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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
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BRIEFING ON STATUS OF DAVIS-BESSE
LESSONS LEARNED TASK FORCE RECOMMENDATIONS
+ + + + +
ROCKVILLE, MARYLAND
+ + + + +
WEDNESDAY,
DECEMBER 8, 2004
+ + + + +

The Commission met in open session at 1:00 p.m., at the Nuclear Regulatory Commission, One White Flint North, Rockville, Maryland, the Honorable Nils Diaz, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

NILS J. DIAZ	Chairman of the Commission
EDWARD McGAFFIGAN	Member of the Commission
JEFFREY S. MERRIFIELD	Member of the Commission

1 (This transcript produced from electronic caption
2 media and audio and video media provided by the Nuclear Regulatory
3 Commission.)
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6 STAFF AND PRESENTERS:

7 WILLIAM H. BATEMAN

8 JAMES E. DYER, Director, NRR

9 ANDREA D. LEE

10 ELLIS W. MERSCHOFF

11 TERRENCE REIS

12 LUIS A. REYES

13 STUART A. RICHARDS
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P-R-O-C-E-E-D-I-N-G-S

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CHAIRMAN DIAZ: Welcome to the Commission meeting on the Status of Implementation of the Davis-Besse Lessons Learned Task Force Recommendations. This is something that, of course, we all have great interest in.

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As I said in February 26th, when we were looking at the same topic, I think I and my fellow Commissioners, we all believe in establishing and implementing strong safety and regulatory programs.

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I'd like to emphasize again that the actions that we are taking to address the lessons learned from the Davis-Besse experience will result in precisely that, in stronger safety and regulatory programs at the NRC and a stronger safety focus by our licensees.

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In going through this recommendation it is obvious that we have learned a lot during the past two years. And I think that that is good. Of course, the reason we learned a lot -- that was not that good -

1 - because we all realized that we dropped the ball in some of these
2 issues.

3 And I think that we are determined not to drop the ball in
4 anything that ever resembles any of these issues. In response to these
5 multiple issues that actually arose and were found out on Davis-Besse,
6 the task force recommendations, I believe, have made our program
7 stronger and have provided the necessary controls to prevent
8 recurrence.

9 I also believe that self assessment and thorough
10 corrective action programs are integral to strong safety programs and
11 they are integral to strong regulatory programs. In many ways the
12 Lessons Learned Task Force is a form of self-assessment.

13 The actions to implement the recommendations is a form
14 of corrective actions. I think we all realized that we should not be put in
15 the positions where we have to have Lessons Learned Task Force very
16 frequently.

17 We want to have this as infrequently as possible. And
18 therefore, the lessons learned from this task force are not only in Davis-
19 Besse, but implies issues of communications, issues of integrations, of
20 technical matters.

21 And it has a variety of applications to our regulatory
22 programs. So, what we except from the Staff is the same thing that we

1 expect from the licensees, is to learn not only the lessons that apply to
2 this, but apply them across the board to make sure that we have safety
3 in the right place, and that communications is not a weakness, but is a
4 strength of the way we do our regulations, the way the licensees
5 implement them. With that, Commissioner McGaffigan, Commissioner
6 Merrifield.

7 COMMISSIONER MERRIFIELD: Mr. Chairman, just a
8 couple of brief comments. I certainly agree with the comments that you
9 made in your statement. I would concur that we have made significant
10 progress and our staff has made significant progress in addressing
11 many of the challenges that confronted us coming out of the Davis-
12 Besse Lessons Learned effort.

13 One of the issues I think that we discovered during that
14 effort was the notion that in times past, in other events when we had
15 lessons learned panels, we would take a look at those concerns, come
16 up with a series of recommendations, put together a nice report.

17 Some of those lessons would be implemented, others
18 would be forgotten during some period of time after the report was
19 issued. And, indeed, some of those reports lay on shelves gathering no
20 small amount of dust.

1 I think what the Commission is demonstrating by the
2 meeting today is the fact that we are committed to keeping our very
3 able staff's feet to the fire. And we have learned our lessons.

4 We will not allow these recommendations merely to lay
5 fallow, but will indeed make sure that we follow through on them. For
6 my part, I will announce right now what will be my hope, that perhaps a
7 year from now, at the appropriate time, we can meet once again, and
8 we would be even closer to fulfilling all of the recommendations,
9 despite the significant progress we've made today in making sure that
10 we keep our focus on these issues down the road. Thank you Mr.
11 Chairman.

12 CHAIRMAN DIAZ: Thank you Commissioner Merrifield.
13 With that, Mr. Reyes, the floor is yours.

14 ME. REYES: Chairman, Commissioners, the Staff is
15 ready to brief you today on the status of the Davis-Besse Lessons
16 Learned Task Force recommendations. I just want to point out that this
17 effort was a combined effort between the Office of Research and the
18 Office of Nuclear Reactor Regulation.

19 The presentation, both from the directors and their staff,
20 has been an effort that has been connected because the lessons go
21 across boundaries in the organization. And without further delay, Jim.

1 ME. DYER: Thank you Luis. Slide two please. The
2 agenda for today's presentation will begin with my overview followed by
3 a more detailed presentation on the status of the Davis-Besse Lessons
4 Learned Task Force action items.

5 The presentation is organized around the four areas for
6 improvement, that being the stress corrosion cracking, operating
7 experience, inspection program and project management activities and
8 barrier integrity.

9 The responsible managers for each of these areas from
10 both the Offices of Research and Nuclear Reactor Regulation will be
11 making presentations from the podium behind me.

12 Following their presentations Ellis Merschoff will discuss
13 the specific regional activities, implementing lessons learned from the
14 Davis-Besse event. And then I'll summarize the status.

15 The focus of this presentation will be on the progress
16 made since the last Commission meeting in February of 2004 and the
17 remaining activities to be completed. Slide three please.

18 For background purposes, the history of the Davis-Besse
19 Lessons Learned Task Force action items began with the issuance of
20 the Task Force Report in September of 2002, followed by the review
21 and prioritization by a Senior Management review team, headed by

1 Carl Pepperily in November of 2002, and subsequent office level
2 prioritization by the Offices of Research and NRR in March of 2003.

3 Our initial project controls developed detailed action plans
4 for the 21 high priority action items that insured the resources were
5 available for these activities. The medium and low priority items were
6 managed through our normal office activities using the planning,
7 budgeting, and performance management process that would allow
8 some delays and slips in schedule.

9 We provided the Commission with semi-annual status
10 reports and conducted our last status briefing on February 26th, 2004.
11 During that status meeting, and in the ARM that followed the
12 Commission meeting, we received guidance to improve our tracking
13 and controls for accomplishing all the task force items, regardless of
14 priority.

15 As a result of this guidance we have improved our
16 oversight and implementation of these recommendations as I'll
17 describe a little later. The ARM also identified Commission concerns
18 about communications raised by the Office of Inspector General memo
19 dated February 2nd, 2004.

20 We addressed those concerns in our April 19th, 2004
21 response, agreeing that communications contributed to staff problems,

1 and outlined the additional actions we were already taking to improve
2 our internal communications.

3 Slide four please. Since February of 2004 we have
4 significantly improved our tracking and controls on the implementation
5 of the Davis-Besse Lessons Learned Task Force items.

6 The Office of Nuclear Reactor Regulation and Research
7 and staff enhanced the controls of all the action items, regardless of the
8 priority by assigning a division director, managers for oversight of each
9 of the four areas, conducting more frequent status reviews with an
10 improved status reporting format, the example in our August 31st status
11 report to the Commission is an example of that enhanced status report,
12 improving the timely completion by requiring office director level
13 approval of all scheduled changes before the due dates, requiring
14 close-out memos -- improving the quality by requiring close-out memos,
15 describing the actions taken to satisfy the action item, and requiring
16 those close-out memos to be accepted by office level management
17 prior to closing out the action item.

18 And then subsequently, scheduling and tracking
19 effectiveness reviews to be conducted some time after the close-out to
20 confirm whether the actions achieved their expected results.

1 These enhanced controls ensure that the necessary
2 resources were available and schedules are being met. I'd like to right
3 now at this point recognize Brendan Mooney. He's over in the corner.

4 He's a lead Project Manager for the Davis-Besse
5 Lessons Learned Task Force action plan. And supporting a lot of these
6 additional controls really fell on his shoulders in keeping the managers
7 well informed.

8 And he did a very, very good job of doing that so we
9 could address the issues before milestones were missed. Slide five
10 please. The current status of the action item completion shown in this
11 slide is compared to the status at our last Commission meeting in
12 February of 2004.

13 As you can see from this table, we've made substantial
14 progress in completing all of the Davis-Besse Lessons Learned action
15 items. To date, 40 of the 49 items are completed.

16 As you will hear in detail during the following discussions,
17 the changes made are improving the way the NRC conducts its
18 regulatory activities. An interesting point coming to light during the
19 implementation of the Lessons Learned Task Force action items is the
20 value added by the medium and low priority items.

21 As you may remember, the Senior Management Review
22 Team categorized the action items based on their connection to the

1 actual Davis-Besse root cause of the event. The high priority items
2 were those items that are most directly related to the problems
3 identified at Davis-Besse.

4 The medium and low priority action items were more
5 remotely associated with the event, often dealing with general training,
6 broader programmatic fixes, or secondary root causes and follow-up
7 activities.

8 I believe, in fact, that some of these activities in the
9 medium and low priority may have some of the more profound changes
10 to the way the NRC does business on the long run, improving training,
11 and our infrastructure.

12 Slide six please. This slide categorizes the remaining
13 task force action items to be completed. Of the nine remaining items,
14 seven are scheduled to be completed by next year, and two others
15 have uncertain due dates, depending on the outcome of working
16 groups on performance indicators and interactions with the American
17 Society of Mechanical Engineering to support a code case for
18 rulemaking.

19 It's important to point out that we have a clear strategy for
20 closure of all these remaining action items, and are tracking them
21 closely through completion and the effectiveness reviews.

1 At this point let me turn the presentation over to Bill
2 Bateman with a detailed discussion on stress corrosion cracking.

3 ME. BATEMAN: Thank you Jim, and good afternoon Mr.
4 Chairman and fellow Commissioners. I am Bill Bateman, Chief of the
5 Materials and Chemical Engineering Branch in the NRR Division of
6 Engineering.

7 There are five high priority recommendations under this
8 stress corrosion cracking category that are included in the action plan.
9 Two lower priority items also closely related to these are included in the
10 action plan.

11 As of this briefing, three priority items, three high priority
12 items and one lower priority item are complete. Two high priority items
13 and one lower priority item require additional actions.

14 Today it is my intention to summarize for the Commission
15 the current status of the action items, discuss values added which have
16 developed through Davis-Besse Lessons Learned Task Force
17 recommendations, and conclude with some future plans.

18 Occurrence of stress corrosion cracking and upper
19 reactor pressure vessel heads has been identified in 17 plants, of which
20 11 plants had very small reactor coolant pressure boundary leaks.

21 The largest structurally significant circumferential cracks
22 remain those that were found in the Oconee Unit 3 plant in February of

1 2001. Stress corrosion cracking has gone well beyond the upper head
2 to include the lower head, pressurizer, and other susceptible reactor
3 coolant system welds.

4 If you notice on this slide that's up there now, one thing I
5 wanted to point out at this point in time is those colored sections of the
6 reactor coolant system pressure boundary are actually links to more
7 detailed information on the external web page.

8 So, any additional information anyone might want, that
9 would be a very convenient way to go about getting it. After two outage
10 seasons of recommended inspections under Bulletin 2003-02, no
11 additional leaks through bottom mounted penetrations have been
12 identified beyond South Texas.

13 While pressurizer heater sleeve nozzle penetrations have
14 had numerous leaks over the years, the recent identification of
15 circumferential cracking at Palo Verde emphasized the need for
16 additional regulatory guidance through Bulletin 2004-01.

17 Finally, no additional reactor coolant system butt weld
18 leaks similar to those identified at VC Summer in 2000 have been
19 identified. Industry has clearly recognized the significance of materials
20 degradation issues.

21 To date, 33 plants have either replaced or plan to replace
22 the reactor vessel upper head. At least two plants have announced

1 plans to replace the entire pressurizer with more resistant materials
2 while others are replacing heater sleeves and attachment welds with
3 more resistant materials.

4 NEI, through its guideline for the management of
5 materials issues has established augmented inspections for all
6 pressurized water reactor system butt welds. Next slide please.

7 We have completed three high priority items since our
8 last briefing to the Commission in February of this year. The first of the
9 completed high priority items involved compiling stress corrosion
10 cracking and boric acid corrosion reports of national and international
11 findings, and reviewing the information to determine if additional actions
12 were required.

13 We have reviewed these reports and other supporting
14 information, including industry inspection activities, American Society of
15 Mechanical Engineers code activities, and industry material
16 degradation initiatives, and have determined that additional actions are
17 required.

18 We have developed a course of action and an
19 implementation schedule to address these problems. The other two
20 completed high priority items involve revising the NRC in-service
21 inspection procedure to add periodic inspection requirements and
22 guidance for stress corrosion cracking and boric acid corrosion control.

1 As well, we issued temporary instructions for inspections
2 of reactor pressure vessel upper and lower heads and the pressurizer.
3 It is expected as new developments are found or requirements
4 determined to be necessary, we will revise these documents in part to
5 ensure clarity of communications between headquarters and regional
6 inspectors.

7 One medium priority item was closed out last year
8 regarding the satisfactory effectiveness of our model for susceptibility
9 ranking of reactor pressure vessel upper head penetration nozzles to
10 primary water stress corrosion cracking.

11 No inspection findings or research results have
12 developed since this item's close-out which would have changed this
13 conclusion. Next slide, please. There are two high priority items and
14 one low priority item that remain open.

15 The first of the two remaining open high priority items
16 involves reactor pressure vessel upper head inspections. Through the
17 Commission's ARM in response to SECY-04-0115, the Staff is
18 pursuing activities to develop an ASME code case that will address
19 upper vessel head inspection requirements.

20 This code case, once completed, will be included in the
21 regulations through the routine 50.55A rulemaking process. At this time
22 code activity is ongoing and progress is being made.

1 Implementation of the reactor vessel upper head order
2 will continue in the interim. The other remaining high priority item
3 involves boric acid corrosion control inspections.

4 We have revised the NRC in-service inspection
5 procedure to add guidance for boric acid corrosion control. The
6 remaining open action on this item is to evaluate the adequacy of
7 inspection guidance for this inspection procedure to address boric acid
8 corrosion control.

9 This review will be completed in May of 2005, thereby
10 allowing one year of inspections under the revised guidance to be
11 performed and analyzed. The remaining open low priority item will be
12 closed out by revision to the Project Manager's Handbook, with a better
13 defined process for tracking licensee in-service inspection reports for
14 NRC staff review.

15 Next slide, please. Value added changes have occurred
16 as a result of the Agency's response to the materials degradation
17 issues that have taken place over the past three years and actions
18 taken to address the task force report.

19 These changes include a more pro-active and aggressive
20 approach to regulation of materials degradation issues. For example,
21 since August of 2001, the NRC has issued five Bulletins and an Order
22 specifically related to materials degradation issues.

1 Additionally, a number of regulatory information
2 summarizes and information notices have also been issued. In
3 conjunction with issuing these generic communications, temporary
4 instructions were issued to provide for regional inspector oversight of
5 licensee inspection activities.

6 Both the regional and headquarters staffs interacted
7 continuously throughout this process. These interactions continue.
8 And discussion of inspection results obtained by regional inspectors.

9 This gives a critical element of the NRC, the region
10 inspectors, the tools they need to perform their jobs more effectively
11 and efficiently. Stakeholder input has been aggressively sought and
12 equally provided.

13 We have held numerous public meetings to address not
14 only our regulatory actions, but our research findings and status. At our
15 public website we have grouped publicly available information on
16 materials degradation issues for the upper and lower reactor pressure
17 vessel head, pressurizer, and reactor coolant system butt welds.

18 Enhancements in inter-agency communications are the
19 focus of all groups within the Agency. The temporary instructions and
20 subsequent communications between regional and headquarters' staff
21 is one example I mentioned earlier.

1 Others include headquarters' staff providing materials
2 degradation briefings at regional seminars. Topics from reactor
3 pressure vessel head issues, coding problems within containment have
4 been discussed.

5 Headquarters staff has communicated their willingness
6 and desire to be available for regional inspectors' needs to ensure the
7 NRC as a whole succeeds in our mission. At headquarters itself, the
8 Office of Research and the Office of Nuclear Reactor Regulation have
9 established a task group consisting of members from each office to
10 address certain Davis-Besse Lessons Learned Task Force action items
11 in the barrier integrity portion of the action plan.

12 Next slide, please. In summary, three high priority items
13 and one lower priority action item are complete. Two high priority items
14 and one low priority action item remain to be closed and are on
15 schedule.

16 With respect to future plans, we have two challenges to
17 address in order to complete the stress corrosion cracking portion of
18 the action plan. First, we must continue to work with ASME to develop
19 a code case as a long term inspection plan for the reactor pressure
20 vessel upper penetration nozzles.

21 Secondly, we must perform effectiveness reviews of each
22 of the actions taken to resolve Davis-Besse Lessons Learned

1 recommendations within one year of item close-out. We will perform
2 these reviews by gathering feedback and assessing the outcomes of
3 each action to ensure its goals are effectively met.

4 We will remain vigilant to inspection results to analyze
5 trends and address issues within the materials degradation area for
6 improvements to our inspection plans. This completes my
7 presentation.

8 I would now like to turn the podium over to Terry Reis.

9 ME. REIS: Thank you Bill. Good afternoon Mr.
10 Chairman, Commissioner McGaffigan, Commissioner Merrifield, and
11 Staff. I'm Terry Reis. I am a section chief in NRR's Division of
12 Inspection Program Management.

13 My organization is the operating experience section. I am
14 here this afternoon, however, speaking for the entire Agency's efforts in
15 reactor operating experience improvements.

16 The thrust of the Davis-Besse Lessons Learned Task
17 Force items in the area of operating experience was to perform a
18 diagnostic assessment of the Agency's operating experience activities
19 and to develop a more effective program.

20 Today I am here to inform you of the progress to date and
21 to announce our near term completion of the framework for the reactor
22 operating experience program. In summary, a separate task force, the

1 operating experience task force, found that the Agency had the
2 functional elements of an effective operating experience program.

3 But those functional elements were not working
4 synergistically toward any clearly defined objective and were not
5 working in concert or in support of the core regulatory programs of
6 oversight, rulemaking, licensing, incident response, and research.

7 This separate task force developed clear objectives and
8 attributes for the Agency's Reactor Operating Experience Program and
9 made 23 recommendations to improve the existing programs to enable
10 them to better serve the core regulatory programs.

11 Those objectives and attributes are provided in your
12 background information. The staff committed in a February briefing to
13 have the framework for the revised program in place by year's end.

14 We are on track to meet that commitment. It was also
15 stressed in February that the program was expected to be dynamic in
16 nature and that continuous improvement would occur. Next slide,
17 please.

18 It is important to emphasize, however, that improvement
19 in operating experience core programs has not been idle waiting for an
20 overhaul of the program. Beginning in early 2002, significant
21 leveraging of web technology has enabled the operating experience
22 programs in both Research and NRR to efficiently make operating

1 experience information easily available to the staff and improvements
2 are continual.

3 There was very little web-based access to operating
4 experience at the time of Davis-Besse. And, to date, both
5 organizations have made substantial improvements in the access to
6 and communication of operating experience information through
7 leveraging information and web-based technology.

8 Both Research and NRR have new operating experience
9 websites which provide easy searchable access to a host of operating
10 experience information, including events, morning reports, licensee
11 event reports, generic communications, important presentations,
12 initiating event frequency databases, common cause failure mode
13 databases, systems studies, accident sequence precursor databases,
14 and even the INPO line of operating experience documents.

15 The website also includes ready access to international
16 operating experience as well. As an example of these improvements,
17 in 2002 the International Atomic Energy Agency's foreign event reports
18 were received in hard copy, and distribution was made on an ad hoc
19 basis to technical staff that might be interested.

20 Today a functioning searchable database of foreign
21 events is available on the internal website. The NRC is a principal

1 participant in the International Atomic Energy Agency's incident
2 reporting system.

3 The NRC regulates one fourth of the world's commercial
4 nuclear power reactors. Yet, over the past two years we have provided
5 40 percent of the input to this reporting system.

6 Similarly, in accordance with our memorandum of
7 agreement with INPO, we receive INPO's line of operating experience
8 documents that are known as CN documents in hard copy.

9 They had been, prior to the last eight months, received in
10 hard copy and distributed in an ad hoc manner. Today they now exist
11 in a password protected searchable database on the internal website.

12 And, according to our recent survey, they are one of the
13 most desired operating experience document collections.

14 COMMISSIONER MERRIFIELD: Mr. Chairman? I'm
15 sorry, I don't mean to -- I just want to mention something. You describe
16 two different sets of documents that are available on the website. And
17 then previously you listed a whole variety of other things that were
18 available on the website. Were those on the internal or the external
19 website?

20 ME. REIS: It is split. There's document collections that
21 are available on the external website. They generally consist of the

1 generic communications, the event reports, the morning reports, the
2 preliminary notifications, the licensee event reports.

3 And then these other things that I'm speaking of are
4 proprietary or sensitive in nature on the internal website.

5 COMMISSIONER MERRIFIELD: Thank you.

6 ME. REIS: The operating experience section has added
7 more formality to its screening and follow-up processes and has
8 developed an efficient system to rapidly and effectively keep
9 stakeholders informed of developing operating experience of interest to
10 their discipline or program.

11 The communications are not spanned to all, but targeted
12 to users based on their discipline or program orientation. We
13 presented that new tool to your staff just the other day.

14 Next slide, please. The plan for the revised operating
15 experience program was issued on April 29th and described a modular
16 approach to implementing the recommendations of the operating
17 experience task force.

18 Central to those recommendations was the creation of a
19 clearing house within a single organization that would be responsible
20 for centralized collection, storage, screening, evaluation, and tracking of
21 regulatory decisions made or to be made relative to operating
22 experience determined to be significant.

1 Additionally, the clearing house would be responsible for
2 a centralized web-based operating experience Agency information
3 gateway or portal through which the universe of operating experience
4 document collections and databases could be accessed.

5 Jointly, NRR and Research decided that the clearing
6 house would reside in NRR and the operating experience section within
7 the division of inspection program management would be augmented to
8 perform the clearing house functions.

9 The development of the clearing house was one module
10 in the plan. The information technology module involves a vision of
11 several components, the first of which will be the required development
12 of a centralized web-based gateway to provide a single point of access
13 to the universe of operating experience document collections and
14 databases.

15 This will be achieved by year end. Subsequent phases
16 will involve technology that will enable searching or mining the universe
17 of operating experience document collections without having to
18 individually search each of the individual collections.

19 In parallel with these efforts we have developed a more
20 advanced communication tool. The effect in this module will develop
21 performance metrics aligned with a strategic plan in the accepted
22 program objectives developed by the task force.

1 The program documents are all in final concurrence, the
2 new communication tools in place, and the centralized web portal will
3 be launched very shortly. Next slide, please.

4 At the most fundamental level, an operating experience
5 program involves short and long-term efforts directed at identifying
6 safety issues, evaluating their significance, and taking action to address
7 the issues.

8 To be effective, the program must work in concert with
9 core Agency programs of oversight, rulemaking, licensing, incident
10 response, security, and research. Next slide, please.

11 I want to speak briefly about the program itself. It is
12 designed around the objectives and attributes that the task force
13 developed. The attributes and objectives are provided in your
14 background information. However, without discussing the objectives
15 and attributes in detail, it can be summarized that the over-arching
16 principal of the program is to support the core Agency programs and
17 provide for informed decision-making and facilitate continuous
18 improvement in the core programs.

19 Next slide, please. In this very simplistic diagram I hope
20 to provide you an understanding of the principals of the clearing house
21 program. We will collect and store and make available operating
22 experience information.

1 We will screen operating experience based on clearly
2 defined criteria. Regardless of the screening decision, we will always
3 communicate operating experience although the level of
4 communication will be dependent on significance.

5 We will track and trend operating experience information.
6 We will evaluate screened-in operating experience information for a
7 decision to apply. We will project manage the application products.

8 An application product is synonymous with taking action
9 to address the issues. The actions will always involve appropriate
10 communication to internal stakeholders. They could additionally involve
11 formally communicating to licensees and other stakeholders the
12 information notices and regulatory issue summaries.

13 They could also involve obtaining information from
14 licensees in the form of our 50.54F vehicles. Those are our bulletins
15 and generic letters. Most importantly, they should involve changing or
16 influencing regulatory programs, licensing, oversight, incident response,
17 rulemaking, and research.

18 Next slide, please. While the Staff will meet its
19 commitment of developing the framework by year end, challenges
20 remain. As previously stated, an operating experience program
21 involves those short and long term activities focused on identifying

1 safety issues, assessing their significance, and taking action to resolve
2 the issue.

3 Additionally, communication is integral to that simplified
4 program description. We feel we've become much more adept at
5 identifying issues and communicating them, but taking action to resolve
6 the issues, or in program terms, applying the lesson learned, involves
7 choreography of the entire reactor organization.

8 And it will be a challenge. The program is designed to
9 force the organization to make the application decisions. This will
10 require continual reinforcement of the objectives of this program by all
11 organizations. We have made substantial progress in obtaining that
12 acceptance.

13 Next slide, please. I'm now going to divert from core
14 operating experience and address a separate slide which, from the
15 February 27th briefing, involved the effectiveness of our generic
16 communications program.

17 And what have we done? In an ARM following that
18 February Commission meeting, the Commission directed the Staff to
19 evaluate whether generic communications accomplished their intent to
20 inform licensees and collect information on licensee actions in
21 response to serious incidents, such as the one at Davis-Besse.

1 Related to this Commission tasking were several Davis-
2 Besse items regarding either follow-up of previous programmatic
3 generic communications, the effectiveness of generic communications,
4 assessing the effectiveness of generic communications, or periodic
5 review of operating experience.

6 The staff methodically, and with input from the entire
7 Agency reactor organization, identified the past generic
8 communications that were of most significance. We then found that
9 several of the issues identified as most significance were already under
10 staff action, such as the PWR containment sump reliability, and
11 eliminated those from follow-up consideration.

12 We performed direct follow-up of Generic Letter 8913,
13 service water system problems affecting safety related equipment and
14 Regulatory Issue Summary 2004-05, grid reliability and the impact on
15 plant risk and the operability of offsite power.

16 In general terms, the Staff found that the industry had
17 appropriately addressed the concerns raised by these communications.
18 As part of the overall reactor operating experience program effort, the
19 Staff will continually assess the need for and the mechanisms for
20 assessing effectiveness of generic communications.

21 In a separate method of addressing this issue, the Staff
22 reviewed a sample of licensee responses to both older and recent

1 generic letters and bulletins. In many cases the licensee responses
2 included license amendment requests which the Staff reviewed and
3 issued formal safety evaluations.

4 In other cases the licensee provided information that the
5 Staff accepted in a letter to the licensee. In summary, the Staff
6 determined from a review of the responses, that licensees had
7 adequately responded to the generic letters and bulletins.

8 Lastly, in addition to the direct follow-up, the Staff made
9 programmatic changes to better address effectiveness of generic
10 communications going forward. In the inspection program the problem
11 identification or resolution inspection procedure has been revised to
12 require that licensee disposition of a sample of past generic
13 communications be included in the sample of items evaluated.

14 In the past it only could be a sample. It is now a required
15 part of that sample. In the licensing program, NRR Office Instruction,
16 LIC-105 Managing Regulatory Commitments was revised to direct
17 project managers to include a sampling of licensee commitments made
18 in response to Agency generic communications, part of their required
19 tri-annual audits.

20 And, in the generic communications program, the Office
21 Instruction was revised to require that developers of bulletins and
22 generic letters address in the development stage how the short and

1 long-term effectiveness of these generic communications will be
2 assessed.

3 This concludes my prepared remarks. And I will now turn
4 the podium over to Mr. Stu Richards.

5 ME. RICHARDS: Thank you, Terry. And good
6 afternoon. I'm Stu Richards, Chief of the Inspection Program Branch in
7 the NRR Division of Inspection and Program Management.

8 I'll be discussing our Davis-Besse action items related to
9 the category of inspection programs. Can I have the first slide on
10 inspection programs? The action items assigned to this category
11 include program revisions to improve the focus of some of our
12 inspection procedures, revisions to enhance our follow-up of the long
13 standing licensee issues, enhanced inspector training, strengthening
14 the plan assessment process, enhancing expectations for review and
15 close-out of licensee actions on generic communications, enhanced
16 oversight of licensee commitments, and reinforcement of expectations
17 for site visits by project managers, communications between project
18 managers and resident inspectors, and verification of information
19 provided by licensees for licensing decision-making.

20 There are 19 action items assigned to this category, three high
21 priority, eight medium priority, and eight low priority. Of those, 17 have
22 been completed thus far. The remaining two are on track to meet their

1 due dates, one of which is a medium priority item, and one of which is a
2 low priority item.

3 Next slide, please. Examples of changes made to our
4 inspection program as a result of follow-up on the action items include
5 the addition of guidance to evaluate PWR licensee actions to identify
6 and correct boric acid deposits, guidance on conducting walk downs of
7 containment during outages, enhanced guidance on performing walk
8 downs of other areas of the plant that are restricted during plant
9 operation but more readily open to access during an outage,
10 consideration of deferred plant modifications to assess the impact of
11 the deferral on the operability of plant systems, and the addition of
12 guidance to our inspectors to evaluate plant operations with multiple,
13 repetitive or unplanned entries into technical specification action
14 statements. As part of the annual assessment of the reactor oversight
15 process the effectiveness of these changes will be reviewed.

16 Next slide, please. Additionally, in light of the knowledge
17 we gained from the Davis-Besse event, we went back and reviewed a
18 sampling of plant performance assessments conducted under the
19 previous assessment process to determine if there were issues that
20 warranted more attention than was provided at the time.

21 Our review did not identify any such issues. We have
22 modified our inspection training program to require annual reactor

1 oversight process refresher training. Our intent is to target this training
2 to a specific area each year after consultation with the regional offices.

3 The initial round of this training was accomplished in May
4 during the regional inspector counterpart meeting. We have also
5 improved our training of inspectors to the use of web-based training
6 modules.

7 We have completed our effectiveness review of Agency
8 actions from previous Lessons Learned reviews. The plant shut-downs
9 that we focused on were at Millstone, Indian Point, and South Texas.

10 Our review found that we can improve our long-term
11 follow-up of Agency corrective actions. The Staff is considering actions
12 to take in response to this conclusion. With regard to Project Manager
13 activities, expectations on site visits, coordination with the residents,
14 Project Manager assignment duration and the verification of licensee
15 provided information have all been reinforced by NRC management.

16 Next slide, please. There are two action items that we
17 are continuing to address. We are nearly complete with pilot testing
18 and metric to better track the continuity of resident inspector staffing.

19 We are also reviewing inspection procedures that we
20 removed from the program when the reactor oversight process was
21 initially stood up to assess whether in hindsight any of those inspection
22 procedures should be reinserted into the program.

1 Next slide, please. Our most significant challenge now is
2 addressing the issue of enhancing our inspection program in the area
3 of safety conscious work environment. In response to a Commission
4 paper on this topic earlier this year the Commission provided the Staff
5 guidance in the Staff Requirements Memorandum dated August 30,
6 2004.

7 The Staff has established a working group to take this
8 issue on. The Office of Enforcement is the lead office in this area with
9 representatives from NRR and the Office of Research also
10 participating.

11 As directed by the Commission, we will also be engaging
12 our external stakeholders in considering how best to move forward on
13 this issue. This completes my prepared remarks. And our next
14 speaker is Andrea Lee.

15 MS. LEE: Thank you, Stu. And good afternoon to
16 everyone. I'm Andrea Lee. And I'm Chief of the Corrosion and
17 Metallurgy Section in the Office of Nuclear Regulatory Research.

18 I'll provide an overview of the activities associated with
19 the assessment of barrier integrity requirements, which is the fourth
20 category of recommendations. The Lessons Learned Task Force
21 recommendations on barrier integrity related to four major areas.

1 There were six high priority recommendations specific to
2 reactor coolant leakage. These relate to improving current leakage
3 requirements for the reactor coolant system, to improving the
4 requirements for leakage monitoring systems, and to improving existing
5 inspection requirements and procedures.

6 A medium priority was related to the assessment of the
7 adequacy of the current risk assessment methods to take into
8 consideration aging related degradation of passive components.

9 Next slide, please. At the time of our last briefing in
10 February of 2004 we provided an update of the status on various
11 programs from NRR, Research, and the Regions addressing the barrier
12 integrity recommendations.

13 Since then we have completed two high priority
14 recommendations. Now all the PWR plants have technical
15 specifications for pressure boundary leakage that are consistent with
16 standard technical specification requirements.

17 The recommendation on alarm response procedure
18 requirements for leakage monitoring systems was also completed since
19 our last update. Inspections will now verify that licensees have
20 programs and processes in place to monitor plant-specific
21 instrumentation.

1 Plants will also be inspected to ensure that they take
2 corrective action for adverse trends and unidentified leak rates. The
3 assessment of the adequacy of licensee procedure requirements will be
4 completed as part of the annual reactor oversight self assessment
5 process.

6 Our efforts related to other recommendations are
7 continuing. The progress to date is on schedule. And I will now
8 provide a brief status report on the these continuing activities.

9 The Davis-Besse Lessons Learned Task Force
10 recommended the items that you see on this slide. In our last
11 Commission briefing we provided a plan to address these
12 recommendations through the barrier integrity research program at
13 Argonne National Laboratory.

14 The plan included conducting a comprehensive review of
15 leakage operating experience by developing a database of leakage
16 events, an evaluation of the capabilities of current leakage monitoring
17 systems, and an identification of new systems that are potentially more
18 capable than current systems.

19 The study will be published as a publicly available
20 NUREG report by the end of 2004. Based on this information and
21 other data available to the Staff, a working group of NRR and Research

1 staff is currently formulating specific responses to these
2 recommendations.

3 The Staff is taking a holistic look and will incorporate the
4 Staff action to other Lessons Learned Task Force recommendations
5 involving improved inspection to ensure pressure boundary integrity.

6 Next slide, please. A Lessons Learned Task Force
7 recommendation involved increasing NRC interaction when licensees
8 observe adverse trends of unidentified leakage. The appropriate
9 Inspection Manual chapter was revised by the Staff in May of 2004 to
10 address this recommendation.

11 The inspectors will now monitor licensees' programs for
12 trending unidentified leakage. And, if any adverse trends are noted,
13 inspectors must inform licensee management and regional
14 management.

15 The inspectors review licensee procedures for action
16 steps as unidentified leakage approaches licensee administrative limits
17 or technical specification allowed values. The development of additional
18 technical guidance, such as a tool to determine statistically if a trend
19 exists, is being pursued by NRR and Research staff.

20 The results are expected to be available in January of
21 2005, and may be incorporated into inspection guidance if such a tool is
22 found to be of benefit.

1 Next slide, please. The Staff is continuing efforts to
2 improve on the barrier integrity performance indicators. The NRC and
3 the industry have formed a collaborative working group to examine the
4 barrier integrity performance indicators for their relevance, usefulness,
5 and paths for improvement.

6 The working group will be proposing a new reactor
7 coolant leakage performance indicator or proposing modifications to the
8 existing one as appropriate to be part of the reactor oversight program.
9 The working group's paper is expect in March 2005.

10 Next slide, please. The risk assessment of passive
11 components which age and degrade over time is a difficult problem to
12 address effectively and efficiently because of the lack of adequate
13 engineering data on the properties of passive components as a
14 function of aging.

15 The NRC, industry, and worldwide researchers are
16 currently engaged in the planning and execution of detailed long-term
17 research programs to address this issue as part of the pro-active
18 materials degradation assessment.

19 The Staff discussed this with you in November 2004. To
20 address this Davis-Besse Lessons Learned Task Force
21 recommendation in a timely manner, a working group consisting of
22 NRR and Research staff was formed in July of 2004.

1 The objective was not to find immediate solutions, but to
2 perform a sound evaluation of existing methods in order to determine
3 their adequacy. The recommendations of this working group will be
4 available in February of 2005. The Staff will then examine the
5 appropriate regulatory paths to implement the recommendations.

6 Next slide, please. The remaining challenges to
7 complete the Davis-Besse barrier integrity action plan are shown on this
8 slide. The outcome of staff efforts will be input for the appropriate
9 regulatory process. Any potential revisions to existing leakage rate
10 limits will require additional study to inform the regulatory process.

11 Depending on the outcome of the joint NRC industry
12 working group on barrier integrity performance indicators, the
13 implementation of any additional performance indicators or the
14 modification of existing performance indicators may take additional time
15 for implementation.

16 The risk assessment of many passive components will
17 need additional staff work to revise and refine current models on
18 material degradation, inspection, structural analysis, and risk
19 evaluation.

20 This effort is tied to the pro-active materials degradation
21 assessment effort that I mentioned previously. You were briefed on this
22 effort, as I mentioned, in November of 2004.

1 The outcome of risk insights obtained from the working
2 group will be input for the regulatory decision-making process.
3 However, its effectiveness must be confirmed through implementation
4 and evaluation.

5 Further staff efforts will be needed to develop
6 effectiveness reviews of the implementation of these
7 recommendations. The regulatory implementation process may also
8 be refined by field data.

9 As the Staff anticipated previously, some of the efforts
10 related to the Davis-Besse Lessons Learned Task Force
11 recommendations will provide sound technical basis for longer term
12 regulatory action.

13 Next slide, please. In summary, two of the high priority
14 recommendations which are related to immediate plant operation
15 regulatory improvements were completed. All plants are now in
16 conformance with standard technical specifications.

17 The licensees have alarm response programs and
18 processes in place to monitor plant specific instrumentation that can
19 indicate potential reactor coolant leakage. The Staff efforts on other
20 recommendations are progressing on schedule.

1 This concludes my presentation on the Staff actions
2 related to the Lessons Learned Task Force recommendations on
3 barrier integrity. I will turn the presentation over to Ellis.

4 ME. MERSCHOFF: Thank you, Andrea. Next slide,
5 please. In addition to the program-wide efforts just described, the
6 regions have collaborated on a fresh look at the Davis-Besse Lessons
7 Learned Report from a day-to-day operational perspective.

8 This review yielded a number of areas that would benefit
9 from a regional comparison and an adoption of best practices. They
10 were the subject of a meeting between the Director of NRR, the four
11 regional administrators and me. At this meeting we agreed on a
12 process of bench marking and of continuous improvement to address
13 these issues.

14 Next slide, please. Since April of 2004, when we first
15 started discussing a more formalized bench marking process, we've
16 completed self assessments in two areas.

17 The first was regional morning meetings where
18 operational events and significant activities and evolutions are
19 discussed to assure appropriate connectivity and communications are
20 achieved.

21 In the second incident response to achieve a more
22 consistent approach from region to region. We have three more bench

1 marking efforts planned with one region being accountable for
2 coordinating the bench marking effort among the other three.

3 Specifically we'll look at management roles and
4 responsibilities focusing on accountability. That'll be completed by
5 March '05. Inspector field observations looking to ensure that
6 inspectors have the tools and information they need to keep them
7 connected with the merging issues. That will be completed in June of
8 '05.

9 And operating experience, looking at regional use of the
10 tool that was just described to you in terms of operating experience
11 inspection in the field. And that'll be completed in October of 2005.

12 This process will result in bench marking or self
13 assessment for bench marking or self assessment activities each year.
14 Each year's areas will be selected and agreed upon at the fall Agency
15 action review meeting.

16 We believe that the bench marking process just
17 described, along with an Agency-level corrective action program will
18 allow us to institutionalize the Davis-Besse Lessons Learned. That
19 completes my remarks.

20 ME. DYER: Thank you. Next slide, please. At this point,
21 Commissioners and Chairman, I'd like to summarize just what you've

1 heard here. First of all, we have made significant progress in
2 implementing all the recommendations.

3 We have established better controls and have made
4 much better progress than the report that we provided out to you in
5 February earlier this year. You heard also that the improved
6 communications between Research, the Office of NRR and the regions
7 as we were going about implementing this, and these are some of the
8 activities I spoke about earlier where the low and medium priority
9 activities have in fact caused us to develop infrastructure that is
10 facilitating those kinds of communications.

11 Also you've heard our increased use of technology, in the
12 operating experience area particularly. I was impressed with having
13 been an ex-inspector, and the level of detail that the operating
14 experience is now available compared to certainly 20 plus years ago
15 when I was there when it was in a notebook if you could find it.

16 And, lastly, we've worked closely with the industry to
17 develop mutual success classes as we go forward, particularly in the
18 area of stress corrosion cracking, as you were briefed by Mr. Bill
19 Bateman.

20 Our goal going forward is to institutionalize these changes
21 to make sure that they remain consistent. I think the program we've

1 outlined and the improvements we've made to our tracking process are
2 going to result in that.

3 And that concludes my presentation. I'll turn it over to
4 Luis.

5 ME. REYES: That concludes the Commission
6 presentation by the Staff. We're still with the green light. So I'm going
7 to close it and let it go to you for questions.

8 CHAIRMAN DIAZ: You just missed the electrical shock.

9 COMMISSIONER MCGAFFIGAN: You actually had 10 minutes
10 and 25 seconds to spare.

11 ME. REYES: One of my degrees is in electrical engineering,
12 so I know what's going to happen.

13 MS. VIETTI-COOK. You could autograph a nice copy of the
14 Code of Federal Regulations for that.

15 CHAIRMAN DIAZ: Well thank you very much. I think
16 that the presentation and the background we received clearly shows
17 where the Staff is. As with that, I'll turn it over to Commissioner
18 McGaffigan to begin the questioning.

19 COMMISSIONER MCGAFFIGAN: Thank you Mr.
20 Chairman. I first want to compliment Luis on his tie. I understand his
21 daughter bought it for him. My daughter buys most of my ties too. And
22 I think it's a darn good tie.

1 ME. REYES: I cam back from California. So I'm just
2 trend setting today.

3 COMMISSIONER McGAFFIGAN: Is California a Red or
4 a Blue state? I forget.

5 (Laughter.)

6 COMMISSIONER McGAFFIGAN: I'm going to ask
7 questions about a couple of things that haven't been discussed today,
8 just to get me up to date. I do want to compliment you for the breadth
9 of work that's being done here.

10 And I think we've made enormous progress, particularly in
11 the operating experience area. But, could somebody tell me, I think it
12 was August that we issued the accident sequence precursor
13 preliminary for the Davis-Besse set of events.

14 Where does that stand today? Are we close to a final
15 accident sequence precursor? I know the licensee, you know, comes
16 in and comments and then we put out a -- my recollection was the
17 number was something like six times 10^{-3} .

18 And so it was a significant precursor in terms of our
19 metric going from 10^{-6} up to about 10^{-3} . But, does anybody happen to
20 know?

21 ME. DYER: Commissioner, I'll have to get back to you. I
22 do not remember.

1 COMMISSIONER McGAFFIGAN: Well, I hope -- it's
2 been a long time. And I hope we can close that out reasonably soon. I
3 would note that a significant precursor is a 10^{-3} or higher event.

4 And this one, six times 10^{-3} , means there was a -- what is
5 that, one in 166 chance of something bad happening, which sometimes
6 people talk about these things, the significant near-misses.

7 When I think of a significant near-miss I think about the
8 idiot who pulls in front of me on the beltway and, but for my hitting the
9 breaks, I would have hit them. And the chances are more like 25
10 percent.

11 I had that happen yesterday. So I don't think a one in 167
12 event is necessarily as close a call as some of our critics would have it.
13 It's not something we encourage. In fact, our goal, the Commission has
14 decided, is zero significant precursors in any year.

15 And we achieved that goal every year, except for -- I
16 guess it will be 1996 and 2000. Davis-Besse will be assigned to 2002.
17 The main thing I want to ask about is this effectiveness review of
18 Lessons Learned Task Force Report that was completed in August.

19 And I thought it was a very good document. It's a narrow
20 document. It looks at how well we follow-up on lessons learned in
21 these various cases, Davis-Besse, Millstone, South Texas.

1 So, it has a focus on more the inspection process and
2 surprises in the inspection process. And, why don't I just start with a
3 question? I mean, one of their fundamental recommendations is that
4 we develop a corrective action program.

5 Where in the process are we in terms of considering that
6 recommendation?

7 ME. MERSCHOFF: I'm accountable for developing that
8 corrective action program. As you correctly stated, one of the
9 recommendations in the Davis-Besse Lessons Learned Report went
10 along the lines of some of these things are repeats.

11 And we as an Agency ought to look back at some other
12 lessons learned to see if there's a broader collection of items we've
13 missed. Thus, NRR performed or a task force performed the report in
14 front of you.

15 We've taken that on board in terms of developing an
16 Agency level corrective action program. We view this as an opportunity
17 to change the culture within the Agency. I've had a meeting with the
18 office directors of the key program and support offices to assure that we
19 move together in this effort to change the culture and to implement the
20 corrective action program.

1 I've had an executive step forward to volunteer to take the
2 lead in pulling together an implementation. We're not forming another
3 task force to look at the problem and recommend solutions.

4 We accept the recommendations in the Davis-Besse
5 Lessons Learned and the follow-up work. The next step is
6 implementation. We want to do this well rather than soon. We've put a
7 stake in the ground of January 1, 2006.

8 At that time we'll roll out a complete program to an
9 informed and trained staff, and working backwards from there to pull
10 this together. It will deal with Agency level multi-office type items,
11 lessons learned, IG, GAO, IIT types of items.

12 It will allow us to track them to completion. It will have an
13 effectiveness review component so that when the next Lessons
14 Learned occurs, and although we don't want one, we're a learned
15 organization.

16 And we'll have that opportunity. We can then challenge
17 the inventory of past lessons learned and look back as to why one
18 failed, and assure that the next corrective action is better.

19 That's the concept. We're committed to it. And I'm in
20 charge.

1 ME. REYES: Can I add something? And the individual
2 that we selected there , the executive that's going to lead this effort
3 physically was a key player on the Millstone's Lessons Learned.

4 And the reason we wanted to do that was we want --
5 when we get lessons learned, hopefully not frequently, but when we get
6 them, we want to transform them and institutionalize them.

7 So, some of the things you see in that report is that the
8 actions taken as a result of the lessons learned were sometime later
9 negated by something else we did, or it was not institutionalized in a
10 way that --

11 COMMISSIONER McGAFFIGAN: Well, one of the points
12 that -- I really think this is an excellent paper for the three staffers
13 whose name are at the front and the others who were support staff.

14 I mean, if I were their boss I'd give an award of some sort.
15 But, I'll leave it to their boss to figure that out. One of the points they
16 make is that if it's high enough activity then it gets tracked.

17 And we don't tend to forget the lessons. And I could give
18 you, during my eight year plus tenure here, a long list of things where
19 we learned lessons. We learned them promptly.

20 We were prompted by -- most of the time by the
21 Commission itself, the license renewal, power uprates, ACRS
22 suggested we have a standard review of some sort of power upgrade.

1 You all did that. It was useful. 50.59, when we were
2 doing that, 50.65 A-4, 50.69, various security things, the export-import
3 sources, Yucca Mountain, obviously we follow very, very closely,
4 licensing action inventories, cask licensing, which I think is one of the
5 few that was actually called to our attention by the Congress,
6 particularly the Appropriations Committee.

7 But we have solved all of those problems. But it was
8 because they were on a Chairman's tasking list of some sort, or some
9 other very high level focus. A lot of those are mentioned in our monthly
10 report to Congress.

11 So, I mean, there's a constant reminder on them. And
12 the paper implies that some of these other things that are at lower level
13 get lost. And I can understand how they get lost because none of you
14 were in the jobs you are in, I guess, a year ago.

15 And, we're constantly transitioning from person to person.
16 And so, a heart of this corrective action program is indeed making sure
17 that the things that don't rise to our attention -- and God knows we've
18 got enough -- are getting the constant attention from an Office Director
19 or a Division Director, and he or she is really responsible and will see it
20 to an end.

1 And, if there's a transition, as there will be, from one
2 person to another, they'll make sure the new person is fully briefed on
3 the fact that we're responsible for this.

4 ME. REYES: Well, I want you to remember this when I
5 come at mid-year budget review, because --

6 COMMISSIONER McGAFFIGAN: I've got my hand in my
7 wallet.

8 ME. REYES: No, it's a very important issue. And we
9 have identified not only here, but in other areas. Our management
10 information systems are not what we want them to be. And, if you go
11 back to that report and you look at what is Millstone's lessons learned
12 or South Texas project lessons learned, they were documented in
13 some little computer tracking system that was an island in the ocean.

14 COMMISSIONER McGAFFIGAN: Right.

15 ME. REYES: And we don't have a good management
16 information system across boundaries in the Agency to make sure we
17 don't lose that. Now, that's only a tool. But it's an important tool.

18 So, part of what Ellis talked about may sound like it's
19 going to take a long time to get this done, is that we're going to need a
20 very good management information system that's going to help us with
21 that and other things. So, we agree with you.

1 COMMISSIONER McGAFFIGAN: Well, I think you do
2 need it. I think it's particularly crucial, you know, you're looking at a
3 Commission across the table where there's three of us who are in our
4 second terms.

5 And, a couple years from now you're going to be looking
6 at a Commission across the table where everybody will have served
7 less than two years. Well, 2 ½ years or two years six months and 23
8 days. Just to be precise. And so, it's going to be terribly important. I
9 mean, we've done -- people tell us that this Commission is different
10 from previous commissions.

11 And that's partly because we have our own little tracking
12 systems of the things we monitor. Not all of us monitor everything. And
13 you all have put together, in the things we care about, excellent tracking
14 systems.

15 In the security area we had a problem for a while. Nobody
16 sees it except us. But there's an absolutely excellent document that we
17 now get that keeps us up to date on security matters.

18 And it's -- I won't hold my wallet too closely if you tell us
19 that we need some sort of --

20 ME. REYES: Well, I'm coming over for money. But I will
21 --

22 CHAIRMAN DIAZ: Make him sweat.

1 ME. REYES: I want you to challenge me. But, we have
2 not only this issue that we are discussing today, but others that I'll be
3 able to show you where we could all benefit from a better management
4 information system, because you need the tools to succeed.

5 And I think we owe this to have the tools to succeed. And
6 it's readily available. Other organizations have it. For whatever reason
7 we're not there yet. And we should.

8 COMMISSIONER MERRIFIELD: Can I ask a clarifying
9 question? I think this discussion is terrific. And I know we frequently
10 talk to licensees about having an appropriate corrective action program.

11 And I think it's only appropriate that we have our own.
12 Presumably, like our expectations of licensees, it will be risk informed.
13 But I guess my question -- I heard your explanation Ellis, and your
14 discussion of being a learned organization.

15 When is the Commission going to get its review of this
16 before you do your presentation to staff? I may have missed that.

17 ME. MERSCHOFF: That's a long ways off. Right now
18 we're in the formative stage. And as soon as we have a clear concept
19 and a charter developed, and a team pulled together, we'll bring the
20 Commission on board and factor in thoughts that the Commission
21 might have.

1 This is an Agency level program. It's owned at the EDO
2 level to assure that it works right. And obviously it's to serve the
3 Commission. And we'll factor in your thoughts.

4 COMMISSIONER McGAFFIGAN: Thank you. Mr.
5 Chairman, that's all I have.

6 CHAIRMAN DIAZ: Okay. Thank you Commission
7 McGaffigan. Commissioner Merrifield?

8 COMMISSIONER MERRIFIELD: Well, if I had known
9 that, I would have just taken my own time. But I'll take my own time
10 anyway. Thanks.

11 COMMISSIONER McGAFFIGAN: I don't think she has
12 the clock on now.

13 ME. REYES: I re-wired the chairs.

14 COMMISSIONER MERRIFIELD: Well, in concert with
15 your notion of our own tracking system -- I always keep my own
16 tracking system on the questions -- you talked a lot in various portions
17 of the slides today about efforts that we have to do internal, you know,
18 improve our internal communications.

19 One of the things that was mentioned, for example, by
20 Terry is that we have some databases that we can now tap into through
21 INPO and others and through IAEA to get better information and share
22 that with our staff.

1 There was a discussion later on about having to have a
2 greater consistency of the morning meetings, trying to have a greater
3 consistency in regions and headquarters. And, do I take it right that
4 you're still trying to integrate that information so that all this new
5 information we're now able to tap into, that we're disseminating it in a
6 way that's consistently implemented through the staff?

7 ME. REYES: If you look at our inspection program, one
8 of the key things is preparing and planning for the inspection. And Jim
9 mentioned that in the past what we had was a book and a batch
10 process that Terry mentioned.

11 Now, inspectors under supervisors in planning for an
12 inspection, just tap into the computer. If they're doing an engineering
13 inspection on an electrical switchgear, for example, they can now go
14 and pull that up.

15 If we're doing one of the new pilot engineering
16 inspections as part of the preparation, once you pick up the high risk
17 systems you just go to the web page where the operating experience is
18 and try to look for that kind of issues.

19 So, this is an every day available tool that now we have
20 incorporating into our processes. We always have inspection planning
21 and preparation. We always have approval by supervisors of the scope
22 of the inspection.

1 But now we have a tool to incorporate into that that we
2 didn't have before. If I'm an inspection going to do pump maintenance,
3 for example, now I can not only pick the pumps at the station that are
4 high risk from the PRA, but then I can go to the web page and look for
5 that vender of that kind of pump.

6 Has there been any problems to incorporate into my
7 inspection? So, it fits into our processes to really strengthen our
8 process. Let me look for Terry if he wants to add something to that.

9 COMMISSIONER MERRIFIELD: I would presume that
10 that would be not only for pre-planning for an inspection, but if we had a
11 team or individual at the plants and the identified something that they
12 didn't see earlier, like where we were with Davis-Besse, that then using
13 the resident inspectors' computers in the resident office they could do
14 the same thing.

15 ME. REYES: They have access to that through the
16 electronic web pages.

17 MR. DYER: And I think it even goes beyond the
18 inspection program. In the part I think of the demonstration that Terry
19 and the Staff put on for some of the Commissioners and staff, it goes
20 into -- there's mailing lists that are pre-arranged, set up that you can
21 sign up for.

1 If you're a technical reviewer who would be interested in
2 the information, trending information, or event information on an
3 auxiliary feed water system or circuit breaker failures, or they've
4 identified pre-established mailing lists so that if there's -- when there's
5 entries that are made into that database that affect those, you're
6 automatically on distribution so that you know that there's a new item
7 that's been entered.

8 And so, it's a supply side, it's also created from the
9 demand, where, as Luis just dialogued, where an inspector -- either
10 getting ready for a specific inspection or as a result of an event or a
11 question at a plant or something that emerges during the course of a
12 review or an inspection -- can go query to put it in context.

13 Like I said, given where I was as an inspector, I'm just
14 absolutely amazed at the ability and flexibility that provides.

15 MR. REYES: You touched on something. Let's take the
16 case where you're just a brand new resident inspector, just finished
17 your qualification, etcetera, etcetera. And you're at the plant and you
18 hear about a particular pump having a problem.

19 You can quickly -- just a brand new person can quickly go
20 to this web page and search all that information you need to comfort
21 yourself. And that's a knowledge transfer tool that we didn't have
22 before.

1 COMMISSIONER MERRIFIELD: Maybe after the first of
2 the year I might like to see you demonstrate that to me so I can get a --

3 MR. REYES: Gladly. In fact, we can put you on the mail
4 distribution electronically. We'll feed you information.

5 COMMISSIONER MERRIFIELD: My level of inspection
6 efforts doesn't need to go quite that far. I am still an auditor after all.
7 Let me -- on the flip side of communication, external communication, a
8 lot of discussion about the use of external website.

9 But I'm wondering what else have we done besides just
10 sort of the more -- and I don't mean to put the pejorative on it, but our
11 web site is somewhat of a passive tool to a lot of information on it.

12 It's there for people who may choose to get on it. Some of
13 our stakeholders use our web site a lot. Others don't. Do we have any
14 more active ways in which we are putting out a bit more of this
15 information about some of the changes that you've discussed today?

16 MR. REYES: We haven't advertised it exactly, if that's
17 what you're talking about. We haven't made a big splash.

18 ME. REIS: Commissioner, if I understand the question,
19 our efforts in this operating experience have been first focused on
20 getting our internal house in order. The fundamental goal of the
21 program is to use operating experience to make informed decisions
22 and continuously improve the core programs.

1 Now, if you're asking have we -- I remember at the
2 February meeting you were very interested in what have we done for
3 public outreach. I can't say we've done any formal public outreach.

4 But we have improved the tools that are available. And,
5 again, they are passive. I think in the February timeframe all the
6 publicly available operating experience information was what I'll call in a
7 static format.

8 It's now been much improved. Where the generic
9 communications, the morning reports, all those types of things are now
10 fully searchable, you know, with a Google type string search.

11 So that is the most concrete improvement that I can say
12 we've made in the public arena. Okay. In addition are, when the
13 management directive is finally approved, that will be made available
14 publicly.

15 COMMISSIONER MERRIFIELD: I think those are good
16 first steps. I do think, for the sake of achieving our Strategic Goal of
17 openness and for getting the outcomes in openness of enhanced public
18 confidence, we may need to do more to really demonstrate to the public
19 that we have indeed learned these things and we are going to more
20 forward -- just something to think about.

21 MR. REIS: If I may, I need to say one thing to keep my
22 bosses out of trouble here. There is not one single tool. I'm not going

1 to tell you that we can come up and show you one stop shopping where
2 you can go to get everything you need.

3 But there is a multitude of tools that make the job of the
4 inspector much easier.

5 COMMISSIONER MERRIFIELD: I have more than
6 limited attention span. That's okay. You can show me more than one
7 tool. Okay.

8 MR. REYES: We need a lot of that. I've got some things
9 I want to --

10 MR. BATEMAN: Just quickly, as I mentioned in my
11 presentation, we have been very aggressive in going beyond the web
12 page with respect to keeping our stakeholders involved. For all those
13 particular items that we've issued five bulletins, orders, we've had a
14 number of public meetings associated with those and the process to
15 get to the end.

16 We have had a continuing dialogue of open public
17 meetings on Alloy 600 issues, steam generator issues. We've been
18 very aggressive in the materials area to be sure we keep our
19 stakeholders involved.

20 COMMISSIONER MERRIFIELD: Thank you. We talked
21 a little bit about -- one of the outstanding issues we have right now is

1 our interactions with ASME in terms of a code change that they're going
2 to need to make.

3 Are we satisfied with the progress that's being made in
4 these? Is there more that we can do to help move this along?

5 MR. DYER: I will defer to Bill Bateman, he's been
6 working closely --

7 MR. BATEMAN: Yes, we are making progress. This
8 particular issue has been discussed at probably -- well, you know, we
9 have four code meetings a year. Okay. And it's probably been
10 discussed at code for at least a year.

11 We are getting closer. We had industry come in for a
12 public meeting several months ago at which they laid out where they
13 were with respect to a safety basis for a proposal. We had some
14 discourse with them.

15 We weren't in full agreement with their positions. We
16 gave them some comments. And that is being worked. And there will
17 be another discussion at code next week, as a matter of fact, in San
18 Francisco.

19 So I can stand before you and tell you yes, we are
20 making progress. How close we are, I'm not sure. But, I still am
21 confident. And, with respect to public health and safety, because the

1 order is out there and the order is a very rigid order with respect to
2 inspection requirements.

3 So, the interim time between when we finally come up
4 with a code case we can all agree with and now -- I mean, we can all
5 rest assured that the upper vessel head penetrations are being
6 adequately inspected.

7 COMMISSIONER MERRIFIELD: I'm glad. I'm very glad
8 and I agree with you. But, since we've got it covered from the public
9 health and safety standpoint -- that notwithstanding, and this isn't
10 anything against you.

11 Usually we -- we've made progress and we're moving
12 forward. You know, as a lawyer I understand that that doesn't
13 necessarily give me a lot of certitude. And I know it's not your point.

14 It doesn't all fall on you. But, some of these committees
15 can really drag things out. And I would certainly hope we can, you
16 know, I hope they understand the fact that we want to move this
17 expeditiously.

18 MR. BATEMAN: The one motivating factor, of course,
19 that you can take some comfort in is that whatever we agree on will be
20 less of a challenge for them, will cost them less in resources than what
21 they currently have to do.

1 So there is a driver here. Once we reach agreement with
2 industry it's going to end up being an effective reduction in the
3 resources that they need to apply to this effort. If that were not the
4 case, I wouldn't be able to stand here with any degree of confidence
5 and tell you we're going to get to the end point.

6 COMMISSIONER MERRIFIELD: Just so it's clear, so no
7 one has any doubt, the cost is not my top criterion. It's effectiveness
8 and predictability, and having it consistent, that's --

9 MR. BATEMAN: I don't disagree. But, if you're looking
10 for a driver to get to an endpoint, I think that's -- at least from the
11 industry side -- motivating them.

12 COMMISSIONER MERRIFIELD: Quickly, as my time is
13 running short, the industry and ourselves have got a working group
14 evaluating the feasibility of establishing a new performance indicator for
15 barrier integrity.

16 And I'm wondering if we're on track to complete that
17 evaluation by May.

18 MR. DYER: I believe we are. I think that's what Andrea
19 reported in her session. Yes, sir. We do believe we will.

20 MS. LEE: Yes. We're definitely on track to complete
21 that. There haven't been any complications with it. And there's an
22 effort. Everyone is working together to get that completed.

1 COMMISSIONER MERRIFIELD: Okay. I very much look
2 forward to seeing that one. That would be a potential enhancement.
3 Thank you Mr. Chairman.

4 CHAIRMAN DIAZ: Thank you, Commissioner Merrifield. I
5 think we have covered a lot of issues. So I'm going to forget this list of
6 technical details and go to the bottom line, because I was listening to
7 both my fellow Commissioners and putting myself in the place of
8 someone that is not an expert on these issues, and coming and trying
9 to listen to the details.

10 So, let me address that issue. At the present time, Mr.
11 Reyes and Jim, and Ellis, and Carl, how far have we progressed from
12 the standpoint of our understanding of the Davis-Besse program in
13 establishing a regulatory program that ensures to the people of this
14 Country that we have taken the necessary actions to prevent
15 recurrence?

16 MR. REYES: I think we've come a long way. There's no
17 question in my mind between the actual replacement of the
18 components, the rigorous inspection activities that were discussed
19 today, the indicators that we're developing.

20 I feel very, very confident that the issue is being dealt with
21 very, very effectively.

1 CHAIRMAN DIAZ: Okay. So when I said sometime ago
2 that we will not find another large hole in the head, do you think that I
3 would be supported by the findings in the next following years, that that
4 will not happen?

5 MR. REYES: That clearly is my view.

6 CHAIRMAN DIAZ: All right. Of course we're always
7 concerned with the other issues which are being addressed. I think,
8 you know, there might be an important issue in the area of
9 communications.

10 And that is, you know, we have so many different links,
11 and so much information. And sometimes we technical people --
12 myself -- you know, say, if you want information go here, go there.

13 But, we might have to get to a point where we need to put
14 a summary report that informs the American people, these are the
15 summary results, what has been achieved after the Davis-Besse.

16 And this is the status that we present, you know, really
17 put in understandable words, the results of what we have done. And
18 the fact that yes, there were mistakes made, yes we missed the boat,
19 yes the licensee this -- but right now we are on the pathway to not only
20 prevent recurrence but make sure that those actions that we have
21 taken continue as a function of time, regardless of who is, whatever it

1 is, and that they will be maintained, because those actions are
2 necessary and they are part of our job.

3 And I think that's an important thing. Rather than many,
4 many links, it might be one vital link t, there's a summary report on, you
5 know, findings and results and implementations of actions addressing
6 the Davis-Besse.

7 It might be something as simple as two or three pages.
8 But, actually, presents the case that yes, we pay attention, yes we have
9 taken actions and we have done it. And so I'm looking forward for
10 doing that.

11 Let me go again and try to get an overlook. And we've
12 got, you know, all again all of those issues in here, Every one of them,
13 some of them are operational. Some of them look at how we detect.

14 You know, and so if you look at it, we've got three things
15 that we're really trying to do with all of it. One is prevention. We want
16 to make sure that there is awareness in the licensees and in our part of
17 what stress corrosion cracking is, what boric acid corrosion is.

18 So, prevent, detect, and take appropriate actions. And
19 those are, if you look at the bottom line of what we did, those are really
20 the real generic issues of what we're doing.

1 And my question is, are every one of those issues being
2 addressed with the proper value and connectivity between those
3 issues?

4 MR. MERSCHOFF: I believe so. The Davis-Besse was a
5 significant emotional event for the inspectors, for the managers, and for
6 the licensing staff. I think probably any one of us would have argued
7 quite loudly that that just simply could not have happened before it was
8 discovered.

9 And we used that. Every region at their counterpart
10 meeting has seen pictures of that head, has used as a case study the
11 inspection failures that led for the lack of discovery of this.

12 The licensing organization has looked at itself, guidance
13 for license review has been put in place. We've taken this very
14 seriously. This isn't something that we've just worked through to
15 complete.

16 We've internalized this as an important lesson that must
17 be learned. And I believe we're learning it.

18 MR. DYER: Chairman, from my perspective, you know, if
19 you go back and look at Davis-Besse, a significant emotional event. It
20 was an institutional failure. And we implemented these changes.

21 The thing that struck me is we've gone through this
22 process -- I would agree wholeheartedly with your comment that

1 another Davis-Besse isn't going to happen, if you're talking about the
2 degraded cavity in the head.

3 The challenge that has struck me as we've gone through
4 these corrective actions -- and many of them are in the medium and low
5 priority items -- is how the infrastructure can be improved to prevent the
6 next institutional failure or create the infrastructure to prevent the next
7 institutional failure for occurring.

8 And that's, I think, the real dramatic changes. The
9 operating experience, getting this information to the inspectors and
10 reviewers, this corrective action program effort, the fact that we some
11 time institutionalize the lessons learned when the people on this side of
12 the table aren't here to remember and relate the history.

13 And it's those things that I think are really going to offer
14 the potential going forward.

15 CHAIRMAN DIAZ: All those things need to be captured
16 in a way that the outcomes can be put in a proper manner in a simple
17 document, because there's been a tremendous amount of work by the
18 Staff and the Commission to ensure that this issue is placed in the right
19 importance and that the outcomes are appropriate.

20 Let me tie them back again, prevent, detect, take
21 appropriate actions and talk about operational experience. We go
22 again and it says that you look at prevent, and take appropriate actions,

1 and you look at it, it's really taking prevent, detect, take appropriate
2 actions on both operational experience, you know, maintenance and
3 the engineering aspects of it.

4 They need to be tied in. They're not independent issues
5 that happen. And I think the bottom line when we put this thing
6 together and say what are the lessons learned, it is of course the
7 tremendous relationship -- using my latest pet peeve, the connectivity
8 between the operation, the maintenance and the engineering.

9 And I think we're seeing in the presentations today the
10 importance of each one of those. But they are not highlighted. I think
11 our staff and the industry need to see these three issues highlighted,
12 given the proper importance, because it really brings down to the fact
13 that many times in the heat of the day of operating, deltas in
14 parameters or changes might not as notable as to that real, you know,
15 sharp guy that is looking for the engineering aspects or changes.

16 So, it's how we put all those three things together. Any
17 comments on that? Mr. Reyes, I've been pushing you very hard.

18 MR. REYES: Well, the reason I didn't answer and I
19 wanted them to answer is I wanted you to know that we have
20 internalized this in the Agency. If I answered that question, I don't think
21 you would have gotten that impression.

1 The reason I told Ellis, and Jim you guys answer --
2 without any caution from me, I didn't even look there because I want
3 you to know we have internalized this, yes.

4 CHAIRMAN DIAZ: Right. Okay. And that's an important
5 message. Because that means that we are not looking at this as one
6 isolated issue. It's an issue that we all get very concerned about.

7 Of course, I do agree with the fact that my first
8 statements were self assessment, corrective action, I think that's part of
9 the accountability that we owe the American people.

10 And that's going to carry to our licensee -- if we start
11 doing that, then there is going to be feedback that's going to make sure
12 that they are also doing the right things.

13 And one last comment on oversight. I think, you know,
14 oversight sometimes we see as oversight again something happening
15 at the end of the processes. I think oversight is far more important than
16 that, that it actually has tremendous feedback in everything else that we
17 do.

18 And I think that the Agency is going the right way in
19 putting oversight in its right place. And I have put more lecture than
20 questions. But it is something that I've been looking at the past few
21 months.

1 I do not have really any additional questions. I think we're
2 going the right way. However, I do believe, like what Commissioner
3 Merrifield said, we're going to be looking at some of the things.

4 There is this issue that you brought in, you know, Ellis,
5 definition of Management roles and responsibilities of March '05. I think
6 maybe before you get to the end of that you might want to have some
7 type of communication that we all know exactly where we're going,
8 because it might imply some changes.

9 So it's important that we're made aware early in the
10 process of where we're going on that particular aspect.

11 MR. MERSCHOFF: Now, I don't want to mislead you in
12 terms of how broad that is. That's focused at the regions. The four
13 regions looking at roles and responsibilities within those regional
14 organizations. And, absolutely, we'll --

15 CHAIRMAN DIAZ: I knew exactly what you meant. And
16 you just wetted my appetite by that issue. So, it's something that we
17 need to look at. I do not have any other comments except to, again,
18 thank the staff.

19 COMMISSIONER MERRIFIELD: I would only make Mr.
20 Chairman, as followup, you've raised, as you have before, the notion
21 that we not have a hole in the head again. As a further demonstration
22 on that, when I was Japan at Mitsubishi heavy industries in Kobe, there

1 were nine of us sitting, at one stage or another, getting ready to come
2 to the U.S.

3 So it certainly demonstrates to me the degree to what
4 your licensees are in a variety of ways meeting the challenge. Last
5 comment is, I was very interested in the dialogue in the corrective
6 action program.

7 Obviously one of the things that we always look in
8 evaluating our licensees in that regard is the metrics and the means
9 that they used to track that. You talked a little bit with the tracking.

10 It would be interesting to see some of the other metrics
11 you're going to use to evaluate that. Like you, my appetite is wetted in
12 that regard. Thank you Mr. Chairman.

13 COMMISSIONER McGAFFIGAN: I was just sending a
14 note to Annette, I do think that the corrective action program, the
15 development of it probably should be designated a high priority
16 Commission item, because Commissioner Merrifield made the point
17 that the Commission wanted to follow the development issue, go
18 through next year, you know, getting it in place.

19 ME. REYES: You're helping me with the mid-year money
20 request. So, yes.

21 COMMISSIONER McGAFFIGAN: I apologize for that.

22 ME. REYES: I've got one vote, I'm working on two more.

1 CHAIRMAN DIAZ: Somehow we've put on the
2 scheduling, which we're going to be revisiting the priority actions. And
3 just before the mid-year budget review.

4 COMMISSIONER McGAFFIGAN: This money doesn't
5 grow on trees. The EDO does know that every time he proposes to do
6 something extra he has to give up something.

7 ME. REYES: Yes, I'm looking at the Commission budget,
8 and I think --

9 CHAIRMAN DIAZ: All right. On that very serious note, I
10 want to thank the staff again. I know that you guys out there have been
11 doing a tremendous amount of work. And we notice, and we appreciate
12 it.

13 And we also appreciate the leadership that you have
14 provided. And with that we are adjourned.

15 (Whereupon, at 2:42 p.m. the above-entitled matter
16 concluded.)
17