

November 4, 2005

ALL AGREEMENT STATES, MINNESOTA, PENNSYLVANIA

PRIORITIZATION METHODOLOGY FOR INCREASED CONTROLS (STP-05-079)

By letter dated September 2, 2005 (RCPD-05-014), we transmitted to each Agreement State the Commission's Staff Requirements Memorandum (SRM) approving the increased controls, and we also provided several supporting documents. The SRM indicated that higher priority licensees will need to be inspected within the first year after implementation. The NRC staff has worked with individual Agreement States and the Organization of Agreement States, Inc. (OAS), to develop a prioritization methodology for use by the Agreement States and the NRC Regions in determining which licensees need to be inspected within the first year after implementation.

The Commission expects that consistent with how inspection priorities are handled in NRC Inspection Manual Chapter 2800, the Agreement States and NRC Regions will use a prioritization methodology which is either equivalent or similar to the enclosed prioritization methodology. The prioritization process used by the Agreement States and NRC Regions for determining higher risk licensees must be documented and auditable for an Integrated Materials Performance Evaluation Program review.

The NRC staff is currently working with the OAS to develop guidance for using the prioritization methodology, and it is expected that this guidance will be distributed in the near future.

Thank you for all of the comments received on earlier drafts of the prioritization methodology. The enclosed version of the methodology was reviewed by the OAS leadership. We believe that the methodology is risk-based, provides the needed degree of flexibility, and satisfies the Commission's expectations in the SRM.

If you or your staff have any questions or wish additional information, please contact Mr. Andrew Mauer of my staff at 301-415-3962 of anm@nrc.gov.

Sincerely,

/RA/

Janet R. Schlueter, Director
Office of State and Tribal Programs

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Inspection Prioritization Methodology for Groups 1-4 Licensees

Introduction

This document provides guidance to ensure a consistent national approach for prioritizing the inspection of licensees to verify the implementation of the Increased Controls. This methodology applies only to the prioritization of initial inspections of licensees subject to the increased controls, and does not replace or modify inspection priorities assigned to licensees in NRC Inspection Manual Chapter 2800 or Agreement State equivalent. Inspection to verify implementation of Increased Controls for all Groups 1-4 licensees shall be accomplished within three years after implementation. The higher risk licensees shall be inspected to verify implementation of Increased Controls within one year after implementation. This document is intended to provide guidance on identifying those higher risk licensees which must be inspected within the first year after implementation. The basis for establishing final prioritization of inspections and identifying the higher risk licensees must be documented in an auditable form, and will be reviewed through the IMPEP process.

Basis for Methodology

The following documents provide a risk-informed basis for establishing a prioritization methodology for the inspection of licensees to verify implementation of the Increased Controls:

- A. Inspection Manual Chapter 2800. This document provides a prioritization of inspections based primarily on the potential health and safety risks to the licensees' occupational radiation workers and members of the public at (or in the local vicinity of) the licensees' facilities.
- B. IAEA Code of Conduct on the Safety and Security of Radioactive Sources. This document provides guidance on prioritizing the risk of sources to the public health and safety upon inadvertent or intentional release or dispersion of the sources into the public domain.

Methodology

A. The following specific factors derived from the above cited documents should be considered when prioritizing licensees for inspection to verify implementation of the Increased Controls:

- 1. Priority of the license from Manual Chapter 2800 or Agreement State equivalent.
- 2. Quantity possessed, with specific consideration of the following:
 - i. Possession of a source or device containing equal to or greater than 100 times the Table 1 quantity of concern;
 - ii. Possession of co-located sources or devices, which in the aggregate contain equal to or greater than 100 times the Table 1 quantity of concern;
 - iii. Special activities (such as a source exchange), which may increase the quantity of material normally possessed to equal to or greater than 100 times the Table 1 quantity of concern.
- 3. A prior inspection that resulted in a Severity Level I, II or III violation relating to the control of material (e.g., citing 10 CFR 20.1801 or 20.1802, or the equivalent Agreement State regulations).

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4. A prior inspection that resulted in the issuance of an Order or other escalated enforcement action.
5. The most recent inspection identified concerns regarding adequate management control over the licensed program.
6. An incident involved the licensee's material and was related to the control of the material and resulted in a reactive inspection.
7. Any other reason deemed pertinent to a licensee's ability to adequately implement the Increased Controls.

B. No single factor in Section A will definitively determine the specific priority of the inspection of a licensee to verify implementation of the Increased Controls; however, Items 1 and 2, should serve to establish the preliminary prioritization of Groups 1-4 licensees, which may then be modified, as necessary, by taking into consideration Items 3 through 7 for all licensees in Groups 1-4.

Deviations from Inspection Manual Chapter 2800 for Routine Inspections

During the three years after implementation of the Increased Controls, the NRC and the Agreement States would normally inspect licensees based on priorities and inspection intervals assigned in Inspection Manual Chapter 2800 or Agreement State equivalent. Inspection to verify the implementation of the Increased Controls should coincide with the routine inspection of other licensee program elements, to the extent possible considering the prioritization methodology above. However, to ensure that higher risk licensees are inspected in the first year after implementation, and that all Group 1-4 licensees are inspected within three years after implementation, the following adjustments may need to be made:

- Inspection intervals of routine inspections for higher risk licensees in Groups 1-4 may need to be temporarily shortened in order to ensure the licensees are inspected in the first year after implementation.
- Inspection intervals of routine inspections for licensees not in Groups 1-4 may need to be temporarily extended in order to ensure that higher risk licensees in Groups 1-4 can be inspected within the first year after implementation of the Increased Controls.
- Additional, non-routine inspections (e.g., specifically to inspect the increased controls, but not coincident with a routine health and safety compliance inspection) may need to be scheduled for licensees in Groups 1-4. For example, non-routine inspections may need to be scheduled for recently inspected higher risk licensees or licensees with an inspection frequency greater than three years and not due for routine inspection within the three years after implementation.