at each of the performance  
10 indicators. All of which were selected to initially be  
11 a good thing. It's got to be a good thing to have less  
12 reactor cooling system leakage than more reactor  
13 cooling system leakage.

14 I think, my hope for everybody in this room  
15 might agree with that. But let me take that premise to  
16 -- to less reactor cooling system is bet -- leakage is  
17 better than more reactor cooling system leakage.

18 What we wanted to do and what I thought we  
19 were doing yesterday was to take each of these  
20 performance or several of them and say how could that  
21 not drive superior performance? Exactly your goal. I  
22 agree with your incentive.

23 What we were struggling with yesterday is  
24 trying to find a perverse consequence in even the best

1 intended goal. If you set a goal for perfect  
2 attendance at school for your child, does that mean  
3 that your child will go to school sick and bring  
4 illness to the class?

5 I mean, no matter what easily identified  
6 superior performance goal you want to set, I think it's  
7 a healthy situation to sit around and try to think of  
8 all the unintended consequences that could occur and  
9 then try to correct it.

10 That doesn't mean you don't try to set  
11 performance indicators but the panel we should, I  
12 thought that's, very frankly, I agree with your slide.  
13 I would endorse it 100 percent.

14 MR. SHERMAN: Yeah. I'm not -- I'm not, as I  
15 say any new pup. You know, we're basically in  
16 agreement. I mean we're friends.

17 MR. FLOYD: Heck we only talked about  
18 performance indicators yesterday that we thought had  
19 these problems. We have a number of performance  
20 indicators, and as you probably noticed, we didn't  
21 dwell on positives very much yesterday. We were  
22 looking for issues.

23 We have a number of performance indicators  
24 which are exactly doing what this slide says.

1     Particularly in the emergency preparedness area where  
2     people weren't exercising their full range of -- of  
3     drill teams in terms of getting them ready to handle an  
4     actual emergency. And the performance indicators  
5     driving them to cause more training for the lesser what  
6     was considered to be not the "A" team but the teams  
7     that were just as likely to have to handle an emergency  
8     at the plant.

9                 So there is a lot of positives. But I'd like  
10     to go back to your enforcement slide if I could.

11                MR. SHERMAN: Okay.

12                MR. FLOYD: Just a second. There's a -- your  
13     postulating, and I agree with your premise that the  
14     civil penalties did not impose enough of an economic  
15     burden on utilities to --

16                MR. SHERMAN: No, they were never punitive.

17                MR. FLOYD: They were never punitive, I  
18     agree. What was punitive was the fact that they got a  
19     notice of violation and got the press associated with  
20     getting a notice of violation. And you're saying that  
21     maybe the level of around 25 historically, taking out  
22     the Millstone, might have been about the right level.

23                I just want to point out that the oversight  
24     process, forget the PI's for a second, because where

1 the NOV's really come in in the oversight process are  
2 in the inspection finding area. Okay.

3 What's -- I think the new oversight process  
4 has the same incentives that the old one did.  
5 Particularly when you consider that the civil penalty  
6 aspect of it was not the major incentive. It was the  
7 fact that you got an escalated violation was the  
8 incentive.

9 The new oversight process in areas that are  
10 just to be significant you get a white, a yellow, or a  
11 red cited violation. Okay, you don't have a civil  
12 penalty associated with it but you still get the press  
13 release, you still get a citation issued, you still  
14 have to respond back on the docket to the agency. And  
15 there is a stigma associated with having posted on the  
16 public web site a white, a yellow, and a red.

17 Now what's the level that we're seeing those  
18 at? Through the first six months of the program we had  
19 11 of those that went through the process. Multiply  
20 that times two, that's 22. Your threshold is 25 seems  
21 to be about the right number. I would argue 22 isn't  
22 too far off from 25.

23 So we're still seeing about 25 escalated  
24 NOV's, the ones that actually get a citation, with a

1 color posted on the public web site which is a stigma  
2 to the utility. No utility wants a white, a yellow, or  
3 a red posted on the public web site.

4 So there is all the incentive that existed  
5 under the previous program to not have conditions at  
6 the plant which draw that attention to you. At about  
7 the same level as what we had in the past, I think.  
8 It's pretty close.

9 MR. BROCKMAN: Okay, my comment was similar  
10 to that. I didn't have the command or the data and I  
11 was just going to bring up the point, I think, to  
12 really -- your point is an exceptionally good point as  
13 to where it is and what causes that hump is that  
14 establish of the level as it changes in some inspection  
15 focus that the agency made where we went out and very  
16 aggressively pursued some engineering issues as an  
17 initiative.

18 You -- you've got to look at that. But to  
19 really get the data that you're trying to portray there  
20 you need to realize that the new program has  
21 substituted an incentive mechanism. And that being the  
22 red conference and the acting matrix of meeting after  
23 that for the civil penalty. And you, I think, you did  
24 agree that the money wasn't the issue. It's the going

1 through the process and putting it in the public eye.

2 I don't know whether it would be the same but  
3 it's an interesting -- an interesting thing to you.

4 MR. SHERMAN: Let me interject though to you.  
5 I have not participated nor -- nor am I very familiar  
6 with the regulatory conference.

7 MR. BROCKMAN: Okay.

8 MR. SHERMAN: And so you have to -- you can't  
9 gang up on me I'm just a poor state guy. (Laughter)

10 MR. BROCKMAN: It takes another 10 or 20 of us to  
11 really gang up on you, right?

12 MR. SHERMAN: Right. But from what I heard  
13 yesterday if the regulatory conference -- if the time  
14 in the regulatory conference is spent arguing over  
15 whether something is green or white that is not  
16 productive.

17 That -- that is totally non-productive. And  
18 you can almost say that by -- by stepping back, doing  
19 this guided imagery that I did with you. I mean,  
20 what's the problem plant in New England now? Duh. I  
21 mean, it's an end point.

22 Is it red? Do they have a red performance  
23 indicator? Not yet. No, not on -- not on -- well,  
24 wait --



1 (All talking at the same time; undistinguishable)

2 I understand. How about -- how about -- how  
3 about in the South? You know, what's the in the South?  
4 Well, Virgil Summers, duh. You know, Virgil Summer --

5 MR. FLOYD: Bill, I agree with you. You have  
6 an extremely valid point. If we created the perception  
7 on public web site that all they need to do is click on  
8 that one summary chart and get a picture of the plant  
9 performance --

10 MR. SHERMAN: It's handy.

11 MR. FLOYD: We have done a horrible  
12 disservice because that is not what the new oversight  
13 process is all about if I understand it right. I think  
14 we should rethink that.

15 MR. SHERMAN: But I think you can make it  
16 better by creating a number 19 and -- and

17 MR. FLOYD: Actually you got 28.

18 MR. SCHERER: I guess my concern is that all  
19 our stakeholders, at least so far, have not gone to  
20 that sheet. They've gone to the sand sheet which shows  
21 -- there it is. That would show what the -- the PI's  
22 and the inspection findings are for the plant. They  
23 don't go to look at the industry. Our stakeholders  
24 come and look at our plant. And our plant has not only

1 the PI's that we report but all the inspection  
2 findings.

3 So doesn't that address the issue that you're  
4 speaking to?

5 MR. MONNINGER: There is -- there is an  
6 effort underway with MNR to put together a table, not  
7 exactly similar, but very similar to the PI. You know,  
8 it shows the entire industry, you know, all the  
9 different colors without --

10 MR. SHERMAN: I understand -- I understand  
11 the confusion. Can I go back to civil penalties just  
12 for one second. You hauled that there was great  
13 mitigating -- Communication disaster.

14 MR. BORCHARDT: You had hauled that there was  
15 great value in the issuance of a civil penalty to a  
16 licensee.

17 MR. SHERMAN: Yes.

18 MR. BORCHARDT: And I assume --

19 MR. SHERMAN: And I believe that.

20 MR. BORCHARDT: Both from the communicating  
21 the importance of the issue to the public as well as to  
22 the licensee so that corrective actions could be taken  
23 in performance improvement.

24 Would you support the concept that there

1     could be equally effective incentives other than a  
2     civil penalty?

3                 MR. SHERMAN:   Yes.

4                 MR. BORCHARDT:  And that is, I think, the  
5     basis upon which we have withdrawn the more common use  
6     of civil penalties.  And it was -- it's the theory of  
7     this oversight process that was developed that these  
8     other mechanisms, the assignment of a significance  
9     color to inspection findings and notices of violations  
10    and the web site and all the rest could provide that  
11    equivalent incentive to the civil penalty.

12                Is your view that that's not working?  That  
13    what's been constructed so far is not effective?  Or --

14                MR. SHERMAN:  No.  That -- my view is that --  
15    my view is that the panel needs to wrestle with the  
16    issue -- wrestle with exactly that issue.  And the  
17    issue as I framed it was an issue of incentives because  
18    I believe the -- the enforcement program wasn't  
19    punitive.  It was something that was meant to send  
20    messages to do incentives.

21                And so the panel should -- should work on  
22    what it is that creates -- creates the incentive.

23                But I do -- I have another -- I have another  
24    quick point to make on the incen -- no, I don't, I'm

1     sorry.

2                   MR. GARCHOW:   Before you get to that.   This  
3     is sort of an interesting slide in that it's a slide  
4     that's hard to disagree with.   But --

5                   MR. SHERMAN:   I didn't mean it to be so -- to  
6     be so pabulum like that.

7                   MR. GARCHOW:   If the -- I'm struggling just a  
8     little bit from if you read the front of 10-C-FR-50 and  
9     you read what the NRC Agency's role is.   The role isn't  
10    written by Congress to drive the commercial nuclear  
11    industry to excellent or superior performance.   There's  
12    no words like that at all in the charter of the NRC.

13                   The charter of the NRC is very clearly around  
14    establishing the regulatory framework and system around  
15    in assuming public health and safety.   And within that  
16    the whole right, wrong, or indifferent, the oversight  
17    process is about -- there's a lot of performance which  
18    assures that.

19                   There's also a great deal of performance  
20    above that, that assures public health and safety that  
21    goes well beyond that.   And the NRC's mandate is health  
22    and safety.

23                   My -- our industry people, in my specific  
24    case, I have other drives that are driving me to

1 superior performance. It's not "late will be gone"  
2 they're real drivers. And public health and safety  
3 clearly is a driver.

4 But it's -- I can have very high public  
5 health and safety in this environment and still not  
6 have superior performance. And still have issues I  
7 need to work on my plant to get to superior performance  
8 for other drivers.

9 So the process of SALP in the oversight  
10 process never was designed, I don't believe, to get  
11 every plant to superior performance. It's not in the  
12 NRC's charter. I get confused between the role of the  
13 NRC and the role of management if we start mixing those  
14 -- those goals together.

15 MR. SHERMAN: In the states we also preferred  
16 ALAP instead of ALARA. Anybody go back that far?  
17 Guess not. ALAP, as low as possible, instead of ALARA,  
18 as low as reasonably achievable.

19 But -- but the NRC is committed to it through  
20 it's strategic goal of establishing public confidence.  
21 To establish public confidence you have to -- you have  
22 to strive -- the regulator has to encourage you to  
23 strive for excellence.

24 MR. PLISCO: I would disagree with that.

1 Because our first goal right now is to maintain safety.  
2 And those words weren't just thrown out there. There  
3 was a lot of debate on that first word. And it doesn't  
4 say "continue to improve" --

5 MR. SHERMAN: We were able to be tested by  
6 our disagreement on that the concept of only maintain.  
7 But we asked you here -- but to build public confidence  
8 you can't do that -- you have to -- you can't work for  
9 mediocrity and establish public confidence.

10 MR. BROCKMAN: We asked you here to give us  
11 your insights as to that, not our insights as to what  
12 is establishing public confidence, and you're sharing  
13 with us the State of Vermont's viewpoint establishing  
14 public confidence is key and establishing as high of a  
15 margin for safety as there can be.

16 MR. SHERMAN: Thank you. You said it better  
17 than I could. Thank you very much.

18 I want to finish this concept of incentives.  
19 I have one more -- one more statement and it will -- a  
20 conclusion.

21 Still what I'm saying about incentives, you  
22 know, and I appreciate putting up the -- the inspection  
23 finding colors. But what I'm saying about incentives  
24 is really true.

1           Take again, let's go back to yesterday's  
2   discussion on, what was the word? Piggy backing.  
3   That's not the -- what was --

4           MR. FLOYD: Stacking.

5           MR. SHERMAN: Stacking. Again, you have  
6   created an incentive to stack which is not what is  
7   desirable.

8           MR. BROCKMAN: Absolutely.

9           MR. SHERMAN: And that's the incentive that  
10   you've done that. And that's, again, that's because  
11   over here on this side the incentives that are created  
12   are not the kind of incentives that were created  
13   previously.

14           And -- and to the extent that the system that  
15   you've created is establishing incentives to do  
16   stacking, to do delaying down powering, to do not get -  
17   - not get white at any cost. That's a problem with  
18   your system.

19           And I suggest, though I'll leave it to the  
20   panel to go and ferret this out, I suggest that every  
21   instance where the incentive is an adverse incentive is  
22   an example where the performance indicator doesn't  
23   really work toward performance.

24           MR. PLISCO: Sure. I think we agreed to that

1 yesterday.

2 MR. SHERMAN: Yeah, and that's a structural  
3 problem in the way that the system is created. And,  
4 again, another thing that's obvious that I think would  
5 be the best is -- you're right I -- I focused a lot on  
6 -- on this which is so easily attainable at the web. I  
7 think that you need to take those inspection findings  
8 and make another column here. Maybe condense these  
9 down into eight columns. You all got that.

10 Okay, my last comment. This and maybe with  
11 the inspection findings gives the impression that Dave  
12 is right about Lake Wilbegone. That there are not poor  
13 performers.

14 In other words, from the public's point of  
15 view you take a look at this and you cannot  
16 differentiate between -- between what's there very  
17 well. Part of my own problem is that Vermont Yankee is  
18 completely green. But I know that Vermont Yankee is a  
19 SALP 2 plant. Solid SALP 2 plant. I mean, goodness in  
20 the last ... the folks climbed over the fence and took  
21 over the plant.

22 And so what are you going to do about that?  
23 Differentiation. Now, here's something that has been  
24 expressed in public in another form to you before but I



1     manage a panel in Vermont called the Vermont State  
2     Nuclear Advisory Panel. This is a panel of -- of two  
3     politicians, two public citizens, three bureaucrats,  
4     I'm one of the three, and my boss the Commissioner is  
5     the Chair of this panel.

6             It's existed since the early '80's and its --  
7     its function is to observe Vermont Yankee and to kind  
8     of oversee Vermont Yankee. They're people who have  
9     other jobs and other lives so they don't spend their  
10    lives in these things.           They are honest public --  
11    public people. They are not anti-nuclear people. They  
12    are not pro-nuclear people. We have had legislators  
13    who are -- who are -- have those kind of colors but --  
14    and when Bill came down and presented this program to  
15    us, an honest public comment, is that this color scheme  
16    is childish.

17            The person that -- that presented it was a  
18    doctor and professor at St. Michael's College; a  
19    professor of physics. He said, "This is something that  
20    you would do in elementary school for first graders."  
21    It's childish.

22            The greater problem is that it doesn't give  
23    differentiation. You can't -- it doesn't give the  
24    public what the public needs to differentiate.

1                   So what I pose as a question is "What method  
2 do you use to determine the need or to create  
3 incentives for improved performance?" Dave, what you  
4 were saying before, you know, management systems. What  
5 is it that management uses to know that performance  
6 needs to be improved?

7                   If you said "none" that's a problem. Because  
8 I don't believe, you know, I believe that there are  
9 plants which need improvement.

10                  MR. GARCHOW: We actually use performance  
11 indicators much in the same way that they have --  
12 several orders of magnitude --

13                  MR. SHERMAN: If you say performance  
14 indicators and if these performance indicators are  
15 similar to the cornerstones and the -- then -- but that  
16 would be something for the panel to consider is -- is  
17 if you say you use judgement or if the NRC -- if in the  
18 NRC determining whether they felt the plant's  
19 performance needed to be -- if you say that you needed  
20 -- you need the judgement of the senior resident's then  
21 you should have that as some 19th indicator.

22                  And I wanted to get to this point. If you  
23 say that you use to determine whether the plant needs  
24 to have better performance, then you need to make the

1 IMPO system public so that the public can understand  
2 what's out there, because we can't understand from  
3 this.

4           So if the plant is using IMPO ratings at all,  
5 and this panel could determine that those indicators  
6 need to be made public.

7           Now if you're using something else and not  
8 using IMPO, but I suspect that IMPO is one of the  
9 primary drivers for providing incentive to create  
10 performance. And I think that that's -- it's a shell  
11 game. I mean, you kind of switch this for the  
12 performance indicators that were there with DESALP, and  
13 then you're using the numerical performance indicator  
14 from IMPO to create your own incentives.

15           Regardless of what you decide on, the public,  
16 in my opinion, needs a numerical system. I know that  
17 through the process, Steve, that your folks have  
18 created and kind of done with these folks, you've made  
19 that numerical system an athena. But the public really  
20 needs that. There needs to be a bottom quartile.

21           So I would urge the panel to struggle with  
22 that and to come up with some system of creating  
23 numerical ratings so that the public can understand who  
24 are good performers and who are not.

1           MR. SCHERER: Let me understand that. Dick,  
2 your slide on differentiation and the bottom quartile,  
3 what is you believe that the public information is  
4 valuable public information? Is it that the plant from  
5 Main Yankee or any plant is the top, middle or bottom  
6 performer? Or is it more important to the members of  
7 the public and for your benefit, to understand whether  
8 it is a good performer, well within regulatory margins  
9 and marginal performer, or an inadequate performer?

10           Those could be two different things. Even  
11 compared to the region. You asked four regions. You  
12 didn't ask the question: Is the worst performer in  
13 Region I better than the best performer in a different  
14 region?

15           At some point what does it mean to be in the  
16 bottom quartile? There will always be a bottom  
17 quartile. There will always be a top quartile. The  
18 question to me is: What's the relevant question? Is  
19 the relevant question which quartile you're in, or is  
20 the relevant question: Are you a superior -- well  
21 within regulatory marginal or below acceptable safety  
22 levels? Which is the question did you think needs to  
23 be answered?

24           MR. SHERMAN: I have an answer for that

1 question, and here's what it is. The model that I  
2 believe -- the truth that I believe is that nuclear  
3 plant performance ebbs and flows.

4 In the past there were times when it was  
5 useful, necessary, helpful to send messages to plant  
6 management that there needed to be changes.

7 So sometimes the bottom quartile changed. I  
8 mean, it's terrible to face the bottom quartile. Now,  
9 we always -- I always go to great lengths to justify to  
10 the public that when Vermont Yankees operations went  
11 from three one's and a two, to two one's and two two's,  
12 and then one-one and three two's, that that still  
13 reflected safe operation in public health operation.

14 What it shows is that there's improvement  
15 that can be made at Vermont Yankee, and I'm happy for  
16 the pressure that Salp allowed for them to make it. I  
17 would still send public messages that they were safe,  
18 and that things were -- you know, the safety was there.

19 The problem, Ed, is that the public knows  
20 this isn't true. The public knows that there are good  
21 performers and bad performers. You already know that  
22 the public has skepticism of nuclear power. So when  
23 you, the industry, creates a system which says, "We're  
24 all good," the public doesn't believe you.

1           I hate to say this in public. Turn your  
2 machine off. You are your own worst enemy often,  
3 because, when you have a regulator who is regulating  
4 you strictly, the public has confidence. The public  
5 has more confidence in Chairman Slesinger, Anders and  
6 Rowden's statement than what's happening now.

7           The war that you have won is not good. I  
8 don't know. You won't invite me back, so...

9           My last comment. We would like you, the  
10 panel, to conclude that now that the system is in  
11 place, we should develop some numerical rating through  
12 it. I don't care. Give the whites all, give the  
13 greens and whites numbers and then add them all up. Do  
14 whatever you want to, but -- because if you won't,  
15 somebody else will.

16           If you don't create a numerical system,  
17 Lockbaum will do it for you. And then the rest of the  
18 world will use Lockbaum's system. Because the public  
19 desires an ability to differentiate. And again this  
20 was a true public comment, a true public reaction to  
21 your system from my Visnet member.

22           MR. FLOYD: I also find your comments very  
23 interesting and thought provoking as well. Do you have  
24 any insight as to why the public needs this for a

1 nuclear power but they don't need it for automobiles,  
2 for airplanes.

3 I mean, FAA doesn't say this airline is a 1.6  
4 airline or 1.3 airline, and don't buy this car because  
5 it's in the bottom quartile.

6 This is the only industry thus far that we  
7 have -- used to have a rating system. I'm wondering,  
8 do we like the rating system, the numerical scores?  
9 This is what we used to have. And now we don't. Or do  
10 we feel we really need it relative to other risks in  
11 society. And I would just like to hear your insights  
12 on that.

13 MR. SHERMAN: Again, I hate to be cute. If I  
14 tell my wife I love her, if she doesn't think I love  
15 her, it doesn't matter how much I tell her.

16 The public is scared of radiation. They are  
17 scared of the word "radiological, radiation," and  
18 whatever. Goodness knows in Vermont we would like to  
19 transport nuclear waste to a more environmentally  
20 suitable location in Nevada. That's because Vermont is  
21 not environmental suited for ...

22 (Laughter)

23 You understand, don't you?

24 UNIDENTIFIED PERSON: Oh, I understand

1 perfectly.

2 MR. SHERMAN: Good. I mean, you can't help  
3 where the public is on this. And you've done lots of  
4 studies, and, Mary, folks like you have studied that  
5 industry or the public as to why they believe it. I  
6 mean, but the public knows that -- I mean, this isn't  
7 helpful to the public, because the public doesn't  
8 believe you.

9 I mean, if you create Dave's system, the  
10 public knows that's not right. So the best you can do  
11 is to come up with a system that does provide some  
12 gradation but continues to explain that it's safe.

13 Here's my last point. My last point in my  
14 conclusion is to thank you all for enduring with our  
15 views here. And if there's anything I have said that's  
16 useful, I hope the panel will consider it.

17 The strongest statement that we feel is, I  
18 work for the agency in Vermont, the Department of  
19 Public Service, basically the Public Utility  
20 Commission. I'm part of the public advocate system in  
21 Vermont. We monitor electricity deregulation. We  
22 monitor the money as well as nuclear safety. And we  
23 are really concerned about the impact that deregulation  
24 is going to have on nuclear performance.



1           The reason that I gave you the Chairman  
2   Anders statement and Chairman Rowden's statement is  
3   because we believe the direction toward reducing  
4   regulation at a time when the pressure on the utility  
5   dollar is going to be stronger than you've ever  
6   experienced is the wrong direction. And we believe  
7   that regulation needs to be especially vigilant at this  
8   time.

9           So my last comment to the panel is that the  
10   panel should recommend the creation of a performance  
11   indicator and appropriate inspection procedures to  
12   gauge whether cost cutting is effecting safety.

13           I hate to kind of be a harbinger of bad news.  
14   That was what created the Millstone and the Main Yankee  
15   issues, is what created Tokomura, and what has got  
16   regulatory problems with British energy, and it is  
17   going to happen again.

18           I mean what we learned from utility history  
19   is that utility don't learn from history. And so if  
20   you believe that the utilities all saw Millstone and  
21   Main Yankee and know that it's foolish to cut costs  
22   because, ultimately, that will result in bad things,  
23   maybe they will learn those messages.

24           But I believe that there will be someone out

1     there who, when the dollars are just so tight, the  
2     maintenance budget will erode and the decision to put  
3     off this and that -- and I believe that there needs to  
4     be specific inspection methods to look just for that.  
5     Again, that's going to be what happens in the 2000s  
6     here.

7                     Thanks.

8                     MR. BROCKMAN:   Would I be correct in saying  
9     you'll probably be making that statement on the old  
10    program, the new program no matter what.   That's  
11    irrespective of the new program.   It's an overriding  
12    concern.

13                    MR. SHERMAN:   Ken, you're real good at  
14    cutting through, but, yes.   I mean that's something  
15    that we expressed in our letter in February, and  
16    something we believe very strongly.

17                    But I believe that in the creation of the  
18    revised Oversight Program you have the ability to  
19    develop the mechanisms within this.   You know, a  
20    performance indicator that gauges whether cost cutting  
21    is a driver.

22                    And, Steve, your folks won't like that.

23                    MR. FLOYD:   No, no, no.   If we can find a  
24    good one, that's a good one.

1                   MR. SHERMAN: Do you have any thoughts on  
2 what that indicator might look like?

3                   MR. FLOYD: No. Quite honestly, Bill, we  
4 looked. We have looked in -- with the data we have  
5 available, and maybe we don't have the right data, but  
6 we've looked at a fair amount of data. And every time  
7 we saw where we thought we could detect a degradation  
8 in safety, where there was a cost-cutting measure in  
9 place, we could find another plant that had an  
10 improvement in safety with an almost identical cost-  
11 cutting measure in place. So maybe we don't have the  
12 right metrics yet, but we have looked.

13                  MR. SHERMAN: I think that the people that  
14 Jim represents at the table here can have a feel for  
15 whether this is happening.

16                  It may be part of this developed assessment  
17 you would call subjective, rather than, but I spent  
18 five years or so starting with an interaction I had  
19 with Commissioner Rogers, and then moving from that.

20                  There are things that you can look at that  
21 are gauges of cost-cutting affecting plant performance.  
22 Like, maintenance backlog; like the decisions to put  
23 off things. You can find that.

24                  I think you should have a color indicator

1     that, if you have more than one of those things, you  
2     should be in some color other than green or white, if  
3     you can attribute the degraded performance indicator to  
4     cross cutting. Could the decision not to have done  
5     something that you otherwise would have done.

6                 So I think it is possible to do.

7                 MR. BLOUGH: If you don't mind I'll -- well,  
8     I think this has been very interesting. I just wanted  
9     to comment on the area of the developed assessment,  
10    because I think you make good points there.

11                I think it is important to me that no matter  
12    what our program is that we still be thinking about  
13    those things you had on the left side of your slide  
14    that are the cultural in the south areas.

15                I think it is important that all the  
16    inspectors, as well as everyone associated with  
17    industry, is thinking about those issues. And I guess  
18    under the old program that developed assessment became  
19    the assessment.

20                The way I see it in our new program is that  
21    (1) I'm worried that inspectors and managers really in  
22    the agency will kind of stop thinking about those other  
23    things, and so we have to have counter measures against  
24    that.

1           But the way I see them working is that (1) in  
2   discussing internally, you develop assessment. If we  
3   think it is way off from what the new program is  
4   showing us for that plant, that's like the agency as to  
5   whether the program is really working for that  
6   facility.

7           And secondly, it has to feed into the  
8   inspection planning. Not deciding what inspections you  
9   do, but what samples you pick and how you go about the  
10   inspection. If we lose that and the inspection becomes  
11   too rout, we've got a problem.

12           I guess that's where I am. If that developed  
13   assessment is way off from what the new program tells  
14   us, that's a problem. I guess for the purpose of the  
15   panel, I don't know how we would figure this out. But  
16   if the panel had a sense the new program could be way  
17   off on a plant. And I think we differ on that 'cause  
18   you want differentiation. I just want differentiation  
19   of the straights. The ones that are into some  
20   substantial degradation of margin, if we can be that  
21   far off. I think that's a problem. I think the panel  
22   has to think about that: Could the new program be way  
23   off on plants.

24           MR. SHERMAN: I think our interests are a

1 little bit different. I mean, my interest in kind of  
2 engaging with the public, and your interest in being  
3 able to assure. They're a little bit different.

4 MR. FLOYD: Right.

5 MR. SHERMAN: And so there's a reason  
6 for...but one thing I do believe about developed  
7 assessment, you know, notwithstanding our desire to  
8 have you not put this program in quite as fast as you  
9 have, we are still confident that safety is being  
10 maintained and regulatory safety is being maintained.

11 But primarily because of the people that ran  
12 to you, Ken, Loren, and Steve, and then you at the  
13 table, Jim, represent, we have high confidence in the  
14 senior resident inspectors that you put out there.  
15 Because after all is said and done, I believe that  
16 their integrity is strong enough so that they would  
17 raise, create, and resolve serious issues if they came  
18 up.

19 Now to the extent that this new system will  
20 degrade that, that's another problem.

21 MR. GARCHOW: We'll take a 15-minute break.

22 (Off the record at 10:05 a.m., and reconvened  
23 at 10:26 a.m., same date.)

24 MR. WRIGHT: My name is Gary Wright. I'm

1 basically here today to provide you with our  
2 observations in Illinois with the new program, and some  
3 things we think are very good; a few things that we  
4 think needs improvement; and a few areas we have  
5 concerns with; and basically our conclusions at this  
6 point, realizing, of course, the program is brand new  
7 and evolving.

8 I'm actually Manager of Nuclear Facility  
9 Safety with the Agency, and that includes our Resident  
10 Inspection Program and some other things as well.

11 As most of you are aware, we've got at this  
12 point in time six operating stations in Illinois. We'd  
13 had seven. Of course, Corsime, unfortunately, is no  
14 longer operating. So we have a significant investment  
15 in nuclear power in Illinois. And a real strong  
16 program in terms of nuclear safety.

17 To kind of give you a little background and  
18 perspective on where my comments are coming from, and  
19 what I've experienced thus far in the program, is that  
20 we have resident inspectors at each of the plants. And  
21 these are high-qualified people. Most have had 15-20  
22 years experience in nuclear industry. Former SROs,  
23 STAs, etc., degree engineers, so they're all people  
24 have a lot of experience and have a high confidence in.

1           In putting this talk together, I actually  
2   went out to each of these inspectors and said, "Give  
3   your comments about the new program. What's your  
4   experience? What do you see are the good points? And  
5   what do you see are the bad points?"

6           And also with their management, I talked with  
7   them as well.

8           And realizing, of course, that this still a  
9   very immature stage in the program, there's some  
10   misunderstandings among my people. I'm sure there is  
11   among NRC people. It is pretty clear there's still a  
12   lot of concerns out there.

13          In any case, in addition to our resident  
14   inspectors, we also have couple of ASME Code  
15   Enforcement Agency in Illinois, and we have two people  
16   who are both degree engineer. One of them is a member  
17   of a number of sub-committees of the ASME itself, Larry  
18   Sage. And he's been actually working with the PRA  
19   standards group that's working on a new standard.

20          And these people, of course, I talk with them  
21   as well. And they're out in the plants on a regular  
22   basis, so I have some confidence in what they have to  
23   say.

24          Of course, Quad City was one of the pilot



1 plants, and I want to correct the record here. We  
2 don't think Quad City is a problem plant. Of course,  
3 they had an unfortunate situation in the yellow. In  
4 fact, the inspector there feels that that plant  
5 probably is not significantly different than the other  
6 plants. I just wanted to correct the record there,  
7 even though the fact the system may actually be showing  
8 worse than what it is. Anyway, I want to correct the  
9 record there.

10 And I also was a member of the pilot panel  
11 that preceded this group, so I have a little extra  
12 perspective on the questions that are coming up here.

13 We've had quite a bit of involvement up to  
14 this point in the new program, and want to share our  
15 experience with you.

16 Like I say, these aren't just my comments. I  
17 kind of polished them up a little bit. Basically, my  
18 people feel that under the new program regulation is a  
19 consistent and less subjective. Of course, that's one  
20 of the goals, is to try to get rid of some of this  
21 subjective regulation that the industry feels has been  
22 a problem.

23 It was kind of interesting listening to Bill  
24 because several points were kind of 180 degrees out, if

1 you will. I remember the 70s quite well, too, but the  
2 thing I remember most about the 70s was Morgan Rasmus  
3 and the Worst 1400 Report. And at the time that came  
4 out I looked at it and said, "Guys, why don't we use  
5 this to inspect the plants."

6 And my big question is, "Why did it take 25  
7 years to put this into play?" So we're directly  
8 opposed there, I guess. Because to me that kind of  
9 science makes a lot more sense. Focus on what is  
10 important and have confidence that you are really  
11 looking at the important things, and they are working.

12 And based on feedback from my people so far,  
13 they believe that inspections are more focuses on  
14 significant items. They feel that the new system  
15 provides more structure for the inspectors, and in some  
16 cases -- I'll talk a little bit later -- maybe a little  
17 too much structure.

18 But in any case it seems that the people out  
19 there feel that things are being focused on in a more  
20 structured manner by inspectors.

21 And my favorite part of it is that the  
22 process is more scrutable by people who aren't directly  
23 involved with it, like myself, more of a manager.

24 I can go in and look at the new web site, for

1 example. And here again Bill and I -- this is kind of  
2 another area where Bill and I disagree. I should say  
3 we disagree on the details, but our goal is the same.  
4 We want safe plants and plenty of protection for the  
5 public's health and safety. It's just that we didn't  
6 feel the old program was near as good as a lot of the  
7 other states thought it was. And we'd kind of liked it  
8 to have been better.

9           The color coded plaque-status items we think  
10 are easy to understand. I mean, it was always -- if  
11 you remember the public, and you're looking at South  
12 reports, is one better than three, three better than  
13 one? Looking at violations, is a Level 4 worse than a  
14 Level 1?

15           If you're looking at the audience as being  
16 the general public, we kind of think that color coded  
17 is not all that bad. In any case, that's my take on  
18 it. I like the way it is presented in terms of if I go  
19 into a finding, click on that, go down to that specific  
20 cornerstone and issue, and take a look at it; I can  
21 have access to the inspection report. I can dig right  
22 in; go right down to and find out exactly what the  
23 problems were; call my inspection and say, "Okay.  
24 What's your take on this?" For me, I think it works

1     very well.

2                   Problems with the new system, I see that  
3     might be a problem for the general public is in cases  
4     where you have a past problem, so to speak, like Quad  
5     City, it's not clear that that yellow was a past  
6     problem that may have been totally fixed, but it is  
7     carrying over into the present in terms of the way  
8     things are calculated. So there's some problems with  
9     it.

10                  But in general if you just to say: Guys, how  
11     is my plant doing? And you're a member a public, and go  
12     in there and take a look, it tells you in basically and  
13     readily understandable terms by the general public, I  
14     think, what the status of your plant is. I think the  
15     system itself is not all that bad. There's certainly  
16     room for improvement, but I kind of like it, folks.  
17     And it gives me quick access to the information being  
18     on web. Those are things I like about it. So I guess  
19     it is kind of like the Bush-Gore thing.

20                  MR. BROCKMAN: Looking there and very quickly  
21     and get a perception and differentiate between  
22     different plants. Is that something you are going to  
23     talk about later, or is that a --

24                  MR. WRIGHT: Just a little bit. I'm going to

1 talk about the green findings. We'll get to that.

2 MR. BROCKMAN: Okay. Put on hold.

3 MR. WRIGHT: I want to talk about areas that  
4 we see some opportunity for improvement in the system.  
5 We for some time, and you're probably tired of hearing  
6 us whine about it, but we feel that good PRAs are the  
7 cornerstone of the cornerstone, so to speak. If you  
8 don't have good PRAs for a risk-based system, how good  
9 is the system. And we're hopeful that this new  
10 standard will be helpful that ASME is working on.

11 I was talking with my guy who has been  
12 working with them, and he thinks maybe February or  
13 March, hopefully, they'll have something that people  
14 can agree on. I don't know how good that will end up  
15 being, but hopefully it will spur on.

16 I think probably out there -- I know Tom and  
17 Ed got PRAs and probably most of the plants out there  
18 do. But I think it is important to have across-the-  
19 board standard that everybody meets so you have common  
20 ground to work on. Because if you've got a system that  
21 is built on a lousy foundation, you know, the house is  
22 not -- you're going to less confident it is going to  
23 stand for a while. So we're still pressing for that.

24 We also would like that data available to the

1 stakeholders, the public, etc., people interested in  
2 digging in and finding out. And I think this is  
3 something that even the chairman suggested recently  
4 would be good to have is access to the data. And we  
5 certainly in Illinois would like to have access to that  
6 data.

7 MR. GARCHOW: What data would you use as PRA  
8 data? It is hard for many people outside of our big  
9 group of PRA folks to really understand totally the  
10 construct of a model. It is sort of a specialty deal.  
11 What data would you think from the PRA would be  
12 beneficial to the public?

13 MR. WRIGHT: The name of the code escapes me.  
14 There's a code that NRC uses.

15 MR. TRAPP: Safire?

16 MR. WRIGHT: Safire. We got Safire. It  
17 would be nice to have the actual plant into those.  
18 We've got now the generic data. But actually have  
19 data, as much as possible, on failure rates on special  
20 systems or components of the plant. What are the  
21 utilities actually using for failure rates, etc? It  
22 would be nice to have that data.

23 And I know according to Gillespie the current  
24 system, the envelope in these STPs covers the worst

1 case situation. So if anybody has a PRA that's halfway  
2 of quality, they ought to be able to better the numbers  
3 in that STP process. That was his argument.

4 Now that may, in fact, be true, but I think  
5 our people are a little concerned that they'd like to  
6 have a good strong PRAs to rely on in doing the STPs.

7 Corrective Action PI. There again, well, the  
8 backbone of the system, of course. All the green  
9 findings go into the correction action program. And  
10 one of the problems with that is that, if you have a  
11 bad Corrective Action Program, that will probably go  
12 back into correction action program.

13 We would like to see strengthening of the  
14 corrective action inspection activities. And I guess  
15 this newest version of the PI&R inspection procedure  
16 does now provide for the process of your baseline  
17 inspections actually taking a look at that.

18 The only thing that's not clear to us is how  
19 that will feed into the annual inspection, and how that  
20 will all play out. But we're glad to see more emphasis  
21 is on that now, because that really is a backbone that  
22 needs to be very strong for this new system to work.

23 MR. PLISCO: Do you have any ideas on that?

24 MR. WRIGHT: No, I don't have any good ideas

1 on that, whether it would somehow to rate from a risk  
2 standpoint the corrective action items, and then to  
3 somehow look at the percentage of those that have been  
4 implemented over a period of time, I don't know. But  
5 that would be the kind of thing, I think, you would  
6 want to look at to make sure that they are, in fact,  
7 aggressively addressing the more risk significant items  
8 that are a problem. And I don't have any good  
9 suggestions on exactly how to go about that. But  
10 certainly that should be the intent of any PI in that  
11 area.

12 Of course, steam-generator PI, we were  
13 harping on that back sometime ago, too. That somehow  
14 didn't end up in the system. I guess they're looking  
15 at that again now with the Indian Point situation.

16 I was kind of interested in Ed's comment that  
17 certainly less leakage is better than more leakage. So  
18 those kind of things, I think, I'd want to look at in  
19 terms of a PI for steam generators.

20 MR. GARCHOW: What would that look like?  
21 What kind, like percentage of tubes plugged?

22 MR. WRIGHT: Yeah, it could be a percentage  
23 of tubes plugged, leak rate, gallons per minute or  
24 whatever. I don't know. I think there's several



1 things to be considered. I'm not an expert in that  
2 area.

3 MR. GARCHOW: Because that would tend to  
4 focus on whether you're managing your steam generators  
5 as opposed to the construct of the process, which is  
6 supposed to be giving you an idea of how your  
7 management is.

8 MR. WRIGHT: See, from our standpoint we're  
9 in an off-site agency primarily concerned with public  
10 health and safety. We look at PWRs as getting a major,  
11 primary, secondary leak during an accident situation,  
12 you can end up with a direct release to the atmosphere.  
13 So that's our primary concern, that we look on that as  
14 a fairly important piece of equipment, so to speak, and  
15 are surprised that its not played a bigger role.

16 I guess if you look at possible event, maybe  
17 it doesn't play out to be a major factor. But  
18 certainly, from our standpoint, we're always interested  
19 in direct releases to the environment.

20 Areas for Improvement. Some areas that we're  
21 concerned about. During the pilot panel it was, in  
22 fact, stated that there wouldn't be any old system any  
23 more. That there'd be the new system, and then maybe  
24 some variation of the new system. And it appears that

1 all plants are reporting now PIs -- or under the Risk  
2 Based Inspection Program.

3 But now I see the chairman has been talking  
4 about the fact that maybe dual oversights are coming  
5 back into play. And I don't understand how that would  
6 play out. Would you have deterministic type inspectors  
7 and risk informed? I don't know how that would work.  
8 It may be something you want to take a look at, or  
9 maybe people have talked about that already and solved  
10 that problem.

11 When I see that, it kind of raised the flag  
12 in mind. But you'd end up with a real problem trying  
13 to regulate under a dual scheme there for different  
14 types of situations.

15 MR. FLOYD: From our conversations with him,  
16 I think where he's coming from on this -- and maybe  
17 some other testimony on this, too -- but where he is  
18 coming from here is, is that the regulations are  
19 deterministically based. And the NRC has the  
20 responsibility to make sure that the plant is in  
21 conformance with the regulations, because that's the  
22 licensing basis. And what they wouldn't want to have  
23 happen would be to make the inspection process purely  
24 risk informed, and not also pay attention to why you're

1 preserving the licensing basis for the plant, which is  
2 still deterministic.

3           Because position is that until such time as  
4 we make the regulations be risk-informed, and adjust  
5 some of the deterministic requirements to make them be  
6 risk informed, you can't get full alignment. They're  
7 very sensitive to the issue of -- if a plant were to  
8 start to degrade and get a lot of publicity, and it  
9 came out that the NRC was no longer looking at whether  
10 or not they were complying with deterministic  
11 requirements, which is the basis for the plant, that  
12 would be a pretty tough argument to sell to the public.  
13 So that's where, I think, he's coming from.

14           MR. BORCHARDT: I think -- I may be overly  
15 personal, sensitive to that, but I'm not allowing the  
16 enforcement program to be used as a way to rewrite the  
17 regulations. I don't believe it's appropriate to  
18 selectively enforce some regulations and not others.

19           If there are regulations that need to be  
20 changed, given our best more recent thinking, being  
21 more risk informed, then let's change the regulation,  
22 and obviously enforcement will go away with it.

23           And so I think the dilemma that the chairman  
24 has been referring to, and we've had some interaction

1 with recently, in that we cannot ignore the relevance  
2 of compliance with the existing licensing basis,  
3 regulatory basis.

4 Now even though we're trying to become more  
5 risk informed than what we do, and what the regulatory  
6 response is, I think that's where there might be some  
7 confusion.

8 MR. WRIGHT: That confused me. I was  
9 wondering how this would play out.

10 MR. PLISCO: That was part of the issue I was  
11 talking about yesterday too. The guys who really feel  
12 it are resident inspectors, because they're being  
13 trained to use the risk information; they're being  
14 trained to focus on risk-significant issues. But when  
15 they find it, I mean I'll over simplify it for purely a  
16 compliance issue and really not the risk significance,  
17 they still have to deal with that.

18 And I think some of them get -- I wouldn't  
19 use the word "confused" but it has caused some  
20 frustration. I think they still have to deal -- they  
21 know it is not important but they still have to deal  
22 with it. But until that requirement gets changed, they  
23 have to deal with it. They feel that on a day-to-day  
24 basis.

1           Now part two is, we're seeing some overflow  
2   into how the utility does business too. We've had a  
3   number of situations where utility was not complying  
4   with their text-spec, and they had a very rational,  
5   good technical reason on why it was not important that  
6   they follow the text-spec. But it was good rationale  
7   to change the text-spec, not a rationale not to follow  
8   that.

9           And they are falling into that same trap, as  
10   they're starting to use this risk information in making  
11   their decisions. But they forget there's still this  
12   regulatory framework that hasn't caught up yet that  
13   they still have to follow. And we've seen a number of  
14   those kinds of situations occur. Part of it is getting  
15   ahead of the other part of the process.

16           MR. SCHERER: You're making a very good  
17   point, and I think we were discussing some of that  
18   yesterday. But I think we ought to make sure we  
19   capture that thought.

20           MR. WRIGHT: I said earlier that there's more  
21   structure for the inspectors, but I don't know how  
22   widespread this is. I guess Mr. Reynolds isn't here  
23   today. But Region III seems to be interpreting that  
24   fairly tightly. You know, this is how many hours I've

1 got to do this, and I can't spend more time doing that;  
2 I need to move on.

3 Ken indicated that maybe that's not the case  
4 in his region.

5 But in any case I think that while, you know,  
6 we don't advocate inspectors running amuck or going on  
7 fishing expeditions. I think if there's a key interest  
8 in a particular safety issue that an inspector is  
9 pursuing, if he runs out of hours according to his  
10 inspection plan, he shouldn't be cut off from doing  
11 that.

12 And I think that maybe the message that's  
13 going out there to some extent, at least to some of the  
14 regions, is that, guys, you've got to keep within these  
15 hours. And I think that would be a mistake to be too  
16 closely limit the hours of the inspectors. I think  
17 they should have the opportunity to dig into things if  
18 they consider them important, without a whole lot of  
19 approvals from regions.

20 MR. BROCKMAN: You have summarized very well.  
21 Certainly if an inspector is out there pursuing a  
22 safety-related issue and his clock goes off, take the  
23 dial and shoot it back around and let it keep on  
24 ticking and you keep on doing your thing. You don't

1     worry about that.

2                   If you get to the end of the hours and you've  
3     met the inspection, what it is meant to do is say, all  
4     right, you have sampled that to the degree that was  
5     right. We haven't turned up significant issues to go  
6     on because there are other things that also need your  
7     attention. And that's how we're approaching the hours  
8     aspect. It becomes very much a budgeting tool as to  
9     how large is the program and how many resources do you  
10    have to comply with the program.

11                  When you go over, there's a price that's  
12    going to have to be paid. And it's either taking  
13    resources out of my discretionary basket or causes me  
14    to go into overtime; causes me to dedicate other  
15    resources to go out and supplement, what have you.  
16    That's not a problem. It should never come in to  
17    compromise on following up safety issues.

18                  MR. WRIGHT: Yes.

19                  MR. SCHERER: Are you aware -- do you know of  
20    any cases where you think an inspector didn't follow up  
21    on an item because of --

22                  MR. WRIGHT: Not specifically. I'm careful  
23    here not to get into specifics, because part of these  
24    are impressions from the inspectors. One of the

1 impressions is -- you notice I don't want to mention  
2 any specifics. One of the impressions is that there's  
3 a lot of pressure not to exceed their inspection hours  
4 out there, at least in our region.

5           During the pilot process, I mean we were  
6 clear to state that, gosh, maybe the goal was 15  
7 percent in inspector hours over the long haul. That's  
8 what we expect to get. But we don't want to make that a  
9 goal, because we certainly don't want to short safety  
10 here.

11           So I just caution that that message needs to  
12 be clarified out there.

13           MR. PLISCO: I can't speak for Region II, but  
14 I know Ken and Randy, we talked about this before.  
15 There was a concern about this.

16           And I know for Region II, and they can speak  
17 for their regions, the guidance we put out is,  
18 especially during this first year, conduct the  
19 procedure, conduct every line item in the procedure,  
20 and whatever it takes. An hour. That's what it takes.  
21 I mean they were estimates. They may be wrong.

22           And as you know there's lots of variables on  
23 how long it takes to do an inspection. How many issues  
24 come up. How easy it is to retrieve the information.



1     There's a lot of other variables. The experience level  
2     the inspector has. Those numbers are really  
3     constructive to help us budget resources, rather than  
4     to see that inspection has to be done in that amount of  
5     time. A lot of those numbers may change after we've  
6     gone to this first year.

7                 MR. WRIGHT: That's what I think was  
8     expected. With time you'll find there are some areas  
9     that's just not worth spending much time on. And it  
10    may be different than what you originally thought. And  
11    other areas down the road where you want to spend more  
12    time on it. And those should be guided by the risk  
13    significance of those particular areas and on a  
14    particular plant.

15                MR. MOORMAN: Our guidance has been to do the  
16    inspection, and let the hours fall where they may. If  
17    we have an issue, we follow the issue until it is  
18    resolved. What we have used the hours for is just a  
19    general guidance of the depth that we should go into  
20    the procedure.

21                If there's any question about any sort of  
22    interpretation with that particular inspection  
23    procedure, we'll say, well, this is what the author had  
24    intended.

1           Now I can tell you that it doesn't take us  
2   nine hours to do a evaluation, and it takes us more  
3   than two hours to do a surveillance observation. So  
4   there are some imbalances in there that we're working  
5   out in the first year.

6           But the hours have not constrained us to any  
7   amount in pursuing the safety issue. I've charged a  
8   bunch of hours to one particular module because I had  
9   to pursue the safety issue.

10          MR. TRAPP: We've heard feedback from  
11   inspectors that say something like a maintenance  
12   observation. They feel that's an important activity  
13   that the new program doesn't allow them to look at  
14   maintenance. So I don't know if those kind of  
15   constraints would fall into this category. But it  
16   might be something you want to think about.

17          MR. PLISCO: I think that's more of a scope  
18   of the procedure rather than just the hours.

19          MR. TRAPP: Right.

20          MR. PLISCO: We've been very cautious to make  
21   sure, when we ask questions about hours, that we are  
22   not implying that the number they've written down is  
23   wrong. We've had that experience in the past from the  
24   old inspection. If you keep asking why isn't this 32

1 hours, eventually they're going to tell you it took 32  
2 hours. Once they figure out that's the right answer.  
3 We've been very cautious not to ask questions that way.

4           One thing we have done is to make sure what  
5 we see hours significantly high or significantly low to  
6 the estimate is to find out why. And we do talk to  
7 inspectors frequently when we see real high numbers or  
8 real low numbers. And to make them understand that it  
9 falls into what we thought was the normal variables.  
10 Maybe there weren't any issues they had to develop.  
11 Everything was clean. To make sure we understand why  
12 there is a variance, so at the end of the year, when we  
13 look at all these numbers, we have some logic as far as  
14 what the next year what that estimate should be. If we  
15 need to revise that estimate, make sure we understand  
16 that.

17           But I know we're careful when we ask that  
18 question: Why did it only take ten hours? Why did you  
19 take this many hours? How we ask that question.

20           If you're asking a question and you have the  
21 data, let people know it sticks out. They're going to  
22 be asking why. Even so, it's very comforting.

23           That very building has the categories -- the  
24 elements are built into two categories: One is

1 legitimate variability, based on the complexity of the  
2 inspection; the difficulty -- I said all this  
3 yesterday.

4           The second is inconsistency. The procedure  
5 is misunderstood. So you do need to try to find the  
6 inconsistency without ironing out the legitimate  
7 variability. I think it's a challenge. No matter how  
8 many times you try to re-enforce the message, it's a  
9 challenge.

10           MR. WRIGHT: ...fight the fight that people  
11 are going to get -- it's a danger, I think, if the  
12 impression is a good inspection is one that's done on  
13 time, you know. You want to make sure --

14           MR. GARCHOW: That's the message that we give  
15 our staff is, we're out there saying we have the time  
16 to do it right. That's the same message. Take the  
17 time to do it correctly.

18           MR. MOORMAN: There is a way we charge our  
19 hours, Randy, and that is, if you have a safety issue  
20 that you have to follow, like I had one in the  
21 surveillance area, the only place I can charge my time  
22 is to that surveillance procedure. So we're going to  
23 be way high on surveillance hours. And that's going to  
24 skew the numbers. But, I had no choice.

1                   MR. BLOUGH: I call that a legitimate  
2 variable, and that would be the worst of all cases. I  
3 haven't got any feedback that we're at that point, but  
4 I am getting feedback that because of the immensity of  
5 the task in this first year, at least, people felt  
6 squeezed a bit for the time especially the residents in  
7 some cases. And in other cases, like you said, the  
8 depth of -- the estimate provides a framework for the  
9 depth.

10                   So it's not once you do -- what you do once  
11 you think you have an issue, but before that how many  
12 questions you ask in each particular area before you  
13 decide, well, there's probably not an issue here.  
14 Let's move on. Or there might be an issue here, let's  
15 dig deeper. That's something to be worried about.

16                   That formatory stage before there's an actual  
17 issue to pursue, when it is just the question stage.

18                   MR. WRIGHT: Just like the greens and whites  
19 for the utilities is, they don't want a lot of whites,  
20 or yellows or whatever. You want to make sure the  
21 inspectors don't have the impression that they're going  
22 to be standing out for doing a good job, you know.  
23 That was the only point we were trying to make. And  
24 hopefully it is not happening.

1           MR. BROCKMAN: The point which you bring up  
2 here is very key, and it is something I think all the  
3 management teams be sensitive to. You've got to have a  
4 degree of confidence and trust with your inspector  
5 staff that are gathering data. Being outlier is  
6 absolutely fine. We know we're going to have outliers.  
7 We need to have the reasons. There's a problem there  
8 that can be fixed. Is it just going to be the part of  
9 the cost of doing business that you know. We have to  
10 reflect on a training program improving that. I mean,  
11 there's all sorts of things. Is it reflective of  
12 licensee organization that's hard to get information  
13 from.

14           There is some licensee organizations, in  
15 dealing with their infra-structure, it's a very smooth  
16 infra-structure to deal with or its not a smooth infra-  
17 structure to deal with. And that can vary from topic  
18 to topic on an individual license. So you gain some  
19 insights into that type of aspect.

20           If you don't have the trust with your staff,  
21 you're right, the data would -- trying to gather the  
22 data would have a very adverse impact.

23           MR. WRIGHT: One of the thing that I do agree  
24 on is, there's a lot of greens out there. And maybe

1 they're right. But the impression that people are  
2 getting is that maybe we aren't looking hard enough.  
3 Or maybe the thresholds for -- the furnace indicator is  
4 maybe a little too low.

5 I looked at it just before I left. I think  
6 on the performance indicators there were something like  
7 1700, 1800 status indicators. And of those about one  
8 percent were other than green, which I don't have a  
9 feel for whether it is good, bad or what. But it is  
10 not a very high percentage.

11 And one of the things we keep hearing back  
12 from inspection people are that, gosh, everything reads  
13 out. And I tell them, well, maybe it should. But I  
14 think one of the things we really need to look at is  
15 going to be thresholds are, in fact, set so that we get  
16 the differentiation Bill was talking about.

17 If everybody thinks -- I'm more concerned  
18 about the inspectors down the road. If they feel like  
19 their efforts are going to drain out, they're going to  
20 be less original with time and really digging into  
21 things.

22 My only comment here is that obviously a lot  
23 of green out there has a problem for you in this new  
24 oversight program. Maybe it's justified, but it is

1 certainly a political problem with the public and a lot  
2 of people I've talked to. I'm kind of the whipping boy  
3 at times for pandering to these, whatever.

4           Actually, the fact of the matter is, we were  
5 present for a risk base type of inspection activity,  
6 and we were working on one ourselves years before the  
7 NRC started. So we kind of thought that was the way to  
8 go for a long time. So it's not that we support it  
9 because NRC is doing it now, but we think it is a great  
10 way to do things. But in any case this is a problem  
11 for you.

12           As Bill mentioned, I've gotten it from  
13 inspectors from other states that all our green out  
14 there is making it hard for people to believe that that  
15 is, in fact, true. So for better for worse, it's an  
16 area of concern. I don't know. Maybe it's correct.

17           The other thing is, I think that people don't  
18 realize that green doesn't mean everything is perfect.  
19 That's the other problem. To maintain the system  
20 you've got to educate people that green means that  
21 there's problems there, but it is up to the utility to  
22 fix them, and they don't require extra NRC oversight.  
23 And I think that message is not getting out as well  
24 that the green doesn't mean there are no problems.



1           There again, I think that's something -- if  
2   the thresholds are okay, then you're going to have to  
3   do some education, I think.

4           MR. SCHERER:   When you're saying most  
5   findings are green, you're referring to NRC inspection  
6   findings or PIs?

7           MR. WRIGHT:   No, I was referring specifically  
8   to the PIs.

9           MR. SCHERER:   Okay.   Is there some -- I just  
10   want to pursue that with you.

11          MR. WRIGHT:   Yeah.

12          MR. SCHERER:   I asked in an earlier session  
13   whether this panel was prepared to accept all green at  
14   some point in the future.   If you say we need to  
15   revisit that, not accept all green, what percentage do  
16   you -- do you have a number in your mind?   Is there a  
17   10 percent?   Is there a 50 percent that you would think  
18   to be other than green?

19          MR. WRIGHT:   No.   If there were a way, like  
20   Bill is attempting to do, I think, try to relate the  
21   current system with what went before, assuming that  
22   back when this started that the plants didn't change  
23   over night, there was some way you could figure out  
24   what the transition was from one system to another, so

1     that we would have a better idea what to expect out  
2     there.

3                 I don't know that one percent is bad. All I  
4     know is, it's a small number. And it's causing you  
5     trouble. That's all I'm really saying here.

6                 And I think it's an education process, plus  
7     the perception that green is -- everything is okay,  
8     when, in fact, it isn't.

9                 MR. KRICH: ...causes you trouble in terms of  
10    the inspectors following through, as you said earlier.

11                MR. WRIGHT: To some extent, yeah. But with  
12    I think many of the people that are procipherous  
13    against the program, really don't understand that 85  
14    percent of a new program is still inspections. And in  
15    some cases actually exceeds the time from the old  
16    system. So I think it is more of a communication thing  
17    on the whole new system.

18                If you could correlate the greens with  
19    something that would be kind of a root cause situation  
20    here that show, in fact, that's what you would expect,  
21    then are able to communicate that well, I think that  
22    would help to go a long way towards selling the  
23    program.

24                MR. SCHERER: Interesting comment to add.

1 Green is not perfect.

2 MR. WRIGHT: Exactly.

3 MR. SCHERER: It is something less than  
4 perfect but --

5 MR. WRIGHT: Yes.

6 MR. SCHERER: -- I think you raised some very  
7 interesting thoughts, though.

8 MR. WRIGHT: Like I say, I see the perception  
9 out there and that's why I'm presenting these.

10 MR. SCHERER: Did you discuss extensive  
11 judgement in the STP process?

12 MR. WRIGHT: This one kind of relates back to  
13 the PRA data and the way the STPs on the specific  
14 plants are constructed.

15 We've had a few cases where my people, in  
16 particular, and I don't want to get into the specifics  
17 -- but felt that the STP process leaves some room for  
18 manipulation, if you will, by the utilities.

19 MR. GARCHOW: It would be helpful without  
20 saying the inspector dealing with Joe, the NRC guy.  
21 Don't get that specific. Can you give me the flavor of  
22 like which STP that was true in?

23 MR. WRIGHT: Yeah.

24 MR. GARCHOW: And give me something to work

1 with in the comment. Was it one STP over others? Was  
2 it all of them? Without getting into, you know, I  
3 don't really care who. It would be helpful to know the  
4 types of issues.

5 MR. WRIGHT: Well, it was (Pause) -- well,  
6 I'm reluctant to go there.

7 MR. GARCHOW: That's just hard to deal with  
8 such a broad thing.

9 MR. WRIGHT: Well, these were in a loss of  
10 essential service water for extended periods of time in  
11 one case. The train limit was out. Another one that  
12 they had some containment isolation problems that were  
13 -- like I say, I don't want to give the details.

14 MR. SCHERER: I'm trying to understand what  
15 the issue is. Is it that the perception -- and I'm not  
16 trying to -- is that the NRC was manipulating the  
17 process or the utility was manipulating the process?  
18 I'm trying to --

19 MR. WRIGHT: It wasn't utility no. It was a  
20 feeling that there's a lot of judgement in the STP  
21 process and a particular situation that one of my  
22 inspectors observed, along with the resident, and our  
23 chief resident at the plant.

24 It was a situation where they thought it was

1 actually worse than it was, and when they went to the  
2 reactor analyst and they worked through the STP  
3 process, it got greened out, and these people thought  
4 it shouldn't have greened out on this particular case.

5 MR. GARCHOW: Stay with that. So in that  
6 process, whatever STP you were using, the inspectors  
7 felt that process that allowed it to, I guess --

8 MR. WRIGHT: Graded out as green when they  
9 thought it had been less than --

10 MR. GARCHOW: -- created a new term "green  
11 out." You thought there was a lot of subjectivity in  
12 that as opposed to --

13 MR. WRIGHT: Not me, personally, but out --

14 MR. GARCHOW: Or your inspectors as opposed  
15 to taking like real plant features and real plant  
16 something --

17 MR. WRIGHT: Right. They felt that in that  
18 particular case if they'd look at specific plant  
19 features more closely, it probably wouldn't have  
20 greened out. And there again --

21 MR. GARCHOW: Okay. That's all.

22 MR. WRIGHT: So they just felt -- like I say,  
23 this is a preliminary concern. I'm not saying that  
24 this is fact. That, in fact, it was too serious.

1     Apparently there's still a lot of room for judgement in  
2     some of these situations.

3                 MR. SCHERER:   Let me see if I can repeat it  
4     back.

5                 MR. WRIGHT:   And the more we can specifically  
6     come up with   PRAs that identify the plant and STPs  
7     that specifically use plant data, the less of a problem  
8     it is going to be, I think.

9                 MR. SCHERER:   I just want to repeat it back,  
10    so I understand it.

11                MR. WRIGHT:   Yeah.

12                MR. SCHERER:   There's a perception, at least,  
13    an issue which was raised that by use of judgement that  
14    wasn't transparent somehow got downgraded out to a  
15    green finding.

16                MR. WRIGHT:   Right.

17                MR. SCHERER:   And it wasn't clear or  
18    transparent to the person why that happened.

19                MR. WRIGHT:   Right.

20                MR. SCHERER:   Somebody just -- quote --  
21    applied judgement.

22                MR. WRIGHT:   Right.

23                MR. SCHERER:   And it went from a potential  
24    white finding down to a green finding.

1 MR. WRIGHT: Right.

2 MR. SCHERER: And there was no satisfactory  
3 explanation given.

4 MR. WRIGHT: Right. And I think it's --  
5 yeah. And it is a training thing, I think, and a long-  
6 term confidence building type of thing. It's the kind  
7 of thing you're going to run into in a new program.  
8 You run into this basically everywhere, with NRC  
9 inspectors as well.

10 MR. SCHERER: But basically it's a  
11 transparency issue.

12 MR. WRIGHT: Exactly.

13 MR. SCHERER: That the person that is  
14 expressing this concern wasn't able to see --

15 MR. WRIGHT: To see definitively recreate  
16 those steps.

17 MR. SCHERER: Thank you.

18 MR. FLOYD: I'm not undermining or minimizing  
19 the importance of getting a call right under those  
20 codes. I guess the question I really want to know the  
21 answer to in that particular was: Were your inspectors  
22 or the NRC inspectors satisfied, even though it wasn't  
23 determined to be a green instead of a white? Did the  
24 issue get fixed and addressed?

1                   MR. WRIGHT: Yeah, it was fixed and addressed  
2 because --

3                   MR. SCHERER: Is there any shortcomings in  
4 that area because of the classification of green versus  
5 white?

6                   MR. WRIGHT: Yeah. That turned out was, you  
7 know, it was a calculation thing. The system was back  
8 in service.

9                   MR. FLOYD: The corrective action taken  
10 wouldn't have differed whether it was green or white.  
11 Did the inspectors agree with the corrective action?  
12 That's what I'm trying to get to.

13                   I want to make sure doesn't happen is because  
14 it was green instead of white, and they thought it  
15 should have been white, that less was done to fix it.

16                   MR. WRIGHT: In a particular -- like I say,  
17 it is -- but the situation was it was a system that was  
18 left out of service way too long, the inspector  
19 thought. And should have, because it was out of  
20 service after going back into operation, that it  
21 should, in fact, have come up more serious than a  
22 green.

23                   MR. FLOYD: I see.

24                   MR. WRIGHT: Because it was an essential



1 system that would have been needed. The minimal thing  
2 happened, of course, so it was kind of like the back  
3 calculation that Claude had. The situation where...In  
4 any case, you're going to run across these.

5 It just supports the point, the more factual  
6 we can make all the data in the system, the less these  
7 problems you are going to have, and perception will  
8 improve that thing.

9 MR. WRIGHT: The jury is still out on cross-  
10 cutting areas. How good this new system is going to  
11 identify those, and I think everybody is aware of that,  
12 so that's not news to anybody.

13 And also the second one still too soon to  
14 know whether they do oversight, process is going to  
15 work. Those are determinaries that I think there is no  
16 disagreement on.

17 Conclusions. I guess all things considered,  
18 and looking at the time frame in particular involved,  
19 that things have went fairly well as far as getting a  
20 new system into place. I was amazed that you got most  
21 of the plants, after the pilot process, actually  
22 reporting and the inspection process in place. So to  
23 that extent, I think it's -- after watching NRC move in  
24 glacial motion for 25 years or so, I'm amazed that this

1 happened. It's great. I mean as far as able to get it  
2 into place.

3 We believe, unlike many other states, that  
4 the new system has potential for improved oversight.  
5 And hopefully down the road maybe even less oversight.  
6 And I don't think we want to rush that. We want to  
7 focus on an improved system for all concerned, really.

8 We haven't noticed any fatal flaws yet. And  
9 although the corrective actionary, if we have one,  
10 eventually will be there, it will jump up and bite us.  
11 I think we got to look closely at that. And of course  
12 having good PRAs. Those are kind of the areas that we  
13 feel that if there's a real major problem it would be  
14 in one of those.

15 And, of course, there's a lot of work left to  
16 be done, as you are all well aware, because you are  
17 doing part of it.

18 That's all I have to say.

19 MR. KRICH: You know the way that the old  
20 inspection was done for the Corrective Action Program,  
21 was that more satisfying to you than what's being done  
22 today?

23 MR. WRIGHT: Not really. I think what we  
24 just want to make sure of is that in the Corrective

1 Action Program -- because the new system relies on it -  
2 - that, in fact, it's doing a good job basically.  
3 Because it is kind of relied up now as a substitute for  
4 NRC oversight. Whereas, before it was just involved as  
5 part of the oversight. So we just want to be sure that  
6 that, in fact, the program is a good program.

7 MR. GARCHOW: Not suggesting that we go  
8 there, but it's the power of language, but you can say  
9 Corrective Action Program to a room full of different  
10 utilities and --

11 MR. WRIGHT: Actually it's PI&R.

12 MR. GARCHOW: -- needs are different, needs  
13 are a different thing, because, you know, if you say EQ  
14 program I can go grab something, and we could all read  
15 something, and pretty soon we're having a pretty good  
16 conversation, at least there's some basis on the EQ  
17 program.

18 I think the industry is moving closer  
19 together to having the Corrective Action Programs have  
20 the basic same elements, but I think that's one of the  
21 challenges of the inspectors at Plant A versus Plant B,  
22 because of their ability to know what those programs  
23 look like. They all may be effective...to how they  
24 actually operate.

1           MR. TRAPP: I think another problem with the  
2   Corrective Action Programs on the back-end is that when  
3   you find one -- we've kind of addressed, if you find  
4   one you like, it's okay; if you find a Corrective  
5   Action Program you don't like, then what do we do. You  
6   know, it's not clear to me how that works through the  
7   matrix or what we are going to do with that when we  
8   find it. And I don't know if we've found that animal  
9   yet. But I don't know what to do with it.

10           MR. FLOYD: There are two areas of concern:  
11   PRA and Corrective Action Program. For PRA you outline  
12   that hopefully when the standard comes out --

13           MR. WRIGHT: Yeah, when the standard comes  
14   out.

15           MR. FLOYD: -- that it is endorsed, and  
16   public availability of data that some of those concerns  
17   would go away. Do you have any specifics or thoughts  
18   on what you think either the industry or the NRC should  
19   be doing to help alleviate some of the concerns in the  
20   corrective action area?

21           MR. WRIGHT: Well, Corrective Action Program?

22           MR. FLOYD: Yeah. How do we get confidence  
23   that a licensee has a good Corrective Action Program?

24           MR. WRIGHT: I don't have a good answer for

1     that. I would like to see -- and that's something this  
2     panel may think about. Is there an indicator that  
3     could be developed that would provide some insight into  
4     the Quality Protective Action Program.

5                 I just have the problem. I don't have the  
6     solution, unfortunately.

7                 MR. FLOYD: Would a standard of some kind  
8     help in the corrective action area? I mean like the  
9     PRA? I mean we're coming out with a PRA standard. I'm  
10    just thinking off the top of my head.

11                MR. WRIGHT: No. I'm thinking that we want  
12    to make sure -- like I said before, maybe look at the  
13    risk significance of problems that have been identified  
14    and put in to their Corrective Action Program, and then  
15    somehow be able to come up with a cumulative indicator,  
16    based on risk, of the items that are in there while  
17    they're being addressed.

18                Because they do a lot of things in the  
19    Corrective Action Program that are not really risk  
20    significant. And I think I saw one number in some  
21    study that just a very few of them have risk  
22    significance at all. And so those are the ones you  
23    want to make sure are being taken care of.

24                How you would go about doing that, I mean, I

1 don't have a solution at hand. But certainly those are  
2 the ones you want to make sure get corrected.

3 I want to make a statement, too, that most of  
4 these comments are general. We don't find specific  
5 problems with our Illinois plants in these areas.  
6 These are areas that we just see as a general problem.

7 MR. PLISCO: Any more questions?

8 (No response.)

9 Thanks a lot. We appreciate it.

10 We've got some time before we break for  
11 lunch. I said there's several other states that we're  
12 hear from. New Jersey. We've already talked to. They  
13 were going to come, and they said they had some  
14 schedule conflicts and they're going to plan on coming  
15 to our January meeting.

16 MR. MONNINGER: Correct. And they will also  
17 submit a letter --

18 MR. PLISCO: Yeah. I gave you a copy of  
19 that.

20 MR. SCHERER: I've read the letter and it  
21 causes some questions in my mind that we'll have an  
22 opportunity to discuss in January?

23 MR. PLISCO: Yes.

24 MR. GARCHOW: Spend a fair amount of time

1 discussing these issues in various forums, informal and  
2 formal.

3 MR. PLISCO: And at some point Jim and Bob,  
4 too, I'm sure we'd all be interested in hearing your  
5 views, too, from the states perspectives.

6 I think we were planning today to tie that up  
7 in our January meeting, and plan on setting some time  
8 for you two to talk about your views.

9 I talked to Mary. She had a couple of  
10 issues. She worked on her issues last night, and I was  
11 going to suggest that we talk to her between now and  
12 our break for lunch. We'll continue our conversation  
13 from yesterday on she's in the program. Do you want to  
14 do that now?

15 MS. FERDIG: I can do that.

16 MR. GARCHOW: Before Mary gets started, do  
17 you want to frame out what the rest of the day looks  
18 like for us?

19 MR. PLISCO: Yeah. I know people have  
20 flights. We do have some time. My optimistic hope is  
21 that we will finish earlier than on the schedule.  
22 Yeah. I think a lot of people are leaving anyway, so  
23 we'll -- except those going to Chicago.

24 And really as far as business to conduct, the

1     only thing this afternoon we really need to get done is  
2     plan for January as far as topics, agenda, and what we  
3     want to get accomplished there, and if there's anyone  
4     else we want to invite so we can get working on that.

5             I think our March dates. Based on our  
6     discussion yesterday, and weighing out our plans, who  
7     else we want to focus on as far as soliciting to, and  
8     who we can start formulating --

9             MR. SCHERER: Did we confirm our January  
10    meeting?

11            MR. PLISCO: Yes, we have firmed January  
12    meeting. We did that our last meeting. It's 22nd and  
13    23rd of January.

14            MR. BROCKMAN: Yeah.

15            MR. PLISCO: We're going to do that in  
16    Rockville. We're still working on the exact location.  
17    We did have the ACRS meeting room, and we got bumped  
18    last week.

19            MR. GARCHOW: By the ACRS.

20            MR. PLISCO: Yes, the ACRS bumped us.

21            MR. MONNINGER: Well, wait a minute, we're an  
22    independent --

23            MR. PLISCO: Yes.

24            MR. BROCKMAN: You may want to introduce the



1 potential third meeting time and everyone could check  
2 calendars or make phone calls during lunch, instead of  
3 waiting.

4 MR. PLISCO: We're looking at -- actually one  
5 of the weeks I was looking at was actually the last  
6 week in February and the first couple days of March.  
7 The 26th of February through March 2nd. That week.

8 MR. GARCHOW: Mondays and Tuesdays probably  
9 are better for people that are flying.

10 (Discussion regarding logistics of meetings.)

11 MR. PLISCO: So the 26th and 27th, how does  
12 it look, of February?

13 MR. BROCKMAN: Monday and Tuesday.

14 (Discussion regarding logistics.)

15 MR. MONNINGER: There was a thought that if  
16 anyone knew of interested stakeholders in a certain  
17 area of the country, maybe it would be more credible or  
18 more beneficial to do that.

19 MR. PLISCO: The end of February we still  
20 want to stay away from Chicago.

21 MR. GARCHOW: So that might be a case to go  
22 because Pennsylvania state has some interest. They've  
23 talked to the Peach Bottom folks, I know. The  
24 Pennsylvania folks. The New Jersey folks will have in.

1 We might want to think about doing it somewhere in that  
2 area.

3 MR. SCHERER: My suggestion is default  
4 position being Washington. If there's a reason not to  
5 have it in Washington, I think we ought to do that.

6 MR. PLISCO: As we piece the agenda together  
7 that might be targeted as far as what will be better  
8 locations. We'll do that this afternoon.

9 We also wanted to pass out -- David Lockbaum  
10 just sent me a letter. Enforcement issue having to do  
11 with the Beepers, and I'll pass that out.

12 (Discussion on logistics.)

13 MR. FLOYD: We have a related day blocked  
14 that not everybody is aware of, and that is that he has  
15 filed a Petition for Rulemaking, Performance Indicator  
16 data submittals by utilities, non-voluntary, but  
17 actually make that a regulatory requirement that that  
18 data be provided.

19 MR. PLISCO: That's from last week.

20 MR. SCHERER: I heard that as well.

21 (Discussion on logistics.)

22 MR. SCHERER: So your concept is to take  
23 information in January and February, and then March,  
24 via working meeting? Is that drafting meeting, if you

1 will?

2 MR. PLISCO: Yes. And I think someone  
3 suggested that we may want to leave the door open for  
4 late April to have a one-day final wrap up of the  
5 report.

6 MR. GARCHOW: During the PeepUp, it was  
7 helpful when the equivalent of John took a shot at what  
8 he thought he heard and then sent it out by e-mail.  
9 And then for each section we were able to write our  
10 name, and then write on that we concurred, didn't  
11 concur, here's some additional thoughts. That got all  
12 assembled by the equivalent of John and brought back  
13 out.

14 And then when we had that meeting we were  
15 able to very quickly see that we could get to consensus  
16 on a large number of things, and then the meeting  
17 became let's hash out the place where it's detriment.  
18 And it made it where it a real efficient way for 15  
19 people to build something that would take us a week to  
20 determine what time it is.

21 MR. BROCKMAN: Just going back, if we were  
22 thinking about having a meeting in March and April, it  
23 is much easier to have a date picked that we don't use  
24 than wait till then and try to find one that nobody can

1 meet.

2 MR. GARCHOW: Well spoken. Then you're  
3 getting into outage sessions.

4 MR. MONNINGER: One thought there as you  
5 brought up PeepUp. And I think our work there was --  
6 the numbers critiqued each and every performance  
7 indicator that the staff had developed. And there was  
8 about 20. So you basically had 20 paragraphs developed  
9 by each member and an overall conclusion.

10 For these performance measures, there's 50,  
11 which is quite a bit more. So I'm not quite sure if  
12 the panel is planning on critiquing each and every one?  
13 Or is there some roll-up that you had envisioned, or  
14 what?

15 You know, if you're looking at a parallel  
16 between the previous panel, the metrics the staff had.  
17 Twenty metrics to judge the PeepUp.

18 MR. HILL: Are you talking about the self-  
19 assessment PeepUp; is that what you're talking about?

20 MR. MONNINGER: Yes. And now the staff has  
21 50 for the self-assessment.

22 MR. PLISCO: And that's something we can talk  
23 about, what the best approach is, and decide how we're  
24 going to address the issues.

1                   MR. GARCHOW: One more comment. During the  
2 PeepUp we actually had this conversation repetitively  
3 at every meeting. So then when it became time to do  
4 it, having these conversations for 15 minutes, 20  
5 minutes, a half hour, each time, it all started to  
6 frame out as the meetings went on to sort of what it  
7 was going to look like.

8                   MR. PLISCO: Do you want to wait until after  
9 lunch to do your's?

10                  MS. FERDIG: It won't take long.

11                  MR. PLISCO: A lot of people have promised  
12 that.

13                  (Laughter)

14                  MS. FERDIG: I think my questions are at a  
15 more global perspective and, therefore, probably less  
16 likely to lead us into detail conversations. And they  
17 may be inherent and probably are, in fact, in all of  
18 what we've covered up to this point.

19                  The first is, what challenges most  
20 significant that are emerging from the experience of  
21 the initial implementation thus far?

22                  Most significantly challenged the degree to  
23 which the ROP can continue to create the space for  
24 constructive, creative conversations among the

1 regulator, the industry and public representatives who  
2 share the commitment and responsibility for safe,  
3 efficient nuclear power generation.

4           So I'm really interested in the specific kind  
5 of examples that have an impact on that space for  
6 continuing conversation, because I think that's the  
7 strength of the program, from my field.

8           Related to that then, the second question is,  
9 what are the challenges impacting the development of,  
10 at least adequate, exemplary interaction guidelines  
11 which will enable those constructive creative  
12 conversations to occur around the cross-cutting issues.

13           I think there are some real potential  
14 concerns that the nebulous nature of the cross-cutting  
15 issues could inadvertently lead back to some of those  
16 arbitrary kinds of decisions and actions that don't  
17 fully get out all the implications around those cross-  
18 cutting issues.

19           So I'm just again wanting to focus on  
20 experiences to date that could challenge the  
21 effectiveness of that or provide possible  
22 recommendations to lead toward that. And that  
23 certainly would relate to the whole notion of the  
24 problem identification program, and the significant

1 impact that that has on the way the ROP is enacted, as  
2 well as safety conscious work environment and human  
3 performance issues.

4           The third one, again not coming from a  
5 technical point of view, the question is a global one  
6 for me. But it's just that continuing questions to the  
7 extent to which the PIs are meaningful and leading  
8 indicators of safe plant performance, and how the  
9 program enables continued evolving enhancement of those  
10 indicators as more data become available. And just  
11 what that means. I don't know from a technical point  
12 of view. So that's a public interactive kind of  
13 question.

14           And the last one. I worded it in a certain  
15 way last night, and I'm just hearing it again as being  
16 a real underlying question, philosophical question,  
17 that certainly relates to public confidence, and also  
18 just that the way we want to -- what the objectives are  
19 of this whole effort. And it has to do with what are  
20 the practical implications regarding the underlying  
21 philosophy and assumption of what I'm calling the 95-5  
22 percent model for collective plant performance.

23           That is to say are the expectations, the  
24 definitions of safe enough to manage plants internally

1 sufficient to sustain a level of public confidence, if  
2 they would all end up in the green ban performance.

3           And if that is the case, what is it that we  
4 need to do to communicate what that means in a way that  
5 that can create and sustain public performance, or is  
6 indeed public confidence, or is the philosophy that  
7 regardless how well plants are doing, relative to those  
8 agreed upon standards of safety, that there will always  
9 be some at the lower end of the spectrum that will  
10 desire added regulatory scrutiny just because.

11           Just because it happens to be the nuclear  
12 kind of environment versus other kinds of phenomena in  
13 our society that requires -- I don't know the answer to  
14 that question, but it is one that I think is present in  
15 all of these conversations.

16           MR. GARCHOW: That question has underlined a  
17 lot of the discussion in the last two days.

18           MS. FERDIG: Yes. Yes. It's really there  
19 all the time. I don't know what the answer is, but I  
20 do think that the public participation in coming to  
21 some understand then is critical. Because ultimately  
22 if they're making a lot of noises because there's not  
23 enough red out there somewhere, and that that somehow  
24 means that the nuclear industry isn't performing



1 safely, then there's a flaw somehow.

2 Those are the things that were on my mind.

3 Not technical at all.

4 MR. PLISCO: We'll get you copies of those  
5 after the break.

6 Can anyone answer those questions?

7 MR. SCHERER: No, but I had a reaction to the  
8 comment -- you use the phrase "conversation." And I  
9 would encourage you to -- are you thinking really of  
10 conversation or communication? There's a lot of  
11 conversations that go on. I'm not really convinced  
12 especially as I think about other stakeholders that we  
13 have effective communication. And were you using the  
14 phrase "conversation" in your outline, were you  
15 meaning, at least in my semantics, "communication"?  
16 Getting effective communication.

17 MS. FERDIG: Well, conversation for me is  
18 communication. And it implies a kind of communication  
19 that requires participants to fully engage from each of  
20 their own perspectives, and lends to understand the  
21 perspectives of the others. So it is much more than  
22 just tunneling information in one direction or another,  
23 depending upon the strategy of the outcome.

24 MR. SCHERER: Thank you. That's helpful.

1           MR. KRICH: A comment I had, and it appeared  
2 a couple of times over the last day and a half now, is  
3 the performance indicators need to be more meaning. At  
4 least I have understood this from the beginning, these  
5 indicators were never intended to be leading indicators  
6 because they're the outcomes, the results.

7           Now each of us, in our own way, at the  
8 utilities, at least, have developed a set of internal  
9 performance indicators that get tracked very carefully.  
10 In some cases we've identified leading indicators for  
11 us to properly manage the safe operation of the plant.

12           Let me give you an example. Maintenance Rule  
13 A-1 Systems. A-1 is if the system is in A-1 category  
14 means that it is not performing properly. It's not  
15 reliable enough or hasn't been available enough for  
16 some problem that falls in the A-1 category.

17           So in order to have some indication of what's  
18 going on, the way things are heading at Commonwealth  
19 Edison, we have a system health indicator which  
20 measures a lot of variables, and looks at where systems  
21 are headed before they get into the A-1 category.  
22 That's a leading indicator. We do that to manage by.

23           These indicators, at least in my opinion --  
24 these are not indicators I use to manage by. These are

1 indicators that tell me the end result.

2 MS. FERDIG: And I think I have a lot to  
3 learn. Like I said, even my own professional work  
4 doesn't deal much in the arena of measure.

5 MR. KRICH: It's very difficult to come up  
6 with --

7 MS. FERDIG: Yeah. And it may be that that's  
8 part of then what I do one very small of the public.  
9 But we have to understand and feel confident that  
10 whatever you are doing internally then to manage toward  
11 that gives you enough early information to take action  
12 to avoid problems.

13 MR. SCHERER: I would say the same thing that  
14 you just said if I was having an internal discussion at  
15 my utility. Nevertheless, in the context that we are  
16 talking about here these very same indicators may, in  
17 fact, be leading indicators when the standard isn't the  
18 green/white threshold, but the standard is whether or  
19 not this is sufficient regulatory margin for the safe  
20 operation of the plant.

21 And so that's why I'm getting into the issue  
22 of -- are we having conversation or are effectively  
23 communicating. Because there's a big difference  
24 between a conversation I would have internal.

1           MR. KRICH: What I meant was trying to  
2 address was, this is not a leading indicator if you're  
3 looking for the thing which we keep talking about,  
4 which is the last item, which is the public wants some  
5 differentiation.

6           You know, we're used to all being in school  
7 where somebody got the highest grade on the test and  
8 somebody got the lowest grade on the test, and we could  
9 all kind of know where we all fit into that.

10          If you are looking for these indicators to  
11 give you that type of leading indication of  
12 differentiation, it's not going to do that. Those give  
13 you leading indication on where you are relative to  
14 risk and safety, absolutely.

15          MS. FERDIG: And that's what I mean.

16          MR. FLOYD: It raises a good point because  
17 you really have to ask yourself when you say, "Is this  
18 a leading indicator?" Leading to what.

19          MR. KRICH: Right.

20          MS. FERDIG: Right. And maybe that's all --  
21 I think for me, just from a philosophical use of a  
22 metaphor, for me it's a question of what is the  
23 standard? What is the objective overall? And it is  
24 for everyone in the class to learn as much as they

1 possibly can, relative to a level of knowledge. And to  
2 the extent that we can achieve that, then we're all in  
3 the green. And I do not comply with the perspective  
4 that says we grade on a bell curve, and regardless how  
5 well the class does, there's --

6 MR. BORCHARDT: Yeah. That really goes to  
7 the issue of, you know, is it okay to be all green.

8 MS. FERDIG: Yes.

9 MR. BORCHARDT: The classroom analogy is, if  
10 you have a classroom of all A-math students, and the  
11 bottom guy in the class gets a 93 percentile for the  
12 semester, do you put him on academic probation because  
13 he's the lowest.

14 MS. FERDIG: And that's where the question of  
15 public confidence is really critical. If we are only  
16 confident when there's a number of clients that are  
17 being indicated as -- but what I want to know is what  
18 you are measuring or looking at in the way of  
19 indicators are giving you information early enough to  
20 take actions to --

21 MR. BORCHARDT: There's been a fundamental  
22 change in the construct of the program. In the past, I  
23 believe it was the NRCs objective to identify, as early  
24 as possible, any decline in performance. No matter how

1 much margin remained for adequate protection of public  
2 health and safety, it was our objective to have the  
3 resident inspector...and the rest of the NRC program  
4 identified, at the earliest onset, any decline in  
5 performance.

6 What this program does is proposed that there  
7 is an acceptable band of performance within which we  
8 don't need to try to identify those variations in  
9 performance.

10 Mr. Sherman will disagree with the validity  
11 of that premise.

12 MR. SHERMAN: Yes.

13 MR. BORCHARDT: Yes? Okay.

14 And there's one of the major disconnects.  
15 It's a problem for the inspection staff to get used to  
16 that idea. It's a problem for the NRC management and  
17 for licensing management, and the general public to all  
18 come to a common understanding of that. But that's a  
19 fundamental promise of this new process.

20 MR. GARCHOW: And that makes this process  
21 more consistent with other regulatory processes across  
22 other industries. You can say we're different because  
23 we're nuclear, but on a technical basis, if you look at  
24 the difference between the chemical plants sitting on

1 the river, and the nuclear plant sitting on the river,  
2 depending on what the chemical plant makes, there  
3 really isn't a fundamental lack of difference between  
4 the two, even though in regulatory space the difference  
5 is huge for any number of political and social reasons.

6           Like we were talking at the break, the FAA  
7 has a minimum standard that allows airplanes to fly.  
8 And we all get on an airplane with the confidence that  
9 it sort of go/no go. That the FAA is either going --  
10 that we're all getting on the airplane based on the  
11 assumption that the FAA would ground the plane if the  
12 relative significance of safety of the airline got to  
13 the point where it wasn't safe for the public, they  
14 would stop flying the airplane. The FAA would mandate  
15 that to happen.

16           So, really, the model one and the oversight  
17 process is really getting back to what I think a more  
18 closer model of other regulatory agencies are over the  
19 industries that they regulate, even though they is  
20 something -- and I agree with Mr. Sherman -- you can't  
21 dispute the fact through a motion or through politics  
22 or through peoples fears, there is something. You  
23 can't argue there is something different about the  
24 nuclear industry. And it hits us every time you go out

1 in public.

2 With that being said, the framework for what  
3 we created is more similar to other industries that  
4 appear to be successful, at least in the public's eyes.

5 MR. BORCHARDT: And even if we could agree on  
6 that, and I think we can, I think the NRC would like to  
7 have leading performance indicators.

8 It's not that we want to design indicators  
9 that weren't leading, but it is just that we haven't  
10 been able to. And the language that you hear is that  
11 of recognition that these are not leading. We don't  
12 want to mislead people to imply that they are.

13 MR. GARCHOW: There was one that was close to  
14 leading, and actually the NRC staff did some of the  
15 statistics around it. When you went back and looked at  
16 the plants that had challenges, the one that was most  
17 clearly leading was the -- and it's the one we struggle  
18 with the most in conversation was the unanticipated  
19 power changes greater than 20 percent.

20 MR. FLOYD: Actually that was the second one.  
21 The safety system functional ability.

22 MR. GARCHOW: The safety system functional  
23 ability. If both of those predicted the -- you took  
24 that the -- look at the data three years prior to some



1 of the challenged plants, you could actually pick up an  
2 increasing trend in those two to where, you know, if  
3 they had any action matrix if that plant system would  
4 have been in place, you might have had some confidence  
5 that you changed the conversation, and get the kind of  
6 incentive that Mr. Sherman was talking about to  
7 actually change the performance before something  
8 actually happened.

9 MS. FERDIG: And it is my understanding of  
10 the program, as it evolves, that when more data becomes  
11 available the indicators can become more refined toward  
12 that end.

13 MR. KRICH: More differentiated.

14 MS. FERDIG: I don't know if differentiation  
15 is what I'm talking about.

16 MR. SCHERER: I think we will constantly look  
17 for better performance indicators. I personally don't  
18 believe we'll ever find an indicator or set of  
19 indicators that will be an absolute predictor of the  
20 future.

21 We will constantly want to visit that  
22 process, and that's one of the things I was talking  
23 about yesterday is having a process in place for the  
24 oversight process that constantly challenges and

1 doesn't say, okay, we have 18 indicators. We're done.  
2 Let's move on. But constantly see whether they're  
3 better indicators; whether some be dropped; and some  
4 should be added; and some should be changed.

5 But basically every indicator always has some  
6 unintended consequence, and we have to look for that.

7 At the break I was talking also with the  
8 airline not only to what I prefer that the airline that  
9 I'm getting on be the top in terms of maintenance, and  
10 only the top, but I'm satisfied that whatever quartile  
11 airline I happen to be flying on is in, it will have a  
12 wide band away from the regulatory minimum standard,  
13 well, the FAA ground that airline.

14 But also when the airlines, in drawing an  
15 analogy, set on time arrivals, a nice standard. All of  
16 a sudden when I was in Connecticut, the flight that I  
17 used to take to Washington got 15 minutes longer.  
18 Well, Connecticut was no further away than Washington,  
19 and the planes were no slower, but the airlines  
20 realized they allowed an hour. If they were five  
21 minutes late, they would be late arrivals; but if they  
22 allowed an hour and fifteen minutes, they would have to  
23 be twenty minutes late and they'd still be on time.

24 MS. FERDIG: Right.

1           MR. SCHERER: So there are always unintended  
2 consequences and everybody faces these issues. We have  
3 to face it. That doesn't mean that we should throw it  
4 out. It means we need to have a process in place to  
5 constantly look back over our shoulder to figure out an  
6 improvement.

7           MS. FERDIG: Right.

8           MR. GARCHOW: I'd say we have to be careful,  
9 though. There is no limit to what data we could  
10 produce, assemble and mail into the NRC. So you have  
11 to be careful. I mean even in our plants. I'm sure we  
12 see it everywhere. Computers now on everybody's desk,  
13 and teaching everybody how to use these wonderful  
14 programs. It actually becomes a problem of having too  
15 much data as opposed to the right data. So there's no  
16 limit. We could come up with 150 PIs, but would they  
17 really tell us something. I don't know.

18          MR. FLOYD: Not that this is a definitive  
19 answer, but on these performance indicators, while we  
20 will continue to look to see if we can find one,  
21 specifically looking for one of these for 20 years.  
22 And we're in communication with them and seeing what  
23 insights they have. And the feedback they still gives  
24 us is...found one that we think is predictive and tells

1 us anything meaningful.

2 MR. SCHERER: On the other hand, I was  
3 involved in the process when we were first looking at  
4 these PIs, and there was an effort, I hope other people  
5 are aware of, to go back and look at some of the  
6 previous problem plants. Plants that eventually went  
7 on the NRC watch list; some that didn't. Some that  
8 were essentially SALP I, IMPO I plants that went into a  
9 noticeable declining trend. Would these PIs have given  
10 earlier warning than the previous? Or would they have  
11 just been totally blind to the declining trends. And  
12 at least the PIs looked at showed a correlation. In  
13 fact, an earlier correlation. Does that mean it's  
14 perfect? I don't believe so. Does that mean I can  
15 guarantee we'll have a high degree of confidence that  
16 it will predict the next declining plant?

17 I don't think I can predict, as Bill points  
18 out, that it would define the next declining plant. I  
19 have a lot more confidence that it, plus the inspection  
20 program, can identify the plant before it hits those  
21 regulatory standards that we would consider minimal  
22 standards.

23 MR. GARCHOW: Especially when you include the  
24 event response. IP2 is a very good example. That the

1 program does allow for event response. So when  
2 something happens of some significance that does allow  
3 the event response inspection to occur, which then has  
4 the opportunity to potentially surface things that  
5 weren't discovered during the PI or the normal  
6 inspection program.

7 I consider that one of the real strengths of  
8 the program. That is the backstop, because that allows  
9 the NRC to come in and look much more broader, once  
10 after something of some minimal or moderate  
11 significance is approved.

12 MR. SETSER: Let me offer an observation.  
13 Whereas, the nuclear profession has its own unique  
14 issues, and jargon and in potentially possible  
15 perception for logical reasons, the process that we're  
16 going through here is not unique. We surfaced exactly  
17 the same cultural issues that anyone else in any other  
18 professional that started a cultural change project is  
19 faced in environmental area the business between  
20 compliance and proportions.

21 If I take fewer reports of an action, am I  
22 perceived as going soft on the industry? If I have too  
23 high a rate of compliance, does that mean I'm not  
24 looking hard enough? Those are all cultural issues and

1 walls you come up against. And you have to get by.

2           The issue of how much information you give  
3 out and where you put it and so forth is a cultural  
4 issue.

5           The business of improvement is a cultural  
6 issue, believe it or not.

7           I come out of a culture for the last 38 years  
8 where I've managed environmental programs under  
9 probably the best developed command in control.  
10 Controls top processes where there were times when I  
11 couldn't even drag a person off the street to a public  
12 meeting, to the point where I don't have enough room  
13 for them all now.

14           Changing in terms of that process, we've  
15 changed from a public perception, where they didn't  
16 give a damn about what government did to now,  
17 everybody's got their hands in the till. We're all  
18 wrong and we're all rotten to the core.

19           But having served on both sides of the  
20 picture from a corporate industry standpoint, and also  
21 from a "public service standpoint," we can't let  
22 ourselves get bogged down in this issue. We've got to  
23 go forward.

24           The future is built on the strength of the

1 partnerships that we generate with the people we  
2 regulate.

3 We've solved all of the easy problems. The  
4 difficult problems that lie ahead depend on our sharing  
5 our strengths. We have to move away from "we" and  
6 "they," the "regulated" versus the "regulator." It is  
7 sort of like somebody said God created the good and the  
8 bad, and he gave the good the right to determine which  
9 one was which. Now you think about that a little bit.

10 (Laughter)

11 We've got to move beyond that concept. So  
12 what works? What doesn't work? And if it doesn't  
13 work, what do we need to change to make it work?  
14 That's what we're all about here.

15 And there will come a time when you talk  
16 about public involvement and whether you know have a  
17 proactive program or a reactive program. But I submit  
18 to you there's a lot we don't know about public  
19 involvement at this point in time. Who is the public?  
20 I get very few calls on my desk about this process from  
21 the public. But I get a lot of calls from public  
22 interest groups or special interest groups about the  
23 process.

24 So we need to tackle that. But right now I

1 think the lessons learned, and making it go forward, --  
2 I don't think we have the option to go back -- the  
3 driving forces there won't let us go back. We're going  
4 to return to the days of yester-year when riding a  
5 horse in the City of Atlanta was better than taking a  
6 train. So we're going to have to move forward.

7 I think you're doing some great things and  
8 some good things. You don't have all the answers, but  
9 that's the beauty of the process when you're willing to  
10 get new answers, and you're willing to see what works  
11 and what doesn't work. But it is going to take all of  
12 us working together and changing respective rules in  
13 order to refine this process down the line.

14 And as I said yesterday, five years from now  
15 you may have 50 more questions. That's good. Just  
16 because you have questions doesn't mean that you have  
17 insurmountable problems that you need to go on, because  
18 you got something to fix.

19 I didn't want to pontificate too much, but  
20 there are a lot of salient issues here that you're  
21 surfacing, and that's good. That's exactly what we  
22 need to know. But that doesn't mean that any of those  
23 issues or release officials say let's go back to the  
24 way it was. Because I just don't think we're going to



1 get back to the way it was. We got too much at stake  
2 to go back and not forward.

3 MR. GARCHOW: Very good.

4 MR. PLISCO: Ready for a lunch break? One  
5 hour?

6 (Whereupon, at 11:56 a.m. a luncheon recess  
7 was taken.)

8

1 AFTERNOON SESSION

2 (1:11 p.m.)

3 MR. PLISCO: The last thing in our agenda is  
4 the agenda planning for January meeting and our next  
5 set of couple meetings, fix some dates, and also work  
6 on topics of what we want to have covered specifically  
7 for the January meeting. Is it time to go back and  
8 look at the February dates? Did people have time to  
9 check on those?

10 (Discussion)

11 We'll check with the others members as soon  
12 as they come back in.

13 MR. SCHERER: I thought there was some ruling  
14 of holding one meeting in each region. I thought that  
15 was in, like, your bylaws or something. Can I make a  
16 motion?

17 (Laughter)

18 MR. PLISCO: Well, I think one of the  
19 suggestions before lunch was let's look at the agenda,  
20 it looks like there's certain groups who want to hear  
21 for a certain topic that might make it more amenable.  
22 Stay way from Chicago before what(?) April.

23 MR. SCHERER: I can pretty much give a high  
24 reliability on snow if you come to California.

1 (Laughter)

2 Perhaps electricity, but no snow.

3 MR. KRICH: Right. Right. We do have  
4 electricity.

5 (Discussion)

6 MR. PLISCO: Let's talk January. We have  
7 those dates, the 22nd, 23rd. We'll have that in  
8 Rockville.

9 Let me go over what I -- I've been collecting  
10 potential topics through last meeting and this meeting.  
11 I've got two states that we still wanted to hear from,  
12 Pennsylvania and New Jersey.

13 John, Pennsylvania, were they coming in  
14 January or --

15 MR. MONNINGER: As of yet, they would like to  
16 eventually but they believe they need more and more  
17 information before they can form authoritative views.

18 MR. PLISCO: We'll go ahead and invite them  
19 and --

20 MR. GARCHOW: We can invite them right after  
21 we're sure --

22 MR. PLISCO: And I know New Jersey is  
23 planning on coming.

24 MR. TRAPP: We'll be finishing the report in

1 March, so I mean there's no sense coming.

2 MR. GARCHOW: It's how you ask the question.  
3 Say really, if it's interim feedback, we really need  
4 your feedback.

5 MR. MONNINGER: Actually I did express to  
6 them a view that not enough time to form a basis is a  
7 good decision. It's good feedback.

8 MR. PLISCO: We'll go ahead and invite them  
9 to the January meeting.

10 We also have input from the staff on the  
11 initial status on the metrics. We'll have the data  
12 through the first six months, and should have their  
13 internal evaluation. What they've got so far to talk  
14 about.

15 MR. GARCHOW: Were they planning to write --  
16 I mean I don't need a 500-pound gorilla, but were they  
17 going to write like a formal six-month assessment  
18 report? So take the data and draw conclusions or just  
19 give us the data?

20 MR. PLISCO: We'll just going to have them  
21 give us the data. I think at that point they'll have  
22 some insights they can share. They're not going to  
23 have a report that I know of. A formal written report.

24 MR. BROCKMAN: But the end of your time -- by

1 January, they'll probably by that stage of the game  
2 know what the chapters of the gorilla are. What are  
3 the different -- so we'll receive the data plus  
4 insights.

5 MR. PLISCO: We also talked about having the  
6 staff address where they were with respect to the  
7 recommendations from the previous panel. And some  
8 short-term and long-term reactions, and in the staff  
9 requirements memo there were some actions.

10 We talked at the last meeting about having  
11 them addressed before we get to our recommendations.  
12 See where they are on recommendations from the previous  
13 panel.

14 MR. SCHERER: Loren, was it covered or is  
15 soon to be covered in the first item if the staff is  
16 planning changes that they're planning to recommend to  
17 the oversight process. They need to change definitions  
18 of PIs. Are they planning to add a PI?

19 I'm not talking about stuff that's a year  
20 down the road. I'm saying, if there's anything eminent  
21 that either is in their report and they're intending to  
22 change, those are things I would like to have  
23 highlighted to us so that we either say, oh, well, that  
24 addresses one of the concerns we had; or (b) we want to

1 know a little bit more about this change before you  
2 implement it.

3 MR. GARCHOW: So approved or nearly approved  
4 changes that are awaiting implementation.

5 MR. PLISCO: Or changes in process already.

6 MR. SCHERER: Yeah.

7 MR. PLISCO: The last time we talked about  
8 having some senior reactor analyst come in, like a  
9 panel.

10 MR. BROCKMAN: Could we sort of coordinate  
11 that amongst his peers?

12 MR. PLISCO: I was going to suggest that.

13 MR. TRAPP: Okay. How many do you want?

14 (Laughter)

15 MR. GARCHOW: How many are there?

16 MR. TRAPP: It's limited. I mean, we would  
17 probably get one from here and -- Region IV you're not  
18 going to get, unless its me. I think I'll be sitting  
19 in for you by that time. But we could get one from  
20 Region III and I.

21 MR. BROCKMAN: Jones works for me now. I can  
22 avail him.

23 MR. SCHERER: My view is you are look at (a)  
24 whether you want to invite them in, including the SRA

1 that used to be in Region IV.

2 MR. GARCHOW: Well, he's still there.

3 MR. PLISCO: I would suggest why don't we  
4 leave it up to Jim.

5 MR. SCHERER: Yeah. And the thing is you  
6 could also make a presentation of you've collected as a  
7 representative, like we are, in this case of the SRAs.

8 MR. GARCHOW: Right. So that's a maybe get  
9 together or a may not get together, maybe e-mail or  
10 voice mail. Get some consensus so you're coming in  
11 here and saying, here is the SRA perspective. And  
12 then, after you give it, leave it open for questions.  
13 I think that would be very helpful.

14 MR. TRAPP: We can do that.

15 MR. SCHERER: For example, the issue that  
16 was just discussed the scrutibility or transparency of  
17 the STP process, as it leaves the inspector and comes  
18 back.

19 MR. MONNINGER: Isn't there also a need for a  
20 fill-in?

21 MR. PLISCO: Residents and seniors.

22 MR. BROCKMAN: I think we need to focus on  
23 the regional inspectors and make sure you get a cross  
24 section of resident inspector work force but also the

1 regional work force.

2 (Yeses.)

3 MR. PLISCO: I don't want to set any specific  
4 numbers.

5 MR. BROCKMAN: If you get more than six or  
6 eight.

7 MR. PLISCO: I mean you're familiar with a  
8 whole lot of views out there. I think you can get us a  
9 cross section.

10 MR. GARCHOW: We don't want to be out  
11 numbered.

12 (Laughter)

13 I suggest also you figure out a way, via e-  
14 mail or some conference call, getting a collective view  
15 point for questions, wherein we could hear the  
16 different perspectives.

17 MR. PLISCO: And I think I've got a good two  
18 days already.

19 MR. FLOYD: One thing I would like to add, if  
20 possible, a cross-cutting issues working group. I  
21 think it would be nice to have a sort of a status  
22 feedback on where they are, you know, in making  
23 progress and reaching any consensus. I mean if you  
24 just had a joint meeting with the industry yesterday, I



1     guess it was.

2                   MR. PLISCO:  We can work that in with the  
3     staff and talk about any process changes or things that  
4     are going on.

5                   MR. FLOYD:  Well, Dean, might be able to  
6     report on that.

7                   MR. LAURIE:  With 50, 60, or 70 issues.  We  
8     need to consolidate those; we need to fund those; and  
9     you have to do it in January because you can't  
10    determine what more information you need until you look  
11    at those set of issues.  So we have to do that in  
12    January.  And it will probably take a half day to get  
13    that done.

14                  MR. GARCHOW:  If we could get those out ahead  
15    of time, we might be able to rank them and then get  
16    them back to John, where we could have some -- he could  
17    take some liberty and say, you know, here's seven that  
18    are worded.  They are essentially the same.  And if we  
19    word them this way, they sort of capture --

20                  MR. PLISCO:  Yeah, John and I talked about  
21    that last night.  What we will do is take all the  
22    inputs and try to prepare a consolidated list, look for  
23    implications, related issues through some kind of  
24    grouping that we'll propose to you.

1                   MR. LAURIE: I went to talk to Chip last  
2 night but I couldn't get him off the stage.

3                   (Laughter)

4                   MR. PLISCO: I'd like to set a cutoff as far  
5 as getting -- I mean, obviously, we're going to have  
6 stuff that we put together as a preliminary list, but  
7 we'd like to get everyone's input that hasn't provided  
8 it as of now to help us with putting together that  
9 list. If you can get that to us in the next two weeks,  
10 if anyone else has any issues.

11                  MR. FLOYD: I don't know how much structure  
12 we want to do this, but if we just send the list out  
13 and ask everybody to prioritize it. Everybody is  
14 probably going to come up with their own priority  
15 scheme.

16                  Just thinking -- put this on the table.  
17 Maybe just three categories we want to put them in?

18                  Do we see any that if they're not fixed we  
19 think the program fundamentally won't work significant  
20 enough that it would trash the program? That would be  
21 one category.

22                  Second category would be items that we think  
23 are very important prediction for the program, high  
24 priority items.

1           And then maybe the third category is  
2   enhancements. You know, things that, given the work  
3   load that everybody has, it would be nice to make some  
4   improvements of some kind. But these aren't really  
5   high priority issues, but these certainly are things  
6   that are could improve the program.

7           MR. TRAPP: Maybe we could cut it down to two  
8   meetings. Anybody think of a fatal flaw that would go  
9   into --

10          MR. FLOYD: I would propose that too, but I  
11   didn't want to preclude anybody from saying they think  
12   there's one.

13          MR. TRAPP: I certainly haven't heard any.

14          MR. BORCHARDT: The list that we're coming up  
15   with are as much issues that we want the process to  
16   consider as recommendations to change?

17          I mean, we're not necessarily saying that the  
18   end result will even be a change after it's all  
19   considered, right?

20          (Yeses.)

21          I mean, that's just a way of framing. Not  
22   necessarily that you need to come up with a fix for  
23   each of these programs.

24          MR. TRAPP: Another thing that still bothers

1 me about this list is that it would be nice to compare  
2 it to what Bill Dean has on his list. I still feel  
3 we're creating another list of the same items that are  
4 already on a list somewhere. And it seems like it  
5 would be nice if we could get Dean's list and somehow -  
6 -

7 MR. PLISCO: But I don't see this as a  
8 problem in the same way. If that were true, that would  
9 be a good sign. We haven't seen his list. I think we  
10 were really asked. To me, part of our success is if we  
11 go through the list and they go through the list, and  
12 they do line up. We're getting different inputs and  
13 looking at it from a different perspective. That's  
14 what we're asked to do, and make sure something wasn't  
15 missed, or something significant wasn't missed.

16 I think it would be helpful to find out where  
17 they are, and we may hear a different perspective. And  
18 I think we will hear some of that the way we're going  
19 to line up this presentation next month.

20 MR. GARCHOW: I think we need to ask Bill  
21 Dean, whose into this every day, and then some of the  
22 region folks may have this perspective, where might  
23 there be a perceived disconnect between what data is  
24 showing and whether the intelligent, educated people in

1 the region really think about a plant. And then just  
2 see what -- have a conversation around what is it about  
3 that perception. Somebody must be doing that in the  
4 NRC, I would hope. And maybe there are no examples.  
5 That would be information on its own. But there has to  
6 be some examples out there where maybe there's a  
7 feeling in the region that this plant's different than  
8 what the collective PIs and assessment are telling us.

9 MR. BORCHARDT: I'm not so sure that's a  
10 valid question, because the whole program is driven  
11 towards giving you the answers of the new program. I  
12 think your question would be valid if we had -- if you  
13 had a plant that was undergoing the old inspection  
14 program and the new in parallel and comparing the  
15 results. But how could you have the agency coming to a  
16 different opinion utilizing the same information?

17 MR. GARCHOW: I talked to Hub Miller quite a  
18 bit. And Hub uses words: You've still got some itches  
19 that are unscratched. Right. So, I mean -- and Louis  
20 and probably -- they have a -- by their experience and  
21 their experience base in doing this, they have a -- I  
22 mean we talk like Gut Fields, like they're lost, but  
23 there's actually parts to Gut Fields. And any of us  
24 who are in management we use that to steer to go look

1 in our management.

2 So I'd be interested in some of the Gut  
3 Fields that the regional administrators and their staff  
4 might have as they struggling through the process  
5 'cause they --

6 MR. BORCHARDT: Have them come talk to us.

7 MR. GARCHOW: -- it's not a perfect world.

8 MR. PLISCO: You going to ask direct  
9 questions when the resident inspectors come in.

10 MR. GARCHOW: May that's the --

11 MR. BROCKMAN: From the regional viewpoint,  
12 pretty much more regional project representations here.  
13 I mean, within the panel --

14 MR. GARCHOW: Maybe we just need to have that  
15 conversation.

16 MR. BROCKMAN: Because I know Hub's real  
17 worried about his ability to get a sense. I'll  
18 represent Hub's position because he's worried that, in  
19 some of the coss-cutting issues, the residents are  
20 seeing these issues occur, because they're at the site  
21 every day. In the old process they might have had an  
22 in to go pull the string a little further, and maybe  
23 they don't find anything; maybe they do. But right now  
24 those strings are just sitting there unpulled.

1           As more of these types of examples at a  
2 particular plant -- this is Hub's conversation -- he's  
3 wondering if that's not leading to a chance of missing  
4 a declining performance like the collective, I'll say,  
5 judgement and experience base of the residents, is  
6 telling him that there's something going on, but they  
7 haven't quite to do an inspection yet.

8           MR. SCHERER: On that end a little bit. When  
9 both Jim and Jim come back and put together some  
10 presentation, I'd be very interested. We've got some  
11 experience now, actual experience in the plant. And  
12 I'd like to hear both the concerns that people have,  
13 which I think we've been hearing, but also what  
14 experience there is out there that either validates  
15 that concern or doesn't. Because I'm having trouble  
16 separating some of the information I've heard as to,  
17 well, there's a concern here that we won't be able to  
18 pull on this string. And, you know, what is the actual  
19 experience.

20           Don't need an answer now, but I'm saying, are  
21 there residents and senior residents that have back to  
22 you and say, yeah, here's a couple or three examples of  
23 things I just didn't have a chance to pull a string on.  
24 Or the answer, yes, I'm still concerned about that, but

1 I don't have any experience. I've always been able to  
2 pull on that string. So it's a legitimate concern but  
3 there's no practical experience. I'm trying to get  
4 data based on the experience that's --

5 MR. GARCHOW: That's where I'm at. So we've  
6 either got to kill -- I won't say kill it. We've got  
7 to pass just on data.

8 MR. SCHERER: Yeah, I'm trying to get some  
9 hard data that says, yes, here is some experiences that  
10 we haven't been able to --

11 MR. GARCHOW: When you talk to Hub that's the  
12 first thing out of his -- he's concerned about the  
13 ability to plan and the clients -- issues that haven't  
14 opted through. And the PIs are the inspection.

15 MR. MOORMAN: A lot of that right now goes  
16 back to a threshold and people not really being  
17 comfortable with the threshold at which we're  
18 identifying issues, and for us feeling that we need to  
19 be predicted to a certain extent, because nobody wants  
20 to be standing there when things are going bad. That  
21 causes us a lot of discomfort.

22 So in order to be pro-active or at least try  
23 to be, the desire is to go and be able to take issues  
24 and be able to make an assessment and have something



1 change. I'm not sure that we'd be able to hold up any  
2 specific examples, although I think we have a  
3 particular senior in mind that can talk to you about  
4 culturing corrective action programs and where there's  
5 possibility.

6 MR. BROCKMAN: I have a good example in that  
7 area right now -- correct me, if I'm wrong -- IPT.  
8 Just the work force that is going on, the agency's  
9 inspection to seek generator results. To determine if  
10 the inspection that we've got in adequate because this  
11 thing occurred, and should our inspection program been  
12 able to identify it before it occurred.

13 MR. KRICH: You talking about IP2?

14 MR. BROCKMAN: Yeah, on IP2. And the  
15 anxiety you're hearing on anyone when all of a sudden  
16 when you go from a green to a red on an issue or  
17 something is, even though you said no, that will occur,  
18 the after-the-fact review in looking of that often  
19 causes us to build a process to preclude that from  
20 happening again.

21 MR. GARCHOW: That's a while another  
22 discussion, because the design basis of the power  
23 plants wasn't that a 104 plants, if they were all PWRs,  
24 were never have primary to secondary --

1           MR. BROCKMAN: That's the anxiety associated  
2 with the discomfort on the present thresholds.

3           MR. SCHERER: I understand. And I'm trying  
4 to get it in legitimate concerns we need to address,  
5 and what does the data show as far as the experience to  
6 date, so that I can understand just what level of  
7 recommendation does it -- or correction action, if any,  
8 does it deserve.

9           MR. GARCHOW: That captures my issue better  
10 than I communicated. That's the issue.

11          MR. MOORMAN: I think in addressing this  
12 perhaps we'll also address some of the other issues  
13 we've heard from Bill morning about us not appearing at  
14 a level that will allow us to be predictable.

15          MR. BLOUGH: Dave mentioned that you kind of  
16 want to -- you responded in part of the talks about  
17 threshold. There's an element of that question,  
18 though, that is inspection, and it is kind of the  
19 continual look at cross-cutting issues, particularly  
20 corrective action.

21                 One of the really good things about the new  
22 program is that the inspectors don't -- under the old  
23 program inspectors kind of owned the issues when they  
24 found them. We shouldn't own those issues; the

1 licensee should own the issues. And so the things that  
2 the inspectors used to follow up on, everyone of them  
3 are now go to licensee's corrective action system. The  
4 question is should be some element of cycling back to  
5 kind of mid-level issues quicker than the annual PI&R  
6 that'll give you more insight into the performance. It  
7 really gets an all cross-country issues if you do that.  
8 That's the other half of that question.

9 MR. MOORMAN: I personally would like to see  
10 it factored back into the inspection program as the  
11 ability and prescribed way for us to go in and be able  
12 to paint a picture of the corrective action program on  
13 a continual basis, as opposed to having that one.

14 MR. BLOUGH: There's nothing in your baseline  
15 now which allows you to do that?

16 MR. MOORMAN: There is, but it's a threshold  
17 issue again.

18 MR. PLISCO: Is it an issue that may have  
19 time allotted to look but the threshold on what they  
20 actually can put in that report and document is high.  
21 So they look but they don't say anything. That's where  
22 some of the frustrations is in some of those issues  
23 having to do with the corrective action program.

24 MR. KRICH: When you say -- not documenting

1 the inspection report.

2 MR. PLISCO: That's correct.

3 MR. KRICH: This is a discussion we've had  
4 many times. If an inspector finds something out there  
5 and it doesn't rise to a level of the inspection, we  
6 really want to hear about it. Please talk to us.

7 MR. MOORMAN: And that's what I'm seeing  
8 going on right now.

9 MR. SHERMAN: I can't help when this  
10 discussion takes place, going back a couple of years,  
11 when I had Bill Dean's job. I spent nine months  
12 responding to the Towers Report, which was highly  
13 critical of the NRC inspectors, raising issues to  
14 licensing management and causing some corrective  
15 actions to take place, and not documenting it or having  
16 a regulatory basis. And now we've gone 180. Now  
17 you're asking for it.

18 And now you're saying give us the feedback.  
19 Don't put it in a report but give us the feedback. I  
20 don't think I will ever become comfortable with that.

21 MR. GARCHOW: That's the beauty of America  
22 that allows that kind of --

23 (Laughter)

24 I think the pendulum is the answer, right? I

1 mean the truth is probably somewhere between the two.  
2 Come back to some place that's right.

3 MR. SCHERER: I'm still looking. Maybe it is  
4 because I have the oversight function within my  
5 company, so I find myself in an analogous role where  
6 I'm charged by my management to provide an early  
7 warning. But money's internal.

8 We've moved the follow-up corrective action  
9 to the line organization instead of following it  
10 ourselves. And there's a discomfort on the part of my  
11 QA, QC inspectors is to, you know, the measure of  
12 control and how we are trend it, and if it goes to the  
13 line organization. From hearing the same discussion  
14 internally, and I'm trying to -- internally, you also  
15 separate out okay, what issues didn't get followed up,  
16 what issues, you know -- give me some facts I can  
17 understand. We can mid-course correction. And what I  
18 would attribute to a legitimate concern with a change  
19 in the process, and a change in control and shifting  
20 from something in the nuclear oversight function at my  
21 plant QA used to control that now they are providing  
22 oversight for the line organization to self-correct.

23 It is in many ways very analogous and I wanted  
24 to be data driven organization that makes corrections

1 based on the actual results, but recognizing that there  
2 are legitimate concerns that we have address  
3 programmatically as well.

4 MR. MOORMAN: And this may turn out to be a  
5 change of management issue whether we all have to come  
6 around and understand what is --

7 MR. FLOYD: I'm trying to get a little  
8 baseline here, and I don't understand. I thought the  
9 new baseline program works the following way -- and,  
10 correct me, if this is not right -- you go and find a  
11 green finding that's turned over to licensee. It's  
12 written up on the inspection report outside the  
13 violation...licensee corrective action program. I had  
14 always presumed, the way the baseline program is  
15 written, that the inspector was once expected at some  
16 time to go back and make sure that the licensee did the  
17 corrective action that was associated with the green  
18 finding.

19 MR. PLISCO: Not under the new program. The  
20 only time you do that is as part of the PI&R  
21 inspection.

22 MR. FLOYD: This is part of the PI program.

23 MR. PLISCO: There is I think a 20 percent  
24 sample in the PI&R section.

1           MR. FLOYD: You got a ten percent sampling in  
2 each module.

3           MR. PLISCO: No, the ten percent is time.

4           MR. FLOYD: Yeah, the ten percent is time.

5           MR. BROCKMAN: There are not that many green  
6 findings. I mean there's a lot, but I mean spread  
7 across the country there's a handful to play on. You  
8 would think in a ten percent time sampling program for  
9 an inspection would be more than adequate time for the  
10 inspector to go to corrective action. The minute you  
11 guys complete that action, what did you do?

12           MR. PLISCO: We're on a transition now too,  
13 remember. A lot of PI&R inspections that we did, what  
14 they're looking at is NCVs in the old program from a  
15 year ago. We haven't gotten to the point where your  
16 looking back a year and its just stuff in the new  
17 program, too. I think the NCV sample has been fairly  
18 large, I know the ones that we've done so far because  
19 of that time period.

20           MR. GARCHOW: What's the data show?

21           MR. FLOYD: What I'm looking at here is  
22 Jill's data, 207 green findings in the first quarter of  
23 the program; 246 in the second. So we have 450 or so  
24 findings right across 103 units. You're looking at

1     about four or five per unit on average. But on average  
2     you're looking at four or five of things that you'd  
3     think the inspector would have time to go back and pull  
4     the string on a little bit. Within the ten percent  
5     available. And annualize that.

6                 MR. TRAPP: Why would it be more important  
7     for them to look at those, though, than everything else  
8     in the program?

9                 MR. FLOYD: These were at least findings that  
10    rose to the level of being a cited violation and  
11    passing the threshold of being NO610 started, at least  
12    having some identified level of significance that got  
13    them classified as a green, as opposed to a minor  
14    violation on what was in the past an observation.

15                MR. BORCHARDT: Just for the sake of  
16    conversation, not all greens are violations. And so,  
17    the PI&R of --

18                MR. FLOYD: I agree.

19                MR. BORCHARDT: NCVs are green findings.

20                MR. MOORMAN: I think its written as NCVs  
21    right now.

22                MR. GARCHOW: Its more green findings.

23                MR. SCHERER: I agree with Steve's point.

24    But there's also an element in the PI&R inspection that



1 says go back and sample previous findings and go look  
2 at how they got resolved. And part of the reason I'm  
3 comfortable with that is that the resident is familiar  
4 with it, the NRC inspectors are familiar with it and  
5 therefore, a review is probably a more meaningful  
6 review than picking up an issue code that they  
7 reidentified that the resident may or may not be  
8 intimate with. But any of the green findings they  
9 would be familiar with, and therefore, they could  
10 determine whether or not there's been any way that  
11 diminishment in the follow-up, because it was a green  
12 finding turned over to the utilities corrective action  
13 program as opposed to being documented, written up, NOV  
14 and captured in that manner as a regulatory commitment.  
15 It gives you essentially a comparison to what would be  
16 the old system of writing it up as an NOVA versus just  
17 turning it over to the utilities corrective action  
18 program.

19 MR. PLISCO: And in practice I know that the  
20 residents will read it too. I know they do this.  
21 During the year a corrective action document comes in  
22 that they have some discomfort with or they think needs  
23 a relook, and they have a folder, and they throw it in  
24 the folder. And when the inspection comes up, they

1 meet with the team leader and they give them his  
2 folder. That's how -- they need to take a closer look  
3 at.

4 MR. TRAPP: Kind of in the spirit of the new  
5 program, though. I guess my point of view is an SRA  
6 would be -- we've already determined this is very low,  
7 one in a million chances, increases in core damage.  
8 Rather than dwell on that, move on and go find me  
9 something significant.

10 Why take a green that you've already found  
11 and spend a lot of time looking at corrective actions,  
12 when the best you're going to do is find it is green.

13 I'd rather have you spend your time going out  
14 and find some significant to do.

15 MR. FLOYD: The itch trying to be scratched  
16 is, because we are turning it over to you in your  
17 corrective action program, how do we know you're really  
18 following through and taking care of the condition.  
19 That's the follow-up.

20 MR. PLISCO: This is the one programmatic  
21 review really that there is.

22 MR. SCHERER: In our case we hope answer your  
23 question by our prioritization. Essentially that means  
24 go to cap one corrective actions. Those are the ones

1     that have the most risk significance, because that's  
2     why they were categorized as one. Then you look at the  
3     two three's to make sure that we didn't mischaracterize  
4     a one as a two-three. Basically, most of the green  
5     findings are cap four.

6                 MR. GARCHOW: That's what we're saying too.  
7     Because left to the NRC taking the time to identify  
8     them and even characterize them to be green is actually  
9     more time than what, if we identified it correctly as a  
10    program, we would ever spend on it in the pursuit of  
11    more risky issues.

12                MR. BLOUGH: That's kind of the other  
13    question about with a PI&R whether there might be some  
14    -- you know, checking some of those things in the mid-  
15    level on your system a little more often than that  
16    little PI&R piece of each inspection. Get a real time  
17    understanding of how the licensee's PI&R process  
18    functions. Not that we would follow-up on all of them  
19    or all events the way we used to, but is there indeed  
20    some middle ground.

21                Were we going to agenda planning or are we on  
22    something else?

23                (Laughter)

24                MR. PLISCO: Back to January, I think we have

1 a full plate.

2 MR. MONNINGER: We do have a full plate.

3 MR. PLISCO: Maybe they'll move to the next  
4 meeting. Pencil it in.

5 Actually, I think we're in the middle of a  
6 conversation about Bob's comment about the issues  
7 themselves and drifted off.

8 I think what the plan is, is John and I will  
9 take the inputs, we'll prepare a summary listing.  
10 Everyone agrees with Steve's -- well, we'll get that  
11 out to you, each individual, set a priority, and then  
12 when we meet back we'll try to work through this  
13 priority list. At least agree among these higher  
14 category priorities.

15 MR. GARCHOW: There's another perspective I  
16 think we missed, too. I mean...at NEI is pretty much  
17 eating, living, and breathing this. To the extent that  
18 we all have representatives, we sort of have invited  
19 the utility folks. We have a view of the industry, but  
20 its only based on our information. In fact, Steve has  
21 the collective view with his staff. Is there room for  
22 -- I mean I think there's room for this panel to hear  
23 what the collective industry view on the good, the bad,  
24 the ugly since --

1           MR. LAURIE: I think it is important to do  
2     that from someone other than the panel members.

3           MR. GARCHOW: Right. I think at some future  
4     we need to have, you know, one of Steve's staff come  
5     and say, hey, we've been meeting as an industry every  
6     two weeks for two years, pouring over all this, what  
7     does that perspective tell us.

8           MR. BORCHARDT: I would propose to add to the  
9     wish list, like, putting your shopping --

10           (Laughter)

11           I draw the line through Wednesday.

12           (Laughter)

13           -- some press representation. Matt Wald,  
14     some inside NRC reporters, some people that are a  
15     little bit more of the interface between our activities  
16     and the public. That will give us a perspective on how  
17     understandable this is.

18           MR. BROCKMAN: If you're going to go there  
19     you've almost got to Wall Street. You've almost got to  
20     go to the other once-removed stakeholder who is driving  
21     a lot of actions, and that's Wall Street. They're the  
22     ones who added four SALPs for us, one and three 2s and  
23     you came out and you were a 1.75, which we heard this  
24     morning. Why do we need that number? So we can add

1       them up and divide by four and come up with a number.

2                   And what is Wall Street doing with the data  
3       because that is what's going to put pressures on  
4       utilities.

5                   MR. GARCHOW:   Why didn't Jim ask them what  
6       were they going to do?

7                   MR. BROCKMAN:   I don't know the answer to the  
8       question.   Somebody's giving insights I think of very  
9       valuable bit of information.

10                  MR. MONNINGER:   What are some names or  
11       organizations?

12                  MR. GARCHOW:   Jim Assilteen, is that how you  
13       pronounce it?

14                  MR. MONNINGER:   Assilstein.

15                  MR. GARCHOW:   Works for one of the rating  
16       agencies, a nuclear power.

17                  MR. KRICH:   Let me just add to that, Ken,  
18       because that brought to mind that a year ago this past  
19       August I met with the Illinois delegation of the staff  
20       members, and representatives of the senators from  
21       Illinois about the new oversight process.   That was  
22       arranged by the governmental affairs people.   And it is  
23       was interesting listening to the discussion today.  
24       What they were interested in was, give me a number.

1 Give me something that I can go to the constituents and  
2 say, yes, we know what's going on with the nuclear  
3 plants in our congressional district, and they're okay  
4 because they have this number.

5           They were concerned about we knew SALP, we  
6 understood SALP, one, two, three. They had a number.  
7 How does that work under the new process. And I  
8 assured them that the new process was going to be fine.  
9 It's the same type of -- you get the same kind of  
10 feedback. We need something to point to to say, this  
11 says to me it's good. This says it's average. This  
12 says it's a problem.

13           MR. GARCHOW: It is not a either/or  
14 discussion. We want them both, right? Having  
15 something that's simple and easy to understand is  
16 totally grounded -- I mean, I'll say will over sell it,  
17 totally grounded into subjectivity. Because it was  
18 understandable because you were a 1.75, in some  
19 respects leadership is doing what's right. And what's  
20 right, you know -- that isn't right, even though it  
21 might have been understandable, and the people thought  
22 it was right, to the constituents it wasn't right. You  
23 need both.

24           MR. SCHERER: I guess I had a concern about -

1 - my favorite phrase is "slippery slope" in terms of  
2 trying to identify all the possible uses of the metric  
3 or the findings. And when you get to financial -- I  
4 know this is important, because I think those in  
5 congress and other stakeholders I think we're on a  
6 slippery slope of how other people might use this  
7 information, and that's a very, very, very broad  
8 spectrum.

9 I sort of like the press because of the  
10 direct uses is public communication. And if we go back  
11 to the metric we talked about, and the goals, and the  
12 key success criteria, it was public understanding, and  
13 we tried to hear from some of the public. But the link  
14 to most of it is the press, because they take the  
15 information directly and they act as the filter, if you  
16 will, to a lot of our public including the stock  
17 analysts and some of the others.

18 But if we try to identify every possible user  
19 of the information that we're going to publish, I think  
20 we'll be here forever. I think we just don't have  
21 enough time between now and then to identify every  
22 possible user.

23 MR. LAURIE: On the other side of that, Ed,  
24 in determining your goals, your company goals, your



1 plant goals, you're going to look at a variety  
2 criteria.

3 Certainly whether stated or unstated...to  
4 satisfy the needs of the financial analyst. And so I  
5 think it is important for the program to understand  
6 what they're hearing, and how they're interpreting it,  
7 and what language they need to satisfy themselves,  
8 which would in turn satisfy industry. I'm very  
9 interested in their knowledge about the program and  
10 what their needs are.

11 I think they're a substantial -- we can  
12 subjective. We can guesstimate what the public is  
13 looking for. I think the financial world has much more  
14 concrete criteria to...what they're looking for. So  
15 whether it is part of a formal hearing or not, I'm  
16 personally interested in what these folks needs are for  
17 language purposes. Whether green and white satisfies  
18 them or if they need something else. Because I think  
19 that in large measure or some substantial measure  
20 guides you all.

21 MR. KRICH: I guess I take this conversation  
22 as throwing out ideas about --

23 MR. PLISCO: Yes.

24 MR. KRICH: -- groups that we may want to

1 hear from. So I don't see that as -- we're not yet on  
2 the slippery slope.

3               So one other thing I would like to throw out  
4 is that back when we implemented the program, each of  
5 the regions went out and had a meeting at the local  
6 sites, talked to the local government agencies. I  
7 attended some of those. They were pretty non-events.  
8 But would we want them to bring some of those people  
9 back in and talk to them since now we'll start off the  
10 program telling them, here's what it is. We've worked  
11 it for almost a year. Would it be worth bringing some  
12 of them back in and we ask them what they think, how  
13 they see the work?

14              MR. PLISCO: I can speak for Region II. We  
15 had a hard enough time getting them to come to the  
16 first meeting. We had very little participation or  
17 interest.

18              MR. GARCHOW: We could ask Alan Anderson and  
19 his group be prepared to discuss that. I'm not sure  
20 that this panel has to do all the leg work.

21              MR. PLISCO: But it's a thought.

22              MR. GARCHOW: Or summarize what's been done.

23              MR. MONNINGER: Certain segments within the  
24 NRC -- in the PeepUp against the process. He mentioned

1 it may be a good idea to invite some of those same  
2 inspectors or managers or whatever.

3 MR. GARCHOW: Steve, do you recall? I don't  
4 recall anybody on the record --

5 MR. FLOYD: Yeah, there was.

6 MR. GARCHOW: -- that gives from the NRC.

7 MR. KRICH: That was someone from Region III,  
8 I think came to --

9 MR. BROCKMAN: I think it was Mark --

10 MR. KRICH: Thank you, Steve, I was going to  
11 say that. The thing for Region III, I was going to  
12 stay out of that one.

13 MR. BROCKMAN: There was one other besides  
14 Mark.

15 MR. GARCHOW: It's not about Mark. Those  
16 have actually been used. Now I remember. We got them  
17 out there. So it was nothing against Mark.

18 MR. BORCHARDT: How about the PeepUp members?  
19 They went through their stage; now they're booked from  
20 their respective positions; that the initial  
21 implementation may have a very well educated  
22 perspective of what they thought existed, however long  
23 ago that was. And now from where it is today.

24 MR. PLISCO: I think that was part of the

1 thought at the first meeting was why we wanted to hear  
2 Phil Dean talk about what they did with the PeepUp  
3 recommendations. I don't know if there's more than a  
4 dozen of them on any report to find out what's  
5 happening, whether those are resolved or not.

6 MR. GARCHOW: Actually Steve and I are living  
7 links.

8 MR. KRICH: And Ken.

9 MR. GARCHOW: And Ken. That's right. Living  
10 links to that panel.

11 MR. BORCHARDT: I think there's some others.  
12 I would harken to suggest Jeff Leiberman might have a  
13 view; Frank Gillespie. I don't know who all the  
14 industry people were.

15 MR. GARCHOW: We heard -- is it Gary from  
16 Illinois? He was on the panel.

17 MR. SCHERER: And Jim Chase from Omaha.

18 MR. GARCHOW: Jim Chase.

19 MR. PLISCO: Any other thoughts?

20 (No response.)

21 MR. BLOUGH: We need to prioritize the  
22 issues. That will have to be I think a heavily  
23 facilitated activity which the group processes thought  
24 out of the substantial degree in advance in order just

1 to make progress in this group.

2 And so the group dynamics type things, I mean  
3 we're going to have some real expertise and some  
4 process to get there.

5 The other thing is on hearing from  
6 stakeholders. One thing which to look at is, who we  
7 have when just in fairness to them. For example, if we  
8 have a meeting and we've invited certain stakeholders,  
9 and then we have others at a different meeting, is it  
10 the right group such that ones who should be able to  
11 hear what others are telling us and kind of respond, or  
12 all there at the same time.

13 I'm not crazy in that, but if we had some  
14 come in in January and some come in in February, some  
15 findings go into who comes in when because the  
16 individuals to be able to sit there and hear what  
17 others tell us, and then relate that to what they want  
18 to tell us. As opposed to making two trips to the  
19 panel.

20 For example, if UCS or Ricky Oats group or  
21 someone wants to come in. We should look at what's  
22 going to be most convenient for them to be able to  
23 experience as much of the process as they can while  
24 they're providing us their input.

1           That's all.

2           MR. MONNINGER:   Going through all of the  
3   names, what I was thinking was, the third meeting,  
4   which will be January 22nd and 23rd, and close up with  
5   the State of New Jersey and Pennsylvania.   Men with  
6   basically all kinds of different views from the staff,  
7   whether it's Bill Dean's shop, whether it's SRAs,  
8   whether it's SRIs or the cross-cutting working group,  
9   etc.   That pretty much filled the agenda in January.  
10   Then it looks like February will be the NEI group, the  
11   UCS publicists and financial analysts, local government  
12   agencies, you know, the PeepUp members.   So it did look  
13   like there was some organization.

14           MR. PLISCO:   Anything else on the agenda for  
15   January?

16           (No response.)

17           MR. GARCHOW:   I have a question on OCS view,  
18   sort of clearing the issues, running the real time  
19   mode.   Was it your intent to sort of get us all on a  
20   roll off of issues sort of independent of where they  
21   came from, because of this panel it seems to me it  
22   shouldn't be dependent on who had the issue, and get  
23   them back to us.   Was that the plan?

24           MR. MONNINGER:   The thought was, we seem to

1    like Rod's format at the table.  So the thought is, I  
2    start with the table, expand a little bit.  And we  
3    heard the Region III stakeholder meeting first, and  
4    then we have the Region IV.  So I was just going to  
5    keep inserting, inserting, inserting, and then Mary's  
6    issues, the state issues, everyone would have their  
7    line items and our four different categories, PI  
8    inspections, whatever.  Our five categories without  
9    reference to where they came from.

10               MR. GARCHOW:  And then I entrust you to  
11    consolidate the --

12               MR. MONNINGER:  Yeah, Loren and I will  
13    consolidate on the multiple people mentioned, 955, that  
14    kind of stuff, and then we would come to a pretty good  
15    agreement.  And then I put that then in the meeting  
16    summary, because all the inputs came from me through  
17    the transcript, whatever.  We would then issue that,  
18    hopefully, within two weeks.  It takes a week for the  
19    transcript to come in.  Hopefully we have that out in  
20    two weeks.

21               MR. GARCHOW:  And then that would be the list  
22    that we'd start with, per Randy's suggestion that start  
23    to facilitate the review process to come up with  
24    whatever the final list would be.  I understand.

1           MR. TRAPP: Should a subcommittee rank them  
2 for the first shot through and then we could just come  
3 in and discuss differences, if there was any?

4           MR. PLISCO: What are your thoughts on that?

5           MR. MONNINGER: Does that mean you have to  
6 have a subcommittee meeting?

7           MR. GARCHOW: How about an informal gathering  
8 of interested personnel?

9           MR. PLISCO: Well, Jim's suggestion was,  
10 before we meet as a group to talk about the  
11 prioritization. Maybe break it up into groups.

12           MR. GARCHOW: We start with that, figuring  
13 out how to do that.

14           MR. MONNINGER: I mean when we shoot it out  
15 via a meeting summary everyone can shoot their feedback  
16 back in, but you can't cross comment on how someone  
17 ranks them. Or you can -- maybe four or five people  
18 would shoot their inputs back as to how they ranked it  
19 and then --

20           MR. BROCKMAN: The only way to do it is to  
21 put together a table for you to get it back. And if  
22 everybody ranks them from one to X, or high, medium,  
23 low or whatever we've got, then you could have a table  
24 for each person on the list of issues, and then send



1     that out to everybody and you've got your final.

2                 MR. MONNINGER:   Yeah, we were told on the  
3     one, two, three ranking, I think Steve came --

4                 MR. BROCKMAN:    Whatever we've got.   That you  
5     could take all the issues everybody sends in, you fill  
6     out the table, the table is completed, boom.

7                 MR. PLISCO:    Let me go over that again, so we  
8     can be clear on that.   Steve's suggestion was three  
9     categories, when you go through this initial ranking.  
10    One is, you know, if it's not fixed, would it cost -- I  
11    think you said trash the program.   I can think of  
12    another word.   I will put it in the context of an  
13    original objective as something when it's not meeting  
14    one of the agency goals.

15                Two is a high priority.   Something that  
16    should be addressed.   And three is enhancement.  
17    Something that we would recommend should be done, but  
18    it's not in these first two categories.

19                MR. BROCKMAN:   Going into that attachment you  
20    talked about.

21                MR. FLOYD:    I hate to say it but there might  
22    be a fourth category, too, and that's "other."   It's  
23    neither an enhancement or anything we may think we can  
24    do anything with.   I mean, some of the comments are

1 kind of regional exclusive of some of the principles of  
2 the program. And unless we're going to change the  
3 principles of the program...

4 MR. BORCHARDT: I think I tried to make this  
5 point earlier, so this will be my last time. Rather  
6 than say "enhancements" as the third category, I'd say  
7 "areas for evaluation."

8 MR. GARCHOW: Or items for consideration.

9 MR. BORCHARDT: Whatever the language is.  
10 But enhancement to me means this is something that you  
11 eventually need to fix, maybe two years from now. But  
12 I'd like to have the freedom to say, I don't know if  
13 this is a good idea or not, but I think it's a good  
14 idea for you to look at it.

15 MR. PLISCO: It might be you don't need a  
16 fourth category then.

17 "Items for consideration."

18 MR. SCHERER: I would include in that, so I  
19 don't want to create a fourth category, things that we  
20 want to maintain on the list to worry about in the  
21 future. Potential issues that need to be watched and  
22 not necessarily enhancement. We're not saying you need  
23 to fix something. But it's things that we would say,  
24 you know, the future self-assessment need to address.

1 MR. GARCHOW: So that would be to consider.

2 MR. SCHERER: Yes. I could easily find  
3 myself comfortable putting that sort of issue on that  
4 third category, and then we keep it down to just three.

5 MR. MONNINGER: What happened to the "other"?

6 MR. GARCHOW: Turns into "items for  
7 consideration."

8 MR. PLISCO: "Items for consideration," the  
9 third category.

10 MR. MONNINGER: There may be issues you don't  
11 even want people to consider.

12 MR. SCHERER: Then they shouldn't be issues.

13 MR. MONNINGER: We're putting everyone's  
14 issues in the table, and that doesn't mean that that's  
15 the table that goes forward.

16 MR. PLISCO: Well, I always say if we assume  
17 it's blank --

18 MR. GARCHOW: Let's address what John's --

19 MR. PLISCO: -- none of these three.

20 MR. FLOYD: Nobody felt it deserved further  
21 consideration.

22 MR. GARCHOW: But for completeness, John,  
23 you're on to something, because you saw that this  
24 morning. That list of everybody's could be an

1 attachment in the report, so that the document that  
2 we're in sort of shows the process. Or you could see  
3 the big list, then you could say, okay. The panel has  
4 come up with that ranking, and that list is an  
5 attachment.

6 And that whatever our deliberation would show  
7 actually goes forward in the report. But at least for  
8 the record we would have the attachments to show the  
9 journey, so that it was shown in the public record that  
10 every issue got deliberated and had a process to get  
11 discussed by the board, which is why the PeepUp report  
12 ended up that thick for a 15-page document, cause you  
13 could see the whole pack.

14 MS. FERDIG: I just have a thought that's  
15 coming to my mind, and like Bill I'll just say it once  
16 more and not bother to say it again.

17 But in this conversation are we assuming that  
18 we will have specific data point examples associated  
19 with each of the issues that get played out in the  
20 report, number one.

21 And how do we intend to give the kind of  
22 consideration to the things that are going well with  
23 data point. Specific example that I suggest also be  
24 included in this report and deserves at least some

1 level of energy equal to that that we're spending on  
2 the issue guidance. And how do we go about that?

3 MR. FLOYD: I think that's a different list.  
4 I agree with the suggestion. I just think it's a  
5 different list.

6 MS. FERDIG: Right. And is it something we  
7 do later or is it something we do concurrently, or how  
8 does that fit into our cognitive processes?

9 MR. GARCHOW: That's an -- you just heard the  
10 pregnant side on this.

11 MS. FERDIG: Right.

12 MR. GARCHOW: We don't do that at all.

13 MR. PLISCO: I did it already.

14 MS. FERDIG: Well, given the timeliness of  
15 yesterday's conversation, I guess --

16 MR. PLISCO: That I can put together.

17 MR. BORCHARDT: I would suggest that we would  
18 want to make some kind of global statements about some  
19 of the positives. But given the limited amount of time  
20 we have, and the resources available to draw on, it  
21 would not be efficient or -- the right thing for us to  
22 do is to spend an equal amount of effort looking for  
23 positives that we want to have continue as we are  
24 trying to identify where there are some areas that need

1 to be improved.

2 MR. SCHERER: With one exception, if you  
3 would, Bill. Those areas which we may or may not  
4 believe. If you start eliminating that positive  
5 attribute, we up the program at risk. A potential  
6 example is the FAQ process.

7 If this group were to decide that we need to  
8 continue, will we need to at least focus on the  
9 benefits that are provided by NFAQ process, then we  
10 would want to put in our report that staff ought to  
11 give consideration before eliminating that, or at least  
12 put some other process in place that would provide a  
13 suitable dialogue for clarification.

14 So I'm not suggesting that it would be in the  
15 report. I'm simply saying there might be some things  
16 we find help make the process accessible thus far, and  
17 we want to reflect some degree of assurance that it  
18 would either continue or that an adequate substitute  
19 would be identified.

20 I'm not saying that there's a long list of  
21 them, but I think eventually there's some that could  
22 exist, and we would want to have the ability to put  
23 those in.

24 I don't feel the need to say, you know, a

1 positive thing and a bad thing, and a positive thing,  
2 and an opportunity for improvement, and somehow, you  
3 know -- you've been handed a process. I'm much more  
4 interested in focusing on those areas that we can  
5 improve, as opposed to saying well, this is so much  
6 better than anything else.

7 MR. GARCHOW: We're not really selling it.  
8 The commission has already approved it.

9 MR. FLOYD: Might I suggest in the interest  
10 of time 'cause we won't get everybody's input today.  
11 We really hadn't thought about it in those terms. I  
12 think that's a good way to think about it.

13 Make a homework assignment for folks as much  
14 as we did this last time for identified issues of  
15 things that need to be improved. Could we not think  
16 for the next time to come in with a prepared list of  
17 items that we think that if they were removed from the  
18 program would it substantially hurt the program.

19 MR. BROCKMAN: A list of successes.

20 MR. FLOYD: Successes. Right. I can think  
21 of another one would be the web site for communicating  
22 information to the public.

23 For some reason as a result of one of the  
24 other items, let's scrub oversight. It's confusing,

1     you know, to certain elements of the public. That  
2     might be viewed as not a success.

3                 MS. FERDIG: But I do hear your point about  
4     not wasting time on things that are given already.

5                 MR. PLISCO: That list and my input as far as  
6     this part wasn't necessarily my list. I sat through a  
7     lot of workshops and a lot of feedback sessions with  
8     inspectors, and I've been collecting that list over the  
9     last year of what things -- at least in the groups that  
10    I talked to have agreed to things that are working.  
11    And even some side benefits that weren't anticipated.  
12    There's a number of those things, too, in the  
13    communications area, especially where its some things  
14    that really weren't meant to be part of the program  
15    fell out as a positive.

16                MR. GARCHOW: Can I add to that? Did Steve  
17    find, looking to Jim and Jim in putting together your  
18    presentation, I would that there is some facts that we  
19    may or may not be aware of in terms of things that have  
20    been key training issues or communication issues within  
21    the agency that may or may not be important to the  
22    success of this process that we want to capture.

23                So we have an opportunity to hear from both  
24    of you or from SRAs and residents. That may be one of



1 the questions you want to ask so that we can get to the  
2 feedback and consider those.

3 MR. GARCHOW: And the training of the  
4 inspectors isn't very robust that -- I would say be a  
5 key element of the program -- really we haven't talked  
6 about at all.

7 MR. SCHERER: But I think the presence was  
8 such we would pick up if the training was not robust  
9 enough. But if one of the reasons we got as far as we  
10 did is that, hypothetically, the training was robust,  
11 then let's put that in. Because as we make changes we  
12 need to make sure we capture that a retraining has-to  
13 approach.

14 MS. FERDIG: Right.

15 MR. SCHERER: I thought this --

16 MR. PLISCO: And we can answer on part of  
17 that already. The answer is, the training isn't  
18 robust. There's already a working group that's working  
19 on it. They actually been working for about four  
20 months now.

21 MR. SCHERER: Well, I'm optimistic. The  
22 points are positive.

23 MR. PLISCO: Yeah. But I'm saying some of  
24 those issue, I think it gets back to the original point

1     that Steve made, someone made, as far as these things  
2     are already ongoing. There are some things that  
3     probably everyone is not aware of.

4             MS. FERDIG: Are there other unintended  
5     positive outcomes that just manifested themselves that  
6     need to be noted in the overall description?

7             MR. PLISCO: There are.

8             Did we miss anything?

9             MS. FERDIG: We haven't heard from this guy.

10            MR. MOUGHTON: I recall the last time I  
11     didn't say too much.

12            MR. FLOYD: I think intentionally when the  
13     program was developed with that 95-5 threshold, I think  
14     the bottom line intent was to essentially combine what  
15     was the SALP I, SALP II category, and say that really  
16     isn't a -- by in large nobody was worried about the  
17     plants that had SALP IIs. Those were considered to be  
18     average performers. And the program was really  
19     designed to go after the outlier who is effectively the  
20     SALP III.

21            One way to look at this is what we've done.  
22     We've combined the SALP I and SALP II category, and  
23     that's the green, and taken a SALP III category, and  
24     said, well, they're below average in this area, but

1    what's the significance of being where they are on this  
2    particular issue.  We've really taken SALP III and  
3    upgraded it now.

4                You can argue about how many categories we  
5    got, but what we've done is we've combined SALP I and  
6    II, and we've expanded SALP III into three separate  
7    potential categories, depending upon significance.  
8    Focusing on the outlier aspect rather than trying to  
9    rank anybody collectively across the industry.

10               I don't know if that will Bill from Vermont.  
11    Maybe or maybe not.  I don't think of it in those  
12    terms, but that's really what it did.

13               MR. PLISCO:  At least from the point as  
14    indicators.

15               MR. FLOYD:  Yeah.

16               MS. FERDIG:  I'm going to ask a question, not  
17    having any sense of the background that got to the  
18    color coding with absence of numbers.  What would  
19    happen if it became denoted through numbers instead of  
20    colors?  What are the complications of that?

21               MR. FLOYD:  I think from the industry's  
22    perspective, the unintended consequences is it is too  
23    easy numerically.  If you mix green, white, yellow and  
24    red, I don't know what you get, an omelet or something.

1 (Laughter)

2 You can't really do that very easy.

3 MS. FERDIG: You have to do numeric averages  
4 and something --

5 MR. FLOYD: There would be people to try to  
6 come up with a number, and then they try to rank this  
7 one and that one.

8 MS. FERDIG: Okay.

9 MR. FLOYD: Then you get what was going on on  
10 Wall Street where they were making a difference between  
11 having a plant be a 1.5 or 1.75, and then recommending  
12 to investors that if you're going to invest in the  
13 utility stock that has a nuclear plant, you ought to go  
14 with the 1.5 plant instead of the 1.75 plant, you know.  
15 Crazy things like that that had no meaning.

16 MR. SCHERER: The concerns that I heard  
17 expressed were exactly that. It would imply a  
18 precision that doesn't exist. If you take numbers, you  
19 can add them together, you can divide, you can weight  
20 them, and then you come out with 1.89...send a message  
21 that plant that's rated 1.89 is, in fact, materially  
22 less safe than a plant that's rated 1.88.

23 What you can do with numbers is apply a  
24 precision that doesn't exist in this process.

1           MR. MOUGHTON: It also doesn't mean anything  
2 to the score in initiating events with EP. If someone  
3 is very weak in EP, that's important. An averaging is  
4 not actionable. Whereas, the cornerstones were set up  
5 to areas that we wanted to see effective performance.  
6 And we can understand what that means in a cornerstone.  
7 An average of four set of numbers has no inherent  
8 meaning.

9           MR. BLOUGH: The colors are actually -- the  
10 risk spectrum of each color covers a decade. So you  
11 know, at least in theory, is ten times more significant  
12 risk-wise than white on an average. But they're both  
13 covering -- the white is covering a whole range. The  
14 fact of ten and the yellows covering a whole range.

15           MR. GARCHOW: For the reactor cornerstones.

16           MR. BLOUGH: For the reactor cornerstones.

17           MR. GARCHOW: You couldn't make that  
18 agreement in security or --

19           MR. BLOUGH: No.

20           MR. PLISCO: Anything else, John? Closing  
21 business.

22           MR. MONNINGER: I guess the last time we said  
23 what we were going to do with that letter from the  
24 individual from Pennsylvania. Now we have the letter,

1    so I guess the board -- the OB letter that was actually  
2    forwarded to Loren.  Everyone got copies of it.  So it  
3    was forwarded to the panel with no recommended action  
4    on it, but is there a decision as to what the panel  
5    would like to do with the letter?

6                   MR. PLISCO:  I suggest we just consider it  
7    and develop our thoughts on the area of the  
8    enforcement, and look at the issues and see whether we  
9    want to raise any issues on that.

10                   MR. BORCHARDT:  I will provide a copy of the  
11    answer to the panel when it's completed.

12                   MR. SCHERER:  I don't have a particular  
13    problem, subject to the chairman and the other members  
14    of the committee.  If there's a desire, as we did in  
15    the last case, I don't have a problem acknowledging  
16    that it's a letter and that we'll take it into account  
17    in our deliberation.

18                   MR. PLISCO:  Acknowledge it by e-mail.

19                   MR. SCHERER:  I would also independently  
20    state that...you had with...and I thought that was a  
21    good exchange.  And I don't think the committee has to  
22    do anything with it, the panel has to do anything else.

23                   MR. PLISCO:  That's why my suggestion is that  
24    you read it.  And as you're developing your own

1 personal input, I think his input is really focused on  
2 enforcement. When you're looking at the enforcement  
3 issues, just take that into consideration and see if  
4 there's any issues in there.

5 MR. SCHERER: My suggestion, just for the  
6 record, since this is a public meeting, you may want to  
7 ask whether anybody else on the panel has any -- I  
8 thought your letter back was appropriate. Certainly  
9 addressed any concerns about it.

10 MR. FLOYD: John, were you going to include  
11 on the list Joe's letter?

12 MR. MONNINGER: Yes.

13 MR. FLOYD: Some of those were quite  
14 interesting.

15 MR. PLISCO: And I didn't raise those here  
16 because they're planning to be here at the meeting. If  
17 you have any issues -- that's really more preliminary  
18 information.

19 MR. SCHERER: Well, I have some questions. I  
20 need to try and understand some of the issues.

21 MR. MONNINGER: I believe I will try to break  
22 her's out on the table also, to the extent possible.

23 MR. PLISCO: Any input we've got to date,  
24 I'll give you two more weeks. Anything we get within

1 the next few weeks we'll put together in a preliminary  
2 table.

3 Anything else?

4 MR. BROCKMAN: Motion to adjourn.

5 MR. PLISCO: January is two days. But the  
6 February one is in jeopardy.

7 (Laughter)

8 (Whereupon, at 2:34 p.m. the meeting was  
9 concluded.)

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11