

# UNITED STATES OF AMERICA NUCLEAR REGULATORY COMMISSION

Title: BRIEFING ON REVIEW OF SALP PROCESS AND  
ASSESSMENT OF NRC INSPECTION PROGRAM

Location: ROCKVILLE, MARYLAND

Date: APRIL 15, 1993

Pages: 107 PAGES

**SECRETARIAT RECORD COPY**

**NEAL R. GROSS AND CO., INC.**

COURT REPORTERS AND TRANSCRIBERS  
1323 Rhode Island Avenue, Northwest  
Washington, D.C. 20005  
(202) 234-4433

# DISCLAIMER

This is an unofficial transcript of a meeting of the United States Nuclear Regulatory Commission held on April 15, 1993, in the Commission's office at One White Flint North, Rockville, Maryland. The meeting was open to public attendance and observation. This transcript has not been reviewed, corrected or edited, and it may contain inaccuracies.

The transcript is intended solely for general informational purposes. As provided by 10 CFR 9.103, it is not part of the formal or informal record of decision of the matters discussed. Expressions of opinion in this transcript do not necessarily reflect final determination or beliefs. No pleading or other paper may be filed with the Commission in any proceeding as the result of, or addressed to, any statement or argument contained herein, except as the Commission may authorize.

NEAL R. GROSS  
COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVENUE, N.W.  
WASHINGTON, D.C. 20005

(202) 234-4433

(202) 232-6600

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

- - - -

BRIEFING ON REVIEW OF SALP PROCESS AND  
ASSESSMENT OF NRC INSPECTION PROGRAM

- - - -

PUBLIC MEETING

Nuclear Regulatory Commission  
One White Flint North  
Rockville, Maryland

Thursday, April 15, 1993

The Commission met in open session,  
pursuant to notice, at 8:00 a.m., Ivan Selin,  
Chairman, presiding.

COMMISSIONERS PRESENT:

IVAN SELIN, Chairman of the Commission  
KENNETH C. ROGERS, Commissioner  
JAMES R. CURTISS, Commissioner  
FORREST J. REMICK, Commissioner

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVENUE, N.W.  
WASHINGTON, D.C. 20005

## STAFF SEATED AT THE COMMISSION TABLE:

SAMUEL J. CHILK, Secretary

WILLIAM C. PARLER, General Counsel

JAMES TAYLOR, Executive Director for Operations

THOMAS MURLEY, Director, NRR

WILLIAM RUSSELL, Associate Director for Inspection and  
Technology Assessment, NRR

THOMAS MARTIN, Region I Administrator

BERT DAVIS, Region III Administrator

JAMES MILHOAN, Region IV Administrator

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

P-R-O-C-E-E-D-I-N-G-S

8:00 a.m.

CHAIRMAN SELIN: Good morning, ladies and gentlemen.

The Commission is meeting at this time to receive briefings on the systematic assessment of licensee performance, or the SALP Program, and indirectly on the assessment of the Reactor Inspection Program.

The SALP Program is the vehicle by which the NRC staff gathers an integrated view of a reactor licensee's performance and expresses that view both to the licensee and to the public. The program is also used to help the staff in allocating inspection resources in order to get the most maximized safety benefit. I was going to say the most bang for the buck, but I decided that's probably not the appropriate simile to use in reactor safety.

The program is viewed as an important part of the Agency's safety mission, a fact which is emphasized by the presence of most of the NRC regional inspectors today. Gentlemen, we welcome you to the meeting this morning.

In August 1992, the staff present possible changes for this program and these changes have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 subsequently been revised following public comment and  
2 senior management input. There was a senior  
3 management meeting in which this was a major topic.  
4 It's clearly received a lot of attention from the  
5 staff in their attempts to balance the need to get  
6 clear and non-sensational reporting with the need to  
7 get all the information together and make an overall  
8 assessment of licensee performance.

9 The meeting this morning serves as a means  
10 for the staff to explain directly to the Commission  
11 what changes are being recommended and the basis for  
12 these changes. By this means, of course, the  
13 Commission hopes to gain a better understanding of the  
14 staff's recommendations.

15 The second item is a short briefing on the  
16 assessment of the Reactor Inspection Program. This  
17 assessment was initiated by Mr. Taylor, the Executive  
18 Director for Operations, in order to determine the  
19 overall health and effectiveness of the inspection  
20 program. Although this is a separate briefing,  
21 there's obviously a connection between the two  
22 subjects. For instance, how effectively are we  
23 fulfilling the Agency's safety mission? The  
24 Commission looks forward to learning the results of  
25 this study as well and any recommendations for future

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 improvement.

2 Copies of the viewgraphs are available at  
3 the entrances to the room.

4 Commissioners, do we have any comments?

5 Mr. Taylor, if you wouldn't mind  
6 proceeding.

7 MR. TAYLOR: Good morning. I would start,  
8 sir, with one or two personal reflections on the SALP  
9 Program. I was part of the group that after the TMI-2  
10 accident met and originated some of the beginning  
11 concepts for a systematic assessment of licensee  
12 performance program. At that time, the Agency had no  
13 way of routinely gathering all inspection, enforcement  
14 and nuclear safety information together for a reactor  
15 site. Most importantly, assessing it on a periodic  
16 basis.

17 Information on individual sites in  
18 reactors was largely anecdotal, except to individual  
19 regional inspectors who were assigned to sites. The  
20 SALP Program has changed that situation in the past  
21 decade and from the beginning we knew that the program  
22 itself should be subject to periodic review and  
23 potential change as experience might indicate. I  
24 believe that's what leads us to today's meeting.

25 We'll now turn to Doctor Murley.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 DOCTOR MURLEY: Thank you, Jim.

2 Commissioners, as you know, the staff has  
3 been going through a lengthy introspective review of  
4 the SALP Program over this past year. We talked with  
5 many NRC staff and managers, both in the region and in  
6 headquarters. We talked with NUMARC and several  
7 utility executives. We held a public workshop and we  
8 sought public comments. Then, at the senior  
9 management meeting in January in Region I, in order to  
10 prepare for this paper and for this meeting, we went  
11 back to the basics and asked ourselves, the senior  
12 managers, what we really need from the SALP Program to  
13 meet our safety needs.

14 As Jim Taylor just mentioned, this was  
15 developed after TMI to meet several needs of the staff  
16 that we felt were missing. First was to integrate all  
17 the inspection findings to draw some overall  
18 conclusions on those findings relative to the safety  
19 performance at a plant. Second, it was to provide a  
20 means for candid discussion with utility management  
21 about that plant performance and not just merely  
22 relating anecdotes from individual inspectors. Third,  
23 it was to provide a tool for the staff to aid in  
24 allocating inspection resources. I'll talk a little  
25 bit more about that in a second, as will Bill Russell.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1           In the 1980s, as the staff's emphasis  
2 shifted more toward a focus on operational safety  
3 relative to design, let's say, or hardware, and more  
4 toward diagnosing that operational performance through  
5 our own inspection program, then the SALP reports took  
6 on more importance because they are the one vehicle  
7 that the staff has for pulling together all of our  
8 inspection findings and it becomes an important input  
9 now to our semiannual review of plant performance by  
10 the senior managers.

11           We believe that this is a common sense  
12 rationale for the SALP Program and it has worked well  
13 for us over the years. The staff's unanimous  
14 conclusion is that SALP is an essential tool for us to  
15 carry out our safety assessment responsibilities. We  
16 feel that if SALP didn't exist we would have to  
17 develop ad hoc methods for the same functions.

18           While we don't believe that there have  
19 been fundamental changes in the way the staff conducts  
20 SALP in recent years, we acknowledge that there are  
21 problems and that problems have developed that need to  
22 be corrected. I'll mention some of those problems  
23 that we have found and that the industry has pointed  
24 out to us.

25           First there's the perception that the SALP

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 scoring process plays too much power in the hands of  
2 relatively junior inspectors and indeed we found some  
3 cases where we felt a single inspector had probably  
4 unduly influenced SALP scores in the process.

5 Second, there's too great a discrepancy  
6 among functional areas, both in terms of the safety  
7 significance of those functional areas and the NRC  
8 inspection resources devoted to those areas.

9 Third, it was felt that SALP reports are  
10 too long. They're too wordy. There's too much boiler  
11 plate in them and that the staff feels that they have  
12 to stretch to include a boiler plate to justify some  
13 areas and some scores.

14 Fourth point is that SALP is generally  
15 backward looking. That is, it relies on performance  
16 information that could be a year to a year and a half  
17 old and it might not reflect current or recent  
18 operational performance.

19 There was the perception that perhaps the  
20 regional administrators had become somewhat detached  
21 from the process of developing the SALP report and in  
22 some cases detached from the presentation of the  
23 results to the utility management.

24 Sixth concern was that the meetings with  
25 the licensees are frequently not candid communications

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 between NRC and the licensees. Rather, they had  
2 become somewhat stilted and stiff with formal  
3 recitations of bullet highlights by the staff and  
4 equally stiff formal responses from the licensees.  
5 It's been described, some SALP meetings, as mutual  
6 public posturing.

7 A seventh concern was that the staff is  
8 really not using the results of the SALP to reduce  
9 inspections for plants with good performance and I'll  
10 talk about that in a little bit.

11 We felt that SALP consumes an inordinate  
12 amount of staff resources and there's a feeling that  
13 the manual chapter has become too prescriptive and too  
14 detailed.

15 Finally, a point that the staff concluded  
16 is that many utilities have brought upon themselves an  
17 overemphasis on SALP scores which they decry so much  
18 and they've done that by making the scores part of  
19 performance appraisal standards of their own  
20 functional managers. We did not do that, obviously.  
21 The utilities did that themselves.

22 The staff recognizes that these changes  
23 will not satisfy the strongest criticisms of the  
24 industry. That is, we have made changes to address  
25 each of these concerns and Bill Russell will talk

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 about that as soon as I'm finished here. We're aware  
2 that these changes will not satisfy the strongest  
3 criticisms in the industry which appear to be aimed at  
4 the existence of the SALP process itself, or at least  
5 as a minimum of getting rid of the SALP scores. But  
6 notwithstanding these strong criticisms, the staff  
7 believes that the SALP Program, with the scores, is  
8 vital to carrying out our safety responsibilities.

9 Because there's been so much criticism of  
10 the SALP scores, particularly in recent years, the  
11 staff has examined questions like the uniformity  
12 across the regions and the correlations of SALP scores  
13 with performance and correlations with the amount of  
14 inspection that's done at a site.

15 With regard to uniformity across regions,  
16 the staff looked at that and we have sent a memo to  
17 the Commission, Jim Taylor did, on March 12th, 1992  
18 that gives the results of that correlation. Let me  
19 just read you the concluding finding of the staff.  
20 That is that the regions are performing accurate  
21 assessments of licensee performance and there is a  
22 relatively consistent implementation of the SALP  
23 Program. The one area that might be of questionable  
24 consistency across the regions was security, for  
25 example.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1           We looked at the correlation with the  
2 amount of inspection time and hours that NRC spends at  
3 a plant and here we did not find good correlation. We  
4 asked ourselves the reasons for that and they are  
5 fairly straightforward reasons and that is the amount  
6 of inspection is generally driven by two things, the  
7 N+1 policy on resident inspectors and also the  
8 mandatory team inspections that we require, and Bill  
9 Russell will talk a bit about those.

10           Finally, we looked at the correlation with  
11 marginal safety performance of a plant. This was an  
12 informal correlation that I did myself, so it doesn't  
13 have the mathematical precision, but I'm convinced  
14 that there is a correlation of the SALP scores with  
15 the thing that really counts and that is are we able  
16 to detect and take action on poor performance. Over  
17 the years, since 1985, the NRC has shut down 17  
18 plants, either ordered them shutdown, in the case of  
19 Peach Bottom, or otherwise required them to stay  
20 shutdown until we were able to give our approval. If  
21 one looks at the SALP scores at or about the time we  
22 were requiring these plants to be shut down, what you  
23 find is I think a very high correlation.

24           Let me just read you a few of them.  
25 Davis-Besse in 1984, there were five category 3s.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 Browns Ferry, 1985, there were six category 3s.  
2 Rancho Seco, 1985 and 6, there were seven category 3s.  
3 Pilgrim in 1986, there were three category 3s. Peach  
4 Bottom, 1987, two category 3s. Fermi, 1986 and '88,  
5 there were four category 3s, and so on, until just  
6 recently FitzPatrick, 1992, had four category 3s in  
7 their SALP. That is the correlation that I referred  
8 to.

9 COMMISSIONER ROGERS: Excuse me, Tom.

10 DOCTOR MURLEY: Yes.

11 COMMISSIONER ROGERS: Did you try to look  
12 to see whether the comments with respect to whether  
13 the scores or the performance was increasing or  
14 decreasing related to those actions?

15 MR. RUSSELL: We did. It's in the report.

16 COMMISSIONER ROGERS: Yes.

17 MR. RUSSELL: I can address that.

18 DOCTOR MURLEY: Okay. But with regard to  
19 the poor plants, you mean?

20 COMMISSIONER ROGERS: Yes. Yes.

21 DOCTOR MURLEY: No, I don't think we  
22 looked those out --

23 COMMISSIONER ROGERS: In other words, just  
24 to see not only the score but the trend was pointing  
25 toward downward --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 DOCTOR MURLEY: No. No. We can do that.

2 COMMISSIONER ROGERS: Yes.

3 DOCTOR MURLEY: I'll now turn it over to  
4 Bill Russell, who will describe the changes we're  
5 proposing in the program and he'll address some of  
6 these questions further.

7 COMMISSIONER ROGERS: Could I ask just one  
8 other question before you move on?

9 DOCTOR MURLEY: Yes.

10 COMMISSIONER ROGERS: That is you  
11 mentioned the concerns expressed about the SALP  
12 process, but one of the things that you did not  
13 mention, and I wonder if that figured in any way in  
14 your thinking and considerations, was the misuse of  
15 the SALP scores by external agencies, not the  
16 licensees themselves for evaluating individual  
17 performance, but the use of the SALP scores by public  
18 utility commissions, in rate setting or by analysts  
19 trying to rate them for bond purposes and things of  
20 this sort. Did that figure in any way in your  
21 thinking about the SALP process?

22 DOCTOR MURLEY: Yes, it did. We, amongst  
23 ourselves, had extensive discussions of this. In sum,  
24 I think we've concluded that this is a regrettable  
25 side effect. We would prefer that other outside

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 agencies not use SALP in ways that it was not  
2 intended. But we concluded that we should not  
3 fundamentally alter or emasculate a tool that we find  
4 essential for our purposes just to deal with these  
5 outside -- I don't know if you'd call them misuses,  
6 but these outside uses that we think are probably  
7 inappropriate.

8 COMMISSIONER ROGERS: I'm glad to hear you  
9 say that because I think that's absolutely the right  
10 position that we should take --

11 DOCTOR MURLEY: Yes.

12 COMMISSIONER ROGERS: -- that if we find  
13 a tool is essential for our purposes and is necessary,  
14 that we shouldn't allow ourselves to be bent out of  
15 shape by its misuse by someone else, although we  
16 should try to discourage that if we can.

17 DOCTOR MURLEY: That was our conclusion  
18 precisely, Commissioner.

19 MR. RUSSELL: Let me respond to  
20 Commissioner Rogers' question first. The declining  
21 trend usage, we evaluated that and it's in the report  
22 of March the 12th. Forty-nine percent of the times  
23 that trend designation was used, it actually came to  
24 pass at the next board. Most of these were improving  
25 trends. The ones that were most interesting were the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 case of declining trends and there only one case of a  
2 declining trend did the subsequent performance, in  
3 fact, decline such that the next lower score occurred  
4 on the subsequent SALP. In most cases, the declining  
5 trend was sufficient and the licensee took action,  
6 remediated the performance and the declining trend did  
7 not occur. So that's the statistical results which  
8 are contained --

9 COMMISSIONER ROGERS: Well, I hope when  
10 you make your presentation on the changes and you try  
11 to indicate why if that is the case, because that  
12 sounds like a very useful outcome of trending, why  
13 you're recommending to eliminate the trending.

14 MR. RUSSELL: I will do that.

15 COMMISSIONER ROGERS: Okay.

16 MR. RUSSELL: I'll address the issues with  
17 each of the recommendations.

18 If I could have slide number 2, please.

19 COMMISSIONER REMICK: Excuse me. Before  
20 you proceed, I have a question on Tom and what he said  
21 about either shutting down plants or keeping plants  
22 down and the relationship to SALP. I'm not quite sure  
23 what you're saying there. I think in most of those  
24 cases those were confirmatory action letters issued  
25 after some kind of an occurrence in which the NRC

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 talked to the licensee and he indicated he was going  
2 to take certain actions and the staff said, "Well, we  
3 want to approve that before you start up." I think  
4 what you're saying is that you've observed that in  
5 many of those cases the SALP scores were low, but I  
6 don't think you're saying that the SALP scores were  
7 used to issue the confirmatory action letters.

8 DOCTOR MURLEY: No.

9 COMMISSIONER REMICK: Or to shut down the  
10 plant, is that correct?

11 DOCTOR MURLEY: That's correct. In fact,  
12 we don't use SALP scores themselves as a basis for  
13 taking action. We take action for a variety of  
14 reasons. Frequently it was an event that tips the  
15 scale where we say, "Enough is enough." But when you  
16 go back and look them, what I'm saying is you find --  
17 and we've only done this recently -- you find that  
18 indeed the SALP scores were generally showing poorer  
19 performance.

20 Now, we have to be careful with this  
21 because sometimes these are self-fulfilling. That is  
22 a SALP appraisal after a plant has been shutdown will  
23 generally -- will give them poorer scores. But I've,  
24 insofar as I could, tried to look before the fact.

25 COMMISSIONER REMICK: Thank you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 MR. RUSSELL: (Slide) If I could have  
2 slide number 2, please.

3 This is a summary that has been discussed  
4 that is the high points of our review. We did forward  
5 to the Commission our preliminary recommendations in  
6 a Commission paper and subsequently held a workshop on  
7 that, obtained comments both in writing following and  
8 at the workshop. I would characterize that the  
9 principle industry comments at the workshop were first  
10 that they did not see a need for the SALP Program and  
11 they felt that the negative aspects of SALP as they  
12 described them justified terminating a program. Their  
13 second priority was if SALP did continue, they wanted  
14 to eliminate the scores. We did get constructive  
15 comments on some minor areas that were considered fine  
16 tuning. We did take those into consideration.

17 Following the workshop, we developed an  
18 additional proposal that was circulated prior to the  
19 senior management meeting and then, as was discussed  
20 at the senior management meeting, we went back to the  
21 fundamentals and relooked at the need for the program,  
22 what were the objectives of it and how has it been  
23 used. Those recommendations were forwarded to the  
24 Commission in April in SECY-93-090.

25 (Slide) If I could have slide 3, please.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1           As has been discussed, the consensus view  
2 of the senior management is that SALP is an essential  
3 tool that is necessary for us to fulfill our safety  
4 responsibilities. We do, however, believe that there  
5 are changes that could be implemented that would  
6 enhance the SALP process, would make it more effective  
7 as a tool for communicating with licensees and the  
8 public and would make it more responsive from the  
9 standpoint of coordinating it with our inspection  
10 activities and using it more as a tool to allocate  
11 resources.

12           I will discuss the results in four areas:  
13 the first focusing on management control of the SALP  
14 process; the second, the SALP report itself; third,  
15 how we propose to conduct the public meetings and some  
16 changes in that area; and finally resource allocation.

17           COMMISSIONER REMICK: Bill, before you  
18 leave that slide, just an observation. I certainly  
19 agree with what that first bullet says, but if one  
20 reads the SALP documents coldly and critically, one  
21 could be confused when we talk about performance if we  
22 are talking about safety performance. Now, this says  
23 safety assessment, which is good, but I assume that  
24 when we're talking about licensee performance from the  
25 SALP process we're talking about their safety

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 performance.

2 MR. RUSSELL: That is correct.

3 COMMISSIONER REMICK: And it's not always  
4 clear in the document as quite often we'll talk the  
5 shorthand version, performance. And we might consider  
6 up front a better definition of what we mean by  
7 performance.

8 MR. RUSSELL: We believe that we have  
9 addressed that and I will get to that in the  
10 presentation where we have defined better, we think,  
11 the category ratings and how they are determined with  
12 attributes being eliminated in some of the matrices.  
13 But I'll cover that in the presentation.

14 (Slide) If I could have the next slide,  
15 please.

16 Tom mentioned some of the comments that we  
17 received, that there were perceived to be too much  
18 influence in the hands of relatively junior inspectors  
19 or specialist inspectors or the potential that a  
20 single individual could unduly influence the SALP  
21 board. We feel that this is a process that it's  
22 necessary to have a management perspective with  
23 members of the board who have a broader experience  
24 base. So, we have chosen to recommend that the SALP  
25 board be constituted of SES members only. Typically

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 it would be the three regional division directors in  
2 the larger regions. For the smaller regions it could  
3 include the deputy regional administrator for the  
4 third regional person, plus one manager from NRR.  
5 There is the option, with the approval of the regional  
6 administrator, to have a second person from NRR  
7 participate as a board member.

8 The process still values the information  
9 that comes from the inspection program. It is  
10 anticipated that there would be presentations to the  
11 board by the senior resident inspector, the specialist  
12 inspectors that were involved in the inspection  
13 activities which are being discussed over the course  
14 of the period, so that there will still be a process  
15 of background materials and briefings for the board,  
16 but it was felt that the board should have a broader  
17 experience base and that this would help with  
18 consistency

19 COMMISSIONER REMICK: Just a comment on  
20 that, Bill. I applaud it because in observing a board  
21 meeting within the last year, one of the things I  
22 noticed was the effect of the NRR headquarters person  
23 and some of the senior regional people in kind of  
24 leveling out things, a broader perspective, either  
25 across the region or from the headquarters person,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 more of a national perspective. You could see some  
2 consistency arriving as a result of their broader  
3 perspective of the situation.

4 CHAIRMAN SELIN: In fact, I have a couple  
5 of comments which are somewhat inconsistent with each  
6 other, so I'll make them and let you resolve the  
7 inconsistency.

8 I don't think it's really a question of  
9 senior versus junior, but breadth of experience. The  
10 reason I would object to having the inspector on the  
11 board is because that's the only licensee the  
12 inspector really has had recent experience with. The  
13 whole idea is to have substantive information be put  
14 before the board, but the board to make some kind of  
15 a consistent overview. Not so much licensee  
16 specialized information, you have a lot of things with  
17 that, but to put it in the context of how to cut  
18 across. So, I would stress the breadth of experience  
19 more than the senior aspect.

20 So, now my inconsistent comment is, but  
21 does it really make sense not to include SLS members  
22 as well who don't have a management view, but do have  
23 presumably a very broad professional view? Now, maybe  
24 they're just like the inspectors but more senior and  
25 therefore it's a bad idea.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 A related comment. Have you considered  
2 having people from one region occasionally sit on  
3 SALPs and others because this question of consistency  
4 is a very important question and relying entirely on  
5 NRR to bring in the consistency may be too narrow?

6 MR. RUSSELL: For the three points you've  
7 identified, first I agree with you. The choice of the  
8 word "junior" I intended to reflect more breadth of  
9 experience rather than something else. The second  
10 point that you raised regarding the potential use of  
11 the senior level staff, generally we find that the  
12 senior level staff are experts in particular areas and  
13 that they are mainly used in assisting in the  
14 licensing review activities more with NRR. They are  
15 not typically involved in inspection activities,  
16 although that could occur. Were it to occur, say as  
17 a part of a team inspection or some other review, we  
18 would expect that individual to brief the board on the  
19 findings.

20 CHAIRMAN SELIN: The thing I had in mind  
21 is if we had somebody who were really an experts on  
22 fire safety and had done fire safety reviews in 20  
23 plants, that might be --

24 MR. RUSSELL: Yes.

25 CHAIRMAN SELIN: -- a useful insight to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 have.

2 MR. RUSSELL: That would be an insight  
3 that would be provided particularly if there was an  
4 issue associated with fire protection at a facility.

5 MR. TAYLOR: Let us take a look at that.

6 CHAIRMAN SELIN: I'm not sure that I'm not  
7 pushing in the wrong direction, but it does --

8 MR. RUSSELL: With respect to your third  
9 point, we have developed a process that involves  
10 senior management oversight of the SALP process where  
11 the NRR division directors, associate directors  
12 actually observe SALP boards. We make visits to the  
13 sites prior to the board meetings and then observe  
14 them. In addition, we do require through the program  
15 activities that the SALP board chairman in the various  
16 regions observe a SALP in another region to ensure  
17 that there is feedback in process, et cetera. So,  
18 that has been a portion of the program that we do  
19 intend to continue.

20 COMMISSIONER CURTISS: Bill, could I make  
21 a comment on this point? I think this is a move in  
22 the right direction, although I have, I guess,  
23 somewhat of a middle ground position. I've had the  
24 opportunity to sit in on SALP board meetings in all  
25 the regions and it's clear to me that the most

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 influential person on the process is the person who  
2 has the most information. It's important that these  
3 people have the vote in the process, but whether a  
4 person has a vote or not, in my view, is perhaps  
5 secondary to the fact that the person who brings the  
6 most information to the table is the one who can frame  
7 the issue and influence the direction of the  
8 discussion.

9           So, while I think this is a move in the  
10 right direction in terms of bringing the kind of broad  
11 management focus that Commissioner Remick emphasized,  
12 I also think we need to be certain that -- and I think  
13 you'll get to this later on in your presentation, that  
14 in terms of the kinds of issues upon which we focus  
15 and the training of the individuals who are at the  
16 site, including the resident inspectors on a day to  
17 day basis, the ones that bring the most information to  
18 the table, that's a very crucial part of this process  
19 in terms of the culture of the SALP process.

20           I analogize it. We all five of us have a  
21 vote around this table, but your presentation of the  
22 information to the Commission as a staff and the  
23 information you bring to the table is very influential  
24 in terms of framing the issue for us and influencing  
25 the outcome that the Commission generally reaches.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 It's the same kind of situation. So, as we get into  
2 talking about what the focus ought to be on the  
3 substance of a licensee's performance by the people,  
4 whether or not they have a vote in the process, I  
5 think that's a point that needs to be focused on.

6 MR. RUSSELL: We agree. In the process we  
7 have emphasized the preparation prior to the SALP  
8 board. We don't see that there are going to be  
9 substantial differences in the amount of resources to  
10 prepare information for the board or to make  
11 presentations to the board. The factual information  
12 still needs to be gathered. Our feeling was, however,  
13 that the senior managers that would participate in the  
14 board would have a broader safety perspective and a  
15 knowledge of other facilities and would be able to  
16 take the factual information and weigh it and come  
17 with a management consensus.

18 (Slide) If I could have the next slide,  
19 please.

20 The SALP changes are intended to emphasize  
21 the responsibilities of the regional administrator as  
22 the official designated by the Agency to execute the  
23 SALP Program within his or her region. We believe  
24 that the SALP board with the four members should  
25 discuss the issues, bring their management expertise

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 to bear and attempt to reach a consensus on the  
2 recommendations and the narrative text describing the  
3 performance in each area. If that's not possible, if  
4 there is a differing view or a nuance that a  
5 particular board member has and we felt it would be  
6 appropriate for the regional administrator to meet  
7 with the board to understand those differences, but in  
8 essence we feel that the regional administrator is the  
9 individual that is responsible for both signing out  
10 the report and reaching the final conclusions.

11 COMMISSIONER ROGERS: Just on that, it  
12 seems to me that that's very important, but I'm just  
13 a little concerned about the possibility of the  
14 regional administrator somehow or other being at odds  
15 with the entire board. What you're describing is the  
16 regional administrator resolving some differences that  
17 may occur among the board members themselves. Is it  
18 possible, is it conceivable that the regional  
19 administrator could simply override the board on every  
20 single one of their rating scores and put out a  
21 different set?

22 MR. RUSSELL: I think that theoretically  
23 that's conceivable, but I would characterize also that  
24 we vest a rather significant responsibility in the  
25 senior managers, the regional administrators. We

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 should have confidence in their performance and if  
2 something were done that were arbitrary of that  
3 nature, I would think that that would be something  
4 that would raise questions about the performance of  
5 the individual.

6 DOCTOR MURLEY: Yes. I can assure you  
7 that I would be having a chat with the regional  
8 administrator and we'd be finding out why that  
9 happened. It's conceivable that that could happen,  
10 but I think it would be an aberration that would be  
11 reflective of a deeper problem and we would have to  
12 deal with that.

13 MR. RUSSELL: Let me also characterize  
14 that what we're trying to do is to get the regional  
15 administrator much more involved. We did feel that  
16 some of the SALP process, and I'll discuss this later,  
17 with the formalized voting, with the attributes to be  
18 evaluated against each functional area, some of the  
19 process, it became very bureaucratic.

20 MR. TAYLOR: I believe that's true too.  
21 I feel very deeply about that.

22 MR. RUSSELL: So, we feel that this  
23 process really gets to the point where the senior  
24 managers are focusing on it, that there would be a  
25 dialogue between the board and the regional

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 administrator and the regional administrator would  
2 then issue the report to represent the Agency's views  
3 of overall performance.

4 COMMISSIONER REMICK: Along that line,  
5 back some years ago I know ACRS had some concerns  
6 expressed somewhat similar to what Commissioner Rogers  
7 just indicated, the allegation that regional  
8 administrators were playing too strong a role. In my  
9 own personal observations through the years after  
10 that, I did not find that to be the case. I don't  
11 differ with what you're saying, but will there be any  
12 documentation where a regional administrator does  
13 override the board so that the director of NRR would  
14 know that that had occurred.

15 MR. RUSSELL: We would anticipate that the  
16 process would be the normal concurrence process with  
17 the concurrence on the report to the regional  
18 administrator which would be a part of the record.  
19 So, if there were changes by the regional  
20 administrator for which the board did not concur,  
21 there would be that opportunity to so indicate.

22 DOCTOR MURLEY: Yes. I will make sure  
23 that we have a system whereby I know that.

24 COMMISSIONER REMICK: Yes. So that you  
25 could raise questions if you wanted to, yes.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 DOCTOR MURLEY: Right.

2 MR. RUSSELL: (Slide) If I could have the  
3 next slide, please.

4 I'm shifting into the area now with  
5 respect to changes to the SALP report itself rather  
6 than the management controls. We find that the SALP  
7 reports were getting to be excessively lengthy. In  
8 some cases there was felt to be a need to address each  
9 attribute within each functional area, to provide  
10 evidence to support the process. There was excessive  
11 use of boiler plate and they just became somewhat  
12 cumbersome and were really not communicating clearly  
13 what the Agency's evaluations were. We've decided  
14 that we should, because of these concerns, reduce the  
15 length of the report, limit it to a cover letter with  
16 an enclosure with a one to two page write-up on each  
17 of four functional areas, with the intent that the  
18 cover letter communicate the overall assessment and  
19 emphasize significant issues which would then be  
20 developed more in the enclosures.

21 We're also proposing to make the SALPs  
22 more current. We've had comments that they were  
23 backward looking, that you heard old news and then you  
24 had the SALP report finally issued with the public  
25 meeting, with the meetings occurring some 120 days or

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 more after the close of the period and reading about  
2 things that may have occurred in the first portion of  
3 the period that could be as much as two years or more  
4 out of date.

5 While we will provide a narrative which  
6 will address the performance throughout the period, we  
7 are proposing to emphasize for the purposes of  
8 developing the scores or the evaluation the most  
9 recent six months of performance, such that it's much  
10 more current. We are also proposing to eliminate  
11 trends. That is by focusing on the performance toward  
12 the end of the period, we think that that would be the  
13 most current performance, it would obviate the need to  
14 address trends.

15 COMMISSIONER ROGERS: To me it doesn't  
16 follow. I'm with you right up to that point. You've  
17 got a data point, you've got a derivative. You know?  
18 They're independent of each other. You've got a  
19 performance -- unless somehow the language of the  
20 report itself somehow indicates a trend without  
21 explicitly saying it, I think there has to be some  
22 indication of whether this is expected to continue  
23 into the future or not, whether it's the first six  
24 months or the last six months of the period. So, I  
25 don't quite buy the argument that because you've moved

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 to the last six months that you can eliminate the  
2 trend. You may choose to for some other reasons, but  
3 by itself that doesn't seem to tell me --

4 MR. RUSSELL: The process we had  
5 previously where we would look at the performance over  
6 the entire period and you would attempt to average or  
7 reach a conclusion on performance broadly, you could  
8 have performance in the early part of the period which  
9 was different from the performance at the latter part  
10 of the period and you would use the trend to indicate  
11 that.

12 Since we believe that we're going to be  
13 focusing on the performance in the latter part of the  
14 period, we didn't feel that the trends would be as  
15 meaningful. Clearly if there has been improvement and  
16 the text indicates there were problems early in the  
17 period, but you are focusing on the performance in the  
18 latter part of the period, you would see that there  
19 has been a trend.

20 Generally, also we found that it takes a  
21 longer period of time, that is our inspection  
22 processes and other things are generally not able to  
23 detect a trend within a short period of time such as  
24 six months. So, we were attempting to make this more  
25 reflective of recent performance to address the issue

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 of adverse performance earlier.

2 DOCTOR MURLEY: But, Bill, to address the  
3 point, I think you're right. I'm not sure that -- I  
4 don't want to get rid of trend information. I think  
5 that's very important. I think the regional  
6 administrators generally agree. If we've done that,  
7 we'll maybe have to relook at how we can keep the  
8 notion of are they going up or down really ought to be  
9 in there because that's what I found most important  
10 when I was talking with a utility executive.

11 COMMISSIONER ROGERS: Sure. Not just  
12 where you are, where you're going.

13 DOCTOR MURLEY: Yes. And let us take a  
14 look at that.

15 CHAIRMAN SELIN: Could I just follow-up on  
16 that? Mr. Russell made a very good point. In a sense  
17 he implied that you can't figure out derivatives, that  
18 the way you get a trend is you take a snapshot at the  
19 beginning and the end and since the report currently  
20 is an average, you need to say whether the end was  
21 better or worse than the beginning and that's the  
22 trend. But it's Commissioner Rogers' point and I  
23 think Doctor Murley's point is important, although the  
24 need for a trend rating quantitatively will clearly be  
25 much less if we get a snapshot rather than just an

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 average over a long period. If you have to use  
2 Commissioner Rogers' phrase, "derivative information,"  
3 specific information that gives you the feeling things  
4 are going up or going down, it would be a pity to  
5 suppress that. Whether it's in a too improving or too  
6 deteriorating or it's in the text, that's a second  
7 level.

8 DOCTOR MURLEY: Yes. They always were, in  
9 my experience, the trend information that is declining  
10 or improving. Notation always was a bit subjective  
11 because it was based on the inspectors and the  
12 manager's field, but nonetheless it was, I found, to  
13 be relevant and important information. One can get  
14 some information by taking scores from the last SALP  
15 and this SALP and then seeing which way it's going,  
16 but that is much too crude for judging the current  
17 trend information. So, I think there will still have  
18 to be some judgmental basis for this. But we ought  
19 not to eliminate it altogether.

20 MR. RUSSELL: (Slide) If I can have the  
21 next slide, please.

22 Tom mentioned that the SALP areas were not  
23 equivalent from the standpoint of safety significance  
24 or resources being applied. We also found that SALPs  
25 were being used by others or abused in averaging,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 adding, subtracting, et cetera, to do correlations.  
2 We felt, one, that they ought to be more evenly  
3 weighted based upon our own resources being applied,  
4 and two, that they ought to be more focused on  
5 approximately equivalent safety significance.

6 In this case, we've proposed to go to four  
7 functional areas, operations, maintenance, engineering  
8 and plant support, where operations, maintenance and  
9 engineering are essentially unchanged from the way the  
10 SALP was previously conducted and plant support  
11 reflects the combination of emergency preparedness,  
12 health physics, radiation protection, fire protection,  
13 chemistry, transportation type activities. So, these  
14 are integrated together to address the issues of  
15 support to operations or maintenance or engineering.

16 We did have some instances, it was  
17 mentioned in the earlier report, where there were some  
18 inconsistencies in how safeguards type information  
19 were treated. We found that this was an area where  
20 there was also some examples of abuse, of using the  
21 SALP scores and process to unduly influence actions on  
22 the part of licensees. It is felt that by combining  
23 these in this manner, those issues which are most  
24 significant within an area would be addressed by text,  
25 but it would not be likely that an individual area

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 would sway an overall evaluation such that you would  
2 see how they were performing in a number of areas to  
3 weigh those.

4 (Slide) If I could have the next slide,  
5 please.

6 COMMISSIONER CURTISS: Bill, before you go  
7 on, could I ask you how you intend to distribute the  
8 issues that were previously evaluated in SAQV, safety  
9 assessment quality verification?

10 MR. RUSSELL: Yes. We intend to address  
11 safety assessment quality verification within each of  
12 the functional areas, and to the extent there is felt  
13 to be a concern cutting across areas, that that would  
14 be a topic that would be important to address within  
15 the cover letter to highlight, that there are problems  
16 in, for example, how the licensee conducts assessments  
17 of performance within their own areas. So, that was  
18 debated fairly significantly as to whether it should  
19 be an individual area or whether it should be  
20 incorporated within each area and it was felt it would  
21 be preferable to incorporate it within each area and  
22 then to assess the overall licensee program if there  
23 is a need within the cover letter.

24 COMMISSIONER CURTISS: Okay. Let me just  
25 expand on that. At one point the staff, I think, was

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 looking at -- picking up on Doctor Murley's earlier  
2 point, looking at whether there were leading  
3 indicators, if you will, in the SALP areas that would  
4 predict or coincide with declines and performance.  
5 Tom mentioned several plants that we've shut down over  
6 the past several years. In that regard, there was a  
7 view or a thesis at one time that what we were seeing  
8 is that for most of the problem plants a decline in  
9 SAQV usually, more often than a decline in other  
10 areas, usually preceded a plant getting into  
11 difficulty.

12 In pulling that thread, did the staff  
13 substantiate that correlation?

14 MR. RUSSELL: We did not really correlate  
15 with individual areas as it related to facilities that  
16 got into trouble. I know that my own experience in  
17 Region I, that SAQV was an area that I felt was quite  
18 significant from the standpoint it was essentially how  
19 well the management was doing in evaluating their own  
20 problems and what types of corrective actions they  
21 were taking for them and how they brought them to the  
22 fore. So, it was quite significant and it was not  
23 uncommon to see problems in SAQV combined with  
24 problems in other areas.

25 We do feel that some of the other aspects

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 of SAQV, the quality aspects that relate to conduct of  
2 activities and how independent evaluations are done,  
3 can be addressed within the functional areas. So, the  
4 conclusion was that we should address these as a part  
5 of the functional areas and to the extent there's a  
6 concern to address that in the cover letter.

7 COMMISSIONER CURTISS: All right. What  
8 you're proposing is that all the QA functions, the  
9 ISAC functions, on-site/off-site review committees and  
10 so forth will be evaluated for purposes of looking at  
11 their effectiveness in each substantive category what  
12 you've listed here?

13 MR. RUSSELL: That's correct. We intend  
14 to look at the results and how they're being handled  
15 within the functional areas rather than looking at the  
16 processes themselves.

17 CHAIRMAN SELIN: I'd like to follow-up.  
18 Commissioner Curtiss suggested something I hadn't  
19 thought of. Your argument is very logical. It says,  
20 why take out SAQV? Why not look at personnel or  
21 leadership? I hate to use the phrase "functional"  
22 because we use it two different ways, but we have  
23 areas of operations, what we call operations,  
24 maintenance, engineering, support and then we have  
25 functional categories, good financial controls, good

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 training, good management, which affect all these.  
2 But I would hope you would follow-up on Commissioner  
3 Curtiss' point. Take a look and see if SAQV was a  
4 particularly good leading indicator because we don't  
5 want to let sort of neatness and tidiness get in the  
6 way of something that in practical matters was very  
7 useful, if that's a particular category that seems to  
8 be more of a leading indicator than how much they're  
9 spending on operations or whether the corporate  
10 management is spending some attention on the plants.  
11 We should at least look at that.

12 MR. RUSSELL: Yes, sir.

13 CHAIRMAN SELIN: Clearly your proposal is  
14 a logical one, but I'd like to follow-up on the  
15 empirical parts as well.

16 As far as your general philosophy, I think  
17 that is the right philosophy. My philosophy on the  
18 use and misuse of these documents maybe is a little  
19 bit different. I think it's just a fact of life that  
20 people will use them. Whether they're uses or misuses  
21 is sort of in the eye of the beholder. Therefore, if  
22 you can make these programs more likely to be used  
23 correctly without interfering with their primary  
24 function, which is to support the staff, I think you  
25 do everybody a favor. Therefore, having categories of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 roughly equal weight is a very good message to third  
2 parties.

3 So, in principle I applaud the idea of  
4 aggregating points to be roughly equal weight as long  
5 as they don't get in the way of the primary purpose of  
6 the SALP, which is to communicate between the licensee  
7 and the staff.

8 MR. RUSSELL: One other observation --

9 COMMISSIONER REMICK: I'd like to follow-  
10 up on two points there. I agree that the four  
11 groupings, functional areas, are logical to me, but if  
12 I recall, this is an area where your outside comments  
13 were kind of lukewarm at most. What was the primary  
14 reason, if there are primary reasons, that industry  
15 was somewhat lukewarm on accommodation?

16 MR. RUSSELL: My personal view is that  
17 they had an agenda that was, first, to attempt to do  
18 away with SALP and, secondly, to do away with the  
19 scores. They were not supportive of changes within  
20 the program. So, I don't believe that while we had  
21 the breakout sessions, we got some comments in  
22 individual areas and they were helpful and we  
23 considered those. I think that their fundamental  
24 concerns were more broadly with the continuation of  
25 the SALP Program with the evaluations. Some were in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 favor of keeping individual scores because it gave  
2 their management a perspective of how they were  
3 performing in a particular area, health physics,  
4 emergency preparedness for example. In other words,  
5 they were putting additional resources in that area.  
6 The scores were generally good in that area and a poor  
7 score in another area could be offset by a better  
8 score, particularly where SALP scores were being  
9 averaged and used as a part of an incentive program or  
10 with the PUC, as is the case for example at Pilgrim.

11 COMMISSIONER REMICK: Okay. The other one  
12 was --

13 MR. RUSSELL: I would like to comment back  
14 on the SAQV issue. This is one that we also  
15 considered. That is we don't have many inspection  
16 resources that are directed principally toward SAQV.  
17 It is generally an analysis process that you go  
18 through and you try and extract how well have they  
19 been identifying finding their own problems, how have  
20 they been handling their quality reviews and  
21 oversight.

22 So, we found that there were not many  
23 resources being applied to it. It was an integration  
24 process. It was how you looked at the results.  
25 That's why we also felt that it was significant to put

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 that within each category and then if there were  
2 concerns that the regional administrator would address  
3 those significant concerns within the cover letter  
4 with the supporting information being in the category  
5 evaluations. So, there was not a uniformity in the  
6 distribution of resources to SAQV as compared to other  
7 areas.

8 COMMISSIONER CURTISS: Could I follow-up  
9 on that, Forrest? Just one observation.

10 I don't feel particularly strongly about  
11 whether SAQV ought to be a separate category or, as  
12 you have proposed, implicit in each of the four  
13 categories. The important thing in my view, and the  
14 reason I raise SAQV, that function, the issues that we  
15 have analyzed in the context of what was previously  
16 the SAQV category go to the licensee's ability to  
17 self-evaluate their own problems. That issue, in my  
18 view, that area, because it is so crucial to the  
19 regulatory approach that we take to licensees, we  
20 depend, given our limited resources and our audit-type  
21 focus, to a significant degree on the ability of a  
22 licensee to evaluate and correct its own problems.

23 Just parenthetically, we also in the  
24 enforcement context treat a licensee that evaluates  
25 its own problems differently than one where we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 identify the problem.

2 So, the important thing in my mind is not  
3 whether it's a separate category or not, but wherever  
4 the issues that were previously analyzed in the SAQV  
5 context ultimately end up residing, that we make sure  
6 that we are focusing either in a separate category or  
7 in each of these individual categories on that self-  
8 evaluation function. That's the point that I was  
9 attempting to emphasize.

10 COMMISSIONER ROGERS: Well, could that be  
11 done by simply merging or requiring that the regional  
12 administrator address that in his letter? In other  
13 words, rather than give a separate rating, a scoring  
14 on it, that the letter always addresses the SAQV  
15 situation.

16 DOCTOR MURLEY: That's a very good point.  
17 I think we need to think -- I mean we agree totally  
18 that one of the major attributes of good management at  
19 a plant and safety management is the ability to do  
20 self-evaluation and critical self-evaluation.  
21 Conversely, an element that's almost always there when  
22 a plant gets in trouble is the lack of critical self-  
23 evaluation. So, I think it's a good point. We  
24 certainly don't want to miss it and if somehow we  
25 might overlook it in this process, we don't want to do

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1       that.

2                   MR. TAYLOR: That may be a way to do it,  
3       and I think we'll think that through.

4                   MR. MILHOAN: I guess one observation I  
5       have is the category ratings themselves now explicitly  
6       address the subject of self-assessment in the ratings  
7       themselves.

8                   DOCTOR MURLEY: But this could be a way  
9       that the regional administrator ought to directly  
10      focus on that particular issue and mention it in the  
11      cover letter.

12                  MR. RUSSELL: And I think it also would be  
13      useful to illustrate it with examples in the  
14      enclosures where there are problems in an area and  
15      then with some type of an overall conclusion in the  
16      cover letter.

17                  (Slide) If I could have the next slide,  
18      please.

19                  CHAIRMAN SELIN: Did you have another?

20                  COMMISSIONER REMICK: I'll get you on the  
21      next slide.

22                  MR. RUSSELL: We propose to simplify the  
23      rating process. We have eliminated the attributes to  
24      be evaluated against each functional area, the more  
25      complex matrices that were being used, and we have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 provided definitions which incorporate within the  
2 definitions the attributes that we are concerned with.  
3 Broadly, without going through each of the  
4 definitions, they relate to superior performance, good  
5 performance or what we will characterize as acceptable  
6 performance with weaknesses in some areas, or cases  
7 where there may be a small margin to unacceptable  
8 performance.

9 In the case of a SALP rating of 1 that  
10 relates to superior performance, we would expect to  
11 reduce the resources that are being expended on that  
12 facility and clearly in those cases where the SALP  
13 performance indicates that it's acceptable but weak,  
14 or is approaching minimal margins to acceptable  
15 performance, that that would be appropriate for  
16 increased oversight and activities.

17 I've already mentioned the improving  
18 declining trends and we've discussed that.

19 COMMISSIONER REMICK: Bill, you had a  
20 statement in the August version and I think it was  
21 primarily associated with the matrix that you just  
22 referred to, but I thought it had more general purpose  
23 and could be associated with the possible  
24 misunderstandings and misuse outside. It was a  
25 statement that said statistical or numerical balancing

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 is inappropriate. That's been taken out of the latest  
2 version because I think the matrix was taken out. But  
3 I would just make the observation I thought that could  
4 be helpful somewhere to alert people that the  
5 numerical averaging, balancing and so forth is  
6 inappropriate. I hated to see that one sentence go,  
7 although I understand why the staff took it out.

8 MR. RUSSELL: This was principally as it  
9 related to the internal activities of the board and  
10 how the board voting processes worked and developing  
11 a matrix approach. When we're trying to emphasize  
12 that this is not a numerical process by the numbers,  
13 we do want judgment to be applied. It needs to be  
14 done with an understanding of how it's to be used. I  
15 know from sitting on boards or observing boards, that  
16 most of the debate occurs between the judgments as to  
17 whether this warrants a category 1 or it's a category  
18 2 or a 2 versus a 3. I think that's appropriate.  
19 That's really what we want to facilitate. If we are  
20 going to a program where the rating has an impact on  
21 what we do with our resources and changes that we may  
22 be making, then we need to make sure that we have that  
23 debate. Often the line between a 1 and a 2 or between  
24 a 2 and a 3 is a fine line. So, we need to have the  
25 definitions, but they do require judgment and that's

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 why we propose that senior managers receive the  
2 information, evaluate it and then make recommendations  
3 to the regional administrator.

4 COMMISSIONER REMICK: I assume by that  
5 you're agreeing with my comment or not? I'm not sure.

6 MR. RUSSELL: I agree with the comment,  
7 but I don't believe that it's necessary based upon the  
8 changes that we have made. We clearly don't want to  
9 have people averaging the final scores. We look at  
10 them as it relates to functional areas and how we  
11 would allocate our resources. We're proposing to  
12 address our inspection program more closely so that if  
13 there are problems in maintenance we would see more of  
14 a focus in maintenance as an example.

15 So, we feel that we are -- by more equally  
16 weighting the areas, we are minimizing that, but we  
17 did strike that when we struck the sections on the  
18 internal workings of the process.

19 COMMISSIONER REMICK: I think it would  
20 still be worth having it somewhere in the document as  
21 a reminder to people, although, as I say, I understand  
22 why you took it out, because it was directly  
23 associated to the matrix which was removed.

24 MR. RUSSELL: (Slide) If I could have  
25 slide number 8.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 COMMISSIONER CURTISS: Bill, before you go  
2 on, I actually have a couple of comments and one  
3 observation about the actual performance category  
4 ratings. First, picking up on the SAQV issue, it is  
5 indeed reflected in each of the category 1, 2 and 3  
6 ratings that you have here. In the formulation in the  
7 category 1 rating, it reads, "The licensee's self-  
8 assessment efforts have been productive in the  
9 identification of emergent issues." I guess I'd  
10 encourage you to take a look at whether the word  
11 "productive" is the one you want to use, vice, let's  
12 say, effective. I don't think what we're looking  
13 there for is that QA programs generate a lot of audits  
14 or generate a lot of findings that may or may not be  
15 the focus and "productive" kind of had that  
16 implication in my mind. If what you're looking for  
17 there -- maybe I can ask. Is what you're looking for  
18 there an effective program vice necessarily a  
19 productive one, or am I missing a point?

20 MR. RUSSELL: I think that you really need  
21 to take that in context with the second sentence as  
22 well. That is are they finding issues and then the  
23 second sentence addresses that the corrective actions  
24 are sound, comprehensive and thorough. So, it's both  
25 are you finding issues and then are you taking action

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 based upon those issues.

2 DOCTOR MURLEY: But that's a definition of  
3 effective really.

4 MR. RUSSELL: But that really is  
5 effective.

6 COMMISSIONER CURTISS: Okay. Unless I'm  
7 missing a point there --

8 MR. RUSSELL: No.

9 COMMISSIONER CURTISS: -- it just occurred  
10 to me that productive might mean how many findings are  
11 you generating or how many people do you have doing --

12 MR. RUSSELL: We don't intend it to be a  
13 bean count.

14 COMMISSIONER CURTISS: That may or may not  
15 be an effective way to analyze it.

16 Secondly, you bring into the individual  
17 performance categories here from the matrices, and in  
18 particular from the matrix on staffing, the licensee  
19 resource question. In each of these categories:  
20 category 1, licensee resources are effectively  
21 applied; category 2, licensees staffing and resources  
22 are generally effective but at times may be strained;  
23 and category 3, licensee resources are restricted,  
24 limiting the effectiveness of programmatic and/or  
25 corrective action. I guess I'd offer just an

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 observation. I'd like to reflect upon what you've got  
2 here and what your views are.

3 It's not at all clear to me that what we  
4 ought to be focusing here on is whether a licensee's  
5 resources, staffing for example, are being effectively  
6 applied or strained or what have you. We do that  
7 today in one limited context that I am aware of, the  
8 overtime question where we have made a nexus between  
9 overtime under the policy statement and the ability of  
10 a person to perform from a safety standpoint.

11 This kind of opened the door, in my view,  
12 for potentially -- I'll call it pernicious, I guess,  
13 focus on licensee staffing levels. I guess the  
14 question that I would put to you is are we really  
15 interested in whether a licensee's staff is effective  
16 or strained or that the performance that results from  
17 however the licensee wishes to apply its staff,  
18 whether limited or not?

19 Take a specific example. We've talked,  
20 for example, about maintenance backlog in many problem  
21 plant contexts. I guess there are one of two ways you  
22 could look at that, either focus, as I think we  
23 should, on the backlog itself and why the backlog  
24 presents a safety concern for us, or alternatively,  
25 and this language might suggest this focus,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1       alternatively tell the licensee, "We don't think  
2       you've hired enough people to get your backlog down."  
3       Now, in framing it that way, you understand where I'm  
4       coming from in terms of what the focus ought to be,  
5       but I'd like to get your reaction because the staffing  
6       question is brought directly into the performance  
7       categories here in this context.

8                   MR. DAVIS:     Could I comment on that?  
9       We've had a couple of instances in Region III where I  
10      think it's been helpful to be able to use both of what  
11      you just said, both that the backlog is not being  
12      taken care of and then follow that on with, and you  
13      really don't have the resources to handle that  
14      backlog.    We've had this at two of the plants,  
15      particularly in engineering where they weren't getting  
16      their engineering done.   It was obvious to us that  
17      they didn't have the engineering staff to really do  
18      the engineering work that was needed and they were not  
19      using outside engineering assistance.

20                   So, using both of those factors, I think,  
21      had more of an impact on the CEO when we talked to him  
22      about it than if we'd have just talked backlog.

23                   MR. MARTIN:   I'm inclined to agree with  
24      Bert and I'll give you an example, FitzPatrick.   One  
25      of the problems they had was they were so short on

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 licensed operators that they had to take their line  
2 managers and put them on shift. As a result, a number  
3 of the oversight functions, a number of the planning  
4 and policy issues were not being addressed. That led  
5 to a degradation in their performance. They admitted  
6 they were understaffed there and they've been working  
7 their way out of that. So, I think there is a  
8 combination of inadequate allocation of resources, I  
9 see that as a management performance issue, and how  
10 those resources perform. So, I think both elements  
11 have to be touched.

12 MR. RUSSELL: I think though that your  
13 observation is correct. It needs to be shown in some  
14 type of performance problem rather than an issue of  
15 staffing or comparisons of sizes of organizations. We  
16 are also in a situation where currently many  
17 facilities, in looking at their O&M costs, are  
18 focusing on down sizing, right sizing, whatever words  
19 you want to use to describe it, and if we start to see  
20 that there are increases in backlogs, if the  
21 activities are not being accomplished that we expect  
22 to be accomplished, and that's combined with  
23 activities associated with reducing staffing, it  
24 appears appropriate to discuss those in context with  
25 what the observed problems are.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 COMMISSIONER CURTISS: Where that nexus is  
2 clear and established, I guess I think it's perhaps  
3 appropriate to focus on it in that way. I will say  
4 that as I've gone around the country and talked to our  
5 people and others about these right sizing programs or  
6 down sizing, there does tend to be a visceral reaction  
7 whenever one talks about reducing staff. A concern  
8 that gets raised, just as a result of the reduction in  
9 staff, and that gets communicated through the  
10 organization without in every case a clear  
11 articulation of what the nexus is between the size of  
12 the staff and the actual performance that we're  
13 expecting. If the introduction in the category  
14 ratings is intended in the spirit of saying, "We need  
15 to have at bottom and with the principal focus on the  
16 performance, and if there is a nexus between the  
17 performance of the staff, perhaps it's appropriate to  
18 highlight that in the egregious cases." I'll view  
19 that in that context.

20 COMMISSIONER REMICK: I did not interpret  
21 Commissioner Curtiss saying anything that would  
22 preclude Bert or Tim making those observations where  
23 they felt they should. I thought Commissioner Curtiss  
24 was addressing how it's worded in the category ratings  
25 and might be misinterpreted. Am I correct, Jim?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 COMMISSIONER CURTISS: I think it's worded  
2 in such a way that it would lend itself to any of a  
3 wide range of interpretations.

4 COMMISSIONER REMICK: Yes.

5 COMMISSIONER CURTISS: Let me just give  
6 you one. It's a category 1 matter phrased, "Licensee  
7 resources are effectively applied." I can envision a  
8 situation, hypothetical, where an inspector might look  
9 at a licensee and with an abundance of resources in a  
10 particular area, a lot of staff in a particular  
11 functional area, say, "You've got a lot of staff here  
12 and you ought to be able to do a lot more than you're  
13 doing with the staff that you have and that's what  
14 we'd like to see in terms of effective application of  
15 the resources that you have."

16 I don't think that's what you intend  
17 here--

18 MR. RUSSELL: No.

19 COMMISSIONER CURTISS: -- but as I've  
20 watched SALP board meetings in some detail in each of  
21 the regions, the matrices and now these category  
22 definitions are extremely important in terms of the  
23 way they're worded. I think the spirit here is clear.  
24 I need to look at the language, which we do, and see  
25 if it accomplishes that.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 MR. RUSSELL: (Slide) If I could have the  
2 next slide, please.

3 I believe that, in fact, we've covered  
4 most of what I wanted to address here. We have  
5 eliminated the matrices and the more complex voting.  
6 We felt with senior managers being the members of the  
7 board, with the objective of them reaching a consensus  
8 based upon the information that they have heard that  
9 it was unnecessary to continue the complex voting and  
10 cumbersome process that we had previously.

11 (Slide) If I could have the next slide.

12 This seemed to be a significant issue.  
13 That is the timeliness of our communications with the  
14 licensee. We intend to be able to get to the meeting  
15 with the licensee within 60 days of the close of the  
16 period. Previously that could be 120 days or more.  
17 We think that with the ratings reflecting the more  
18 recent performance that this then becomes a vehicle  
19 for a dialogue on current performance with the  
20 licensee in a very candid manner.

21 We also feel that the meeting with the  
22 licensee needs to be conducted by the regional  
23 administrator or the deputy regional administrator  
24 such that it's clearly the NRC's evaluation of the  
25 licensee's performance during that period. We did

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 include as one of our objectives communicating with  
2 the public. We think that the scores do assist with  
3 that communication and we think that the reports being  
4 shorter and more meaty will also improve the effective  
5 communications.

6 We did include within the proposed changes  
7 an option that under circumstances where there had  
8 already or recently been a public meeting with the  
9 licensee addressing the issues of concern as described  
10 in a SALP report, that under that circumstance is was  
11 not necessary to hold an additional meeting to just  
12 review the SALP report, or in cases where the regional  
13 administrator judges that there are not significant  
14 issues to communicate to a licensee that the report is  
15 straightforward and self-explanatory, that there would  
16 not be a need for such a meeting. We've put some  
17 administrative controls in place that where a regional  
18 administrator decides not to hold such a meeting, that  
19 NRR would be informed of that such that we can  
20 evaluate how frequently and whether we are, in fact,  
21 missing a key part of our communications with the  
22 licensees.

23 CHAIRMAN SELIN: I have to tell you that--

24 MR. RUSSELL: We take a flexible position.

25 CHAIRMAN SELIN: I'm uncomfortable on this

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 section. Clearly, the idea that the process should be  
2 less prescriptive and more tied to the facts is a  
3 positive one and anytime one puts in a prescription  
4 that says, "Thou shalt hold a meeting regardless," you  
5 have to be nervous about that.

6 But having said that, number one, it would  
7 be ironic if in trying to make the process more  
8 regular and open to the public, the net result were  
9 fewer meetings instead of more meetings.

10 The second is that I'd be very  
11 uncomfortable with the tendency to say, "We only have  
12 SALP 3 meetings and not SALP 1 meetings, because since  
13 everything is so terrific there's nothing to  
14 communicate."

15 But the third point is that these are  
16 supposed to be communications. If you look at it from  
17 the point of view of the regional administrator,  
18 obviously he or, I hope in the not too distant future,  
19 she would like to allocate his time more efficiently,  
20 but this should be a big deal, that every year and a  
21 half the CEO and the board or senior people and the  
22 regional administrator are going to talk about the  
23 plant. That way it just happens. The fact that the  
24 regional administrator's meeting with management is  
25 not news in itself, it's happening because there's a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 SALP meeting, not because there's something special to  
2 talk about and then things will come up.

3 So, obviously, I wouldn't go to the point  
4 of saying, "No, you must have a meeting whether or not  
5 there's anything to talk about," but I sincerely hope  
6 that the absence of a meeting is a very unusual event.  
7 It's much more clearly tied to the second point rather  
8 than the first point. For some reason we just had a  
9 public meeting, the same audience was there to go  
10 through the same material, would not be called for.  
11 The idea of regularly scheduled meetings so that the  
12 meeting itself is not news and therefore people will  
13 communicate is a very positive point and is to be, in  
14 my opinion, changed with great reluctance.

15 COMMISSIONER ROGERS: I feel exactly the  
16 same way. I think that the little extra time that it  
17 might take to hold that meeting is inconsequential in  
18 terms of the assurance to the public that it's a  
19 regular process, it always takes place that way, you  
20 can depend on it. There may not even be anybody there  
21 after awhile, but the fact that you have it is very  
22 important. It acts as a kind of additional statement  
23 of credibility in a certain sense, of openness and to  
24 me it's just worth the investment. The arguments  
25 about not making it don't seem to me to counter the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 negatives in the public's mind when you decide to  
2 cancel it or not hold it.

3 You know, I would just encourage you very  
4 much to do it as a regular thing and not make a big  
5 deal about it, this is just the way we do it. Yes, it  
6 may not really even be necessary from the standpoint  
7 of communicating something new, but the regularity of  
8 the process and the reliability of the process is also  
9 an important factor. I think it helps to bolster a  
10 sense of stability in the process. There's no ad hoc  
11 elements here. You don't decide to have it or not  
12 decide to have it, you just have it. To me it's worth  
13 that added investment of resources. Even if you don't  
14 really think it's going to accomplish a great deal,  
15 the fact that it demonstrates a regularity and  
16 consistency is worth something and I would urge you to  
17 do it.

18 COMMISSIONER REMICK: I would have a  
19 comment. I think I come out somewhere in between.  
20 The real value of this process is communicating with  
21 the licensee's and NRC's management evaluation or  
22 assessment of how they're doing. That is the driving  
23 force. I think they should be open to the public.  
24 But the value is the communication with the licensee.  
25 So, I would not want us to be driven that we hold

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 meetings because we want to communicate with the  
2 public. It's an excellent opportunity to communicate  
3 with the licensee and that process is open to the  
4 public.

5 So, I think we're coming very close to  
6 saying the same thing, but where I place my primary  
7 emphasis is on senior NRC management sitting down with  
8 licensee senior management just like each of us sits  
9 down with our supervisor or people we supervise and  
10 give them evaluation of how we think they're doing.  
11 That's the real strength of the process and being able  
12 to do that in a candid manner.

13 In fact, going back some years ago, the  
14 early days of INPO, on a number of speaking occasions  
15 I pointed out I thought that was a real strength of  
16 INPO that the NRC did not have and that was sitting  
17 down with the CEOs and the senior vice president and  
18 talking turkey. Really being very candid about their  
19 evaluations I thought was a unique strength of INPO.  
20 I think this process now provides the NRC with a  
21 somewhat equivalent opportunity.

22 DOCTOR MURLEY: Yes. I think we  
23 wholeheartedly agree with those views.

24 Just to explain why to some extent I think  
25 we felt that maybe the public meetings recently have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 not been as useful as they were in the past or is that  
2 they have become highly stylized and in some cases, as  
3 I mentioned in my opening remarks, kind of overly  
4 formalized. One gets into this mutual posturing and  
5 it really isn't communication. I've heard this both  
6 from the regional administrators and from the  
7 industry. So, what we've got to do, it seems to me,  
8 is work harder at making them useful communications  
9 and then everyone will see the benefit to it.

10 CHAIRMAN SELIN: You have a conundrum. If  
11 you have almost all the public meetings, you're not  
12 going to save any resources. If you save resources,  
13 you're going to cut out half of the meetings and that  
14 would be highly undesirable. So, it's sort of a  
15 self --

16 DOCTOR MURLEY: But to do both of those  
17 things, namely to communicate with the licensee what  
18 we really think and talk turkey I think is the real  
19 value of these meetings because we've got a year and  
20 a half's worth of information to do that with. And  
21 for the public to see us doing that, I think is very  
22 important. So, we do agree we've got to work harder  
23 probably to make these meetings a little --

24 COMMISSIONER ROGERS: Yes. I don't know  
25 to what extent you've had any outside help with this

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 in terms of how to conduct such a meeting in public in  
2 a way that minimizes this posturizing and yet does  
3 maximize the candor. I don't know. It is not so  
4 easy. It is not a trivial matter. The tendency is to  
5 speak to the crowd rather than to speak across the  
6 table. That has to be somehow or other erased from it  
7 as much as you can. You can't eliminate it totally,  
8 but I think that it might even pay to think of getting  
9 a little advice from some people who might be helpful  
10 in just talking to the people who are going to make  
11 the presentations, at least on our side, to try to see  
12 if there isn't some way we can minimize this speaking  
13 to the television cameras rather than speaking across  
14 the table to the people that you really want to talk  
15 to.

16 There is always a problem of candor when  
17 you have a public meeting. There's always a problem  
18 of a certain amount of guardedness or posturing. It's  
19 difficult to totally get that out of the process. On  
20 the other hand, we are committed to public meetings.  
21 So, we have to try to see if we can be creative about  
22 how to achieve those results that we want to achieve  
23 in communication with candor in a public setting.

24 DOCTOR MURLEY: Let us look at that.

25 COMMISSIONER REMICK: One additional

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 comment I'd make and I realize it's very idealistic in  
2 the situation we're talking about. But one would hope  
3 that licensees would also provide their comments to  
4 the NRC, and I realize that's very difficult in this  
5 setting, but here's an opportunity with a regional  
6 administrator and so forth. But I think if they have  
7 views of things we're doing which are interfering with  
8 their ability to perform in a safety manner, that they  
9 would provide those at such a meeting.

10 DOCTOR MURLEY: I hope so.

11 COMMISSIONER REMICK: And I realize it's  
12 somewhat idealistic.

13 DOCTOR MURLEY: This, I think, is the  
14 unfortunate pernicious effect that the use by SALPs of  
15 other folks has had. That is I can remember in the  
16 mid-'80s as a regional administrator, I conducted  
17 probably 80 some SALP meetings. This was before they  
18 were used as bond rating factors. I felt almost  
19 universally this was a good open dialogue. That has  
20 changed and one of the reasons it's changed is because  
21 there's so many people looking over them that it's  
22 very difficult for the licensee to admit that they've  
23 had problems because of perhaps it might affect their  
24 PSC rates and things like that. But we've got to find  
25 a way to bring back useful dialogue. I think maybe

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 seeking some advice might be a way that we can look at  
2 that.

3 MR. RUSSELL: In fact, just doing it  
4 across the table instead of having a stage with  
5 presentations to an audience may be a tool that would  
6 help.

7 CHAIRMAN SELIN: Putting the licensee in  
8 the stocks probably doesn't help very much.

9 MR. RUSSELL: I'm going to skip slide 11  
10 because I think we've discussed it.

11 What I'd like to do now is really shift to  
12 some changes really to the inspection program. In the  
13 Commission paper we addressed the SALP Program and  
14 process and we indicated that some of these outcomes  
15 would be reflected in the inspection program and in  
16 our internal procedures, but it's what we are  
17 considering from the standpoint of how we would use  
18 SALP to allocate resources.

19 We're looking specifically now at the good  
20 performer end of it. That is if the performance  
21 really is superior, what can be done to recognize that  
22 performance and by doing so encourage others to  
23 similarly perform? There are two things that we were  
24 looking at. One, we found, as Tom mentioned, that the  
25 N+1 Program seemed to be a significant driver of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 resources. We believe that with the flexibility that  
2 the Commission has granted to the staff to provide  
3 case by case exceptions to the N+1 policy, that one of  
4 the factors that we should look at is, in fact,  
5 licensee performance as well.

6 So, in the cases where we would conclude  
7 that the licensee is a good performer, and we  
8 recognize we need to revise subject to Commission's  
9 decision on the proposals for SALP the good performer  
10 criteria, but we would consider that this would be an  
11 option that could be implemented to potentially reduce  
12 the on-site inspection activities at those facilities  
13 which had superior performance.

14 The second area is one which has really  
15 two aspects to it. One is that it would recognize and  
16 give the licensee the opportunity to demonstrate their  
17 ability to self-assess in an area where the NRC has  
18 programmatic or broad concerns. The concept is that  
19 when we issue temporary instructions for the conduct  
20 of team inspections, such as the electrical system  
21 design, safety inspection or the service water  
22 inspection, or those types of activities where we want  
23 to conduct a review in each area, that we would  
24 potentially develop a process that for a good  
25 performer, instead of conducting a team inspection,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 that we would allow the licensee to perform  
2 essentially the scope and depth of inspection on  
3 themselves, that it could be monitored by a specialist  
4 or by a resident inspector while it is being  
5 conducted, and then the licensee could brief us on the  
6 findings and the actions taken from the findings.  
7 This would reduce the impact of the large team  
8 inspections, would provide an incentive for them to  
9 demonstrate their ability to assess performance,  
10 material condition, et cetera, in their facilities,  
11 and we see that this is a potentially positive benefit  
12 from a safety standpoint and it also recognizes and  
13 gives some reward for good performance.

14 CHAIRMAN SELIN: Could I just stop you for  
15 a second? Language is very important and it's not  
16 that they would do a self-audit, they would do a self-  
17 assessment and then we would do an audit.

18 MR. RUSSELL: We would do the audit of  
19 their assessment.

20 CHAIRMAN SELIN: Yes. And it's very  
21 important. The second point that I'd just like to add  
22 to what you've said is that there's a lot of anecdotal  
23 evidence that says when we're going to do a team  
24 inspection the licensee does the team inspection  
25 themselves first and then we come in. So, it's not so

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 much shifting the load from our inspection to their  
2 inspection. It's to recognize if they're going to do  
3 the work anyway, that we should take advantage of  
4 that. Also, most importantly, leave the  
5 responsibility where it lies, which is with the  
6 licensee to do the self-assessment, plus the other  
7 points that you made about rewarding good performance,  
8 not just as a kind of carrot and stick, but because  
9 there's plenty of evidence that says the good guys are  
10 really very good and the laggards could improve. They  
11 need more effort put in there.

12 MR. RUSSELL: Based upon the discussion of  
13 this point at the senior management meeting in  
14 January, Tim Martin in Region I is conducting some  
15 pilots to develop the processes and procedures that we  
16 would use to be able to implement. It could also  
17 potentially be used by a licensee where they would  
18 conduct the activity first. They would have the  
19 results. Even though they're not a good performer, we  
20 could then do a subsequent inspection. If that  
21 confirmed our own findings, that would be information  
22 that we could use to reflect in that area their  
23 performance and that may, in fact, result subsequently  
24 in them being considered a good performer based upon  
25 the quality of their assessments.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1           So, we are at this time trying to develop  
2           the procedures and the processes by which we could  
3           implement this through our inspection program and we  
4           are focusing on the team inspection. So, those two  
5           areas, we think, would be potential for recognition  
6           for the good performers.

7           COMMISSIONER ROGERS: I fully support  
8           that. I think that's a very good approach, but I also  
9           think that you have to think pretty carefully about  
10          how you're going to assess that they're not doing it  
11          well enough --

12          MR. RUSSELL: Yes.

13          COMMISSIONER ROGERS: -- even though they  
14          have done it in the past. In other words, the  
15          declining trend problem, because it seems to me that  
16          a very quick decision has to be made there. You can't  
17          let that dribble on. When they're not doing self-  
18          assessments as well as they should be done, then you  
19          can't just let this go on for awhile until you decide  
20          to come in with a team inspection. It seems to me  
21          that that has to be a very quick decision when you see  
22          that, that you don't let anything spin out that should  
23          really be done better.

24          MR. RUSSELL: We think that some of that  
25          will be still addressed with what we call the core

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 program. That is the minimum program that is done at  
2 each facility and how we evaluate their corrective  
3 actions taken in response to events or other things  
4 which occur. But this is an area where we felt that  
5 the resources that would be made available could be  
6 applied more effectively to the facilities which are  
7 at the other end of the spectrum, those which are  
8 receiving category 3 or for which the NRC has concern.  
9 So, this would allow us to redirect resources and put  
10 the resources to those areas which are of greater  
11 safety concern.

12 COMMISSIONER CURTISS: Bill, before you go  
13 on, let me expand on this point. The issue of  
14 resource allocation in my mind is one of the two most  
15 challenging issues for us in the context of looking at  
16 SALP and the second one I'll get to later on. It  
17 sounds to me as if it is generally recognize that as  
18 you look back over the inspection hours in the context  
19 of how people have performed in SALP, that as Tom  
20 indicated at the outset that there hasn't been a very  
21 good correlation, and that's instructive for a couple  
22 of reasons. One, not because SALP ought to be a  
23 process that drives in a very prescriptive way who we  
24 inspect. It is a look back at performance over now  
25 the past six months under your proposal. But it is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 interesting, I think, to reflect upon in a historical  
2 way how plants have performed in the SALP context and  
3 how our inspection resources during that same period  
4 of time have been applied.

5 If you -- again here recognizing the  
6 danger of using SALP to rank, if you in a rough way  
7 look at the performance in the SALP context and look  
8 at the inspection resources that have been applied, I  
9 don't see that correlation. So, I welcome this  
10 effort. I'm pleased to see that you're thinking in  
11 that regard. The N+1 flexibility, I think, will move  
12 us in that direction.

13 I do have a couple of comments and a  
14 couple of questions. First, as you look from an  
15 inspection standpoint at the range of SALP performers,  
16 and if you were to say, "We've got some performers at  
17 the very top, some performers at the very bottom and  
18 half of them right in between," does the staff have a  
19 general view, I guess in a forward looking way, as to  
20 how you would allocate your inspection resources, what  
21 your targets are or your bands in terms of percentages  
22 for, let's say, the top quartile and the bottom  
23 quartile? Do we want to be devoting twice as much  
24 resources to the bottom quartile as we do the top?  
25 How do you approach that?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1           My sense has been, and I'd be interested  
2     in what your thoughts are, that as I watch the SALP  
3     boards, a decision gets made, "We'll put an inspection  
4     on here based upon what we just talked about," or,  
5     "We'll do an inspection there. Maybe we ought to go  
6     beyond and do a discretionary inspection in this or  
7     that area." But what I'm really asking for is the top  
8     down focus from NRR across the inspection arena in a  
9     general way. Can you expand on that?

10           MR. RUSSELL: Yes. The inspection program  
11     is made up of different parts. I mentioned the core  
12     program, which is essentially the minimum program that  
13     is done at all facilities. There is some variation  
14     within the core based upon performance. That is a  
15     good performer probably takes you less time to  
16     determine that the performance in an area is  
17     satisfactory then if you go into a facility that is  
18     performing less well, you may need to pull the string  
19     a little bit more to find out what some of the  
20     problems are.

21           But the core program takes a substantial  
22     amount of resources. We also find that N+1, that the  
23     additional inspectors on site typically spend a  
24     significant portion of their time doing core. So,  
25     this tends to caused the core program to be more

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 resource intensive than the original objectives of  
2 about 30 to 40 percent for the core program.

3 The second thing that we have little  
4 control over is what I will characterize as the  
5 reactive or the event-based inspection, the AITs or  
6 the special teams that are in response to an event  
7 where it doesn't raise to an AIT level. Those impact  
8 your planning fairly significantly. You can't  
9 anticipate when they're going to occur, and so you  
10 reprogram your resources and you respond to those.

11 The third thing that drives resources are  
12 the team inspections where we indicate that this is an  
13 issue that is of generic concern across the country  
14 and we essentially want to conduct a comparable scope  
15 inspection at each facility. That takes a substantial  
16 number of resources.

17 So, when you combine all those together,  
18 the amount of resources that a regional administrator  
19 has that are discretionary, that he can really  
20 redirect to various areas based upon performance is  
21 somewhat limited. That's why we don't see the strong  
22 correlations between the SALP and other areas. So,  
23 really to make more of a correlation, we have to free  
24 up some resources from other areas. So, the objective  
25 of freeing up some resources from N+1, freeing some

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 resources from team inspections would allow you to  
2 still meet your responsibilities as it relates to  
3 reactive inspections, but may give you some additional  
4 resources for discretionary activities where you could  
5 then focus on facilities which have more performance  
6 problems.

7 So, that's the concept as to how we put  
8 that together.

9 COMMISSIONER CURTISS: I think that the  
10 thought process is moving in the right direction as  
11 you look back and you see a plant that is clearly a  
12 top performer, getting inspection hours comparable to  
13 a plant that is clearly a bottom ten percent  
14 performer. There's something there askew and you only  
15 get that -- you don't get that on a day to day basis  
16 when you allocate your inspection hours. You don't  
17 have that top down focus, but somehow that top down  
18 focus needs to be brought to bear on it so that if  
19 we're seeking to recognize the good performers in a  
20 fashion beyond just a letter to them and to say your  
21 good performance now allows us to, as the SALP process  
22 I think contemplates, to scale back on our  
23 inspections, that top down look, I think, would  
24 generate that.

25 Just a specific question on what you've

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 proposed and I would like to see the details fleshed  
2 out in more detail. You mentioned the process of  
3 relying on a good performer's self-evaluation,  
4 essentially is what it is, in a couple of areas. You  
5 mentioned service water and EDSFI as examples. Is it  
6 your current thinking that you would limit that  
7 concept to ISFSI type inspections? You've mentioned  
8 two that are of that type, or would the concept extend  
9 beyond that so that where for a good performer you've  
10 generally satisfied yourself that they've got a good  
11 self-evaluation program, they've got a good audit  
12 program, a good root cause program, all the things  
13 that go along with -- that we do in our inspections.  
14 Would you, for example, say that a licensee might do  
15 its own, oh, I don't know, MOV inspections or security  
16 inspections or what have you? Have you got to the  
17 point of thinking about the breadth of the proposal?

18 MR. RUSSELL: At this point in time we  
19 focused on the mandatory team inspections which are  
20 basically headquarters initiative and then fed out to  
21 the regions to accomplish on each of the facilities.  
22 It's principally because of the resource impacts that  
23 the large teams have, both on licensees and on  
24 ourselves to conduct the team. So, we saw that this  
25 was a potential area where we could redirect some

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 resources. We have not extrapolated beyond that. We  
2 want to get some experience with it. We think that  
3 that's one that is well defined. There is a specific  
4 TI for it. There are objectives to be met. There's  
5 scope that's defined, processes that are defined,  
6 criteria that are defined. So, we feel that that's  
7 the place to go first to look at it.

8           There may be other cases though. We do  
9 conduct safety system functional inspections,  
10 operational readiness inspections and other types of  
11 team inspections where there's a lot of planning that  
12 goes into it. I know that in the past regional  
13 administrators -- and I have done this when I was in  
14 Region 1. If a licensee was conducting their own  
15 safety system functional inspection in an area and  
16 they were doing that and then sharing the results with  
17 us, that was often the basis to defer or not perform  
18 a safety system functional inspection of that  
19 facility.

20           COMMISSIONER CURTISS: Yes. I think I  
21 said ISFSI. I meant SSFI, if I didn't get my acronym  
22 there right.

23           MR. DAVIS: Could I make a comment on  
24 this? It may be a minority view. I think that the  
25 allocation of resources to a plant has to be an

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 ongoing thing and I think it is. At least in my  
2 region it is. It's not something that we just do at  
3 the end of a SALP period and then it lasts for the  
4 next 15 or 18 months. It's almost done daily. In our  
5 stand-up meetings in the morning we look at what's  
6 going on at the different plants. So, that has an  
7 effect.

8           There are also times when we'll inspect a  
9 good performer. Let me give you an example. Although  
10 they're not a good performer now, they have been,  
11 Prairie Island. They had one of the most complicated  
12 dual unit outages whenever they were putting in their  
13 extra diesels for station blackout considerations and  
14 they had to run new ESF cables and disconnect from one  
15 to another and it was very complicated. We put a lot  
16 of time on that. The same time associated with that  
17 we had allegations. That took a lot of time. They  
18 had a mid-loop problem up there. That took a lot of  
19 time. They had some security problems up there. That  
20 took a lot of time. We put in more inspection at that  
21 plant that I feel was necessary even though they'll  
22 still come out to be a relatively good performer from  
23 a SALP standpoint in the next SALP, in my opinion.

24           So, there are those kind of things that go  
25 on and you have to make your determinations on

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 inspection allocations almost continuously, or at  
2 least continually, and I think you have to rely on the  
3 judgment of the people in the regions who are  
4 considering this frequently.

5 COMMISSIONER CURTISS: I agree with that.  
6 But if you start from the premise that the size of the  
7 pie is limited, we've had, what, 300,000 plus  
8 inspection hours on average, about 320 over the last  
9 several years that we distribute amongst the  
10 licensees, and we ought to be able to look back over  
11 that period of time and in looking at SALP, which is  
12 our key indicator of licensee performance, or one of  
13 the major ones, say that we have applied that limited  
14 pie of inspection resources in a manner that reflects  
15 the greatest focus on the bottom quartile and lesser  
16 focus in relative terms on the top performers.

17 I have not seen that emerge as I look back  
18 here over recent years from the numbers that I've  
19 looked at. I don't think we ought to move away from  
20 having that day to day flexibility, but at the same  
21 time a retrospective look to see whether some of the  
22 parts is equal to what we want as a whole seems to me  
23 is a valuable thing to do. So, I welcome this effort.

24 MR. MARTIN: Commissioner Curtiss, I think  
25 I need to make a comment here too. We need to do a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 certain level of inspection just to remain cognizant  
2 of what's going on with that site and that's the core  
3 program, and it should occupy around 50 percent of our  
4 inspection resources. That's the decision we've made.

5 The mandatory team inspections are areas  
6 that we believe are safety significant and need to be  
7 looked at, but that doesn't mean they necessarily  
8 occur in each SALP period. In fact, most mandatory  
9 teams are done over a two year period and they just  
10 may happen to fall inside the SALP period or they may  
11 not. In fact, there may be some very good reasons not  
12 to do them during the period of time the licensee is  
13 having problems elsewhere. Those are large resource  
14 allocations and as a result really balloon the number  
15 of hours that are spent on a particular site. If you  
16 don't back out that statistic, then you're going to  
17 have real problems in developing any kind of  
18 correlation of what management's intent was on how  
19 much inspection is necessary there.

20 Then you have the reactive inspections and  
21 I include what Bert points out. When we get an inch  
22 that says there's something that doesn't smell right  
23 here, we'll put inspection resources in the field.  
24 Please don't deny us that capability.

25 So, given that, recognizing SALP is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 historical and we're not trying to inspect past  
2 problems, we're trying to understand today's problems  
3 so that they're corrected, developing the correlation  
4 is always -- we need to strive to gain that  
5 information and understand why the regional  
6 administrators are doing what they're doing. We're  
7 ready to be held accountable for how we spend those  
8 resources, but don't tie our hands with specific goals  
9 of four times as much for a SALP 3 because it's not a  
10 proper allocation of resources

11 CHAIRMAN SELIN: But Tim, in all honesty,  
12 that's sort of a red herring, if I might say. No one  
13 is trying to tie the hands. In fact, you ought to  
14 start off by saying this is clearly not just a step  
15 but a lot of steps in the right direction and, at  
16 least in my opinion, 99 percent of our comments should  
17 be viewed as highly laudatory of the efforts.

18 But there are three points that I'd like  
19 to make. Number one -- in many ways this is picking  
20 up points that the other Commissioners have made. The  
21 first is you ought to think of it as a process  
22 starting off with looking at the better performers and  
23 giving them a little more credit. But what you're  
24 really trying to say is, we should be taking advantage  
25 of all the information available, whether it's from

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 our audits, our inspections or other inspections. But  
2 how much weight you should put on a licensee's self-  
3 declared assessment will depend on their performance  
4 in the past. So, your first step will be the best  
5 performance. Eventually I hope that all these major  
6 inspections start with what the licensee did. It's  
7 just that your burden of proof should be higher for  
8 the laggards than for the top fellows before you look.

9 The United States government doesn't fill  
10 out tax reforms for anybody, whether you're a known  
11 tax evader or really another person, but the amount of  
12 audit that you put would be greater for the people who  
13 you have reason to suspect there's a question. So,  
14 the first step is good. In the long run, one ought to  
15 think about how can we use all this information.

16 The second step is there's a lot of  
17 questions of measurements about whether a SALP cycle  
18 or a longer cycle is the right point and what is a  
19 reactive inspection versus a scheduled inspection.  
20 Clearly you're going to take AIT, sub-AITs, IITs, DTs  
21 out from these measurements and it doesn't say that  
22 all the numbers have to come within a factor of within  
23 ten percent of some median, but it shouldn't be out of  
24 the question that you have some standard that says the  
25 top quartile ought to get 3500 hours a year and the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 bottom quartile ought to get about 6,000 hours and  
2 something in the middle. When there are about, you  
3 know not with limits, and when there are big  
4 differences, not just in one or two, is there some  
5 fact-specific reason like Bert's Prairie Island  
6 example or does it mean that somehow the practice  
7 isn't following up?

8 My own observation is that we as an Agency  
9 do a very good job of thinking about what our rules  
10 and our guidance and our regulations should be. We  
11 don't do such a good job of assessing our own  
12 performance or looking at the statistics and say, "How  
13 is it in the field?" not to tie hands.

14 And the third, and many things I commend,  
15 but one I most strongly commend is to try to figure  
16 out in advance how we're going to run these  
17 experiments. In other words, how you're going to  
18 measure success or not and what Bill said you'll be  
19 doing, I think, is a very good point. Not only figure  
20 out how to carry out some of these self-assessments,  
21 but how are you going to evaluate after a year or two  
22 whether we seem to be getting the results? I know  
23 none of you are saying we're going to rely entirely on  
24 the SALP. There are a lot of indicators and it's the  
25 comprehensive one, so therefore the most important

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 one, but there are other indicators.

2 I think this is all in the right direction  
3 and should be thought of in the context not just of  
4 carrot and stick, but how do we best use the  
5 information available to us to "we should be trusting  
6 but verifying." Depending on how much basis there is  
7 for trust, your standards for verification will  
8 obviously be different for different licensees.

9 COMMISSIONER REMICK: I have one question  
10 along this line. Let's take an inspection like  
11 something on service water or something equivalent  
12 where it's determined that there's a problem and  
13 somehow it's decided that team inspections should be  
14 made at every facility in the country. To what extent  
15 do regional administrators have the flexibility of  
16 saying, "This just doesn't make sense at this  
17 particular facility for this reason?" They've  
18 installed things recently. To what extent does the  
19 regional administrator have the possibility of saying  
20 they should not be for every facility?

21 MR. RUSSELL: The case that you cited, the  
22 service water, for example, to the extent there has  
23 been recent inspection that's been performed at the  
24 facility that is similar in scope, we've identified  
25 that. That can be the basis for reducing the scope of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 the inspection. But we are looking for a review of  
2 the scope to make sure that the scope which was not  
3 done is addressed or that there's some other rationale  
4 for not doing it. We have not made the decision yet,  
5 for example, to cover service water on all facilities.  
6 We're focusing on the older facilities, those which  
7 have had problems in the past, and we're going to make  
8 a decision on continuing that process to other  
9 facilities during a halfway point review.

10 When we did the maintenance team  
11 inspections, we allowed credit to be taken for prior  
12 inspections that have been accomplished to reduce the  
13 scope. Similarly in the EDSFIs, there have been  
14 issues that have come up where some facilities have  
15 conducted inspections of their own that were then  
16 reviewed, inspected by the NRC, found to be  
17 acceptable. So, there is some flexibility in how much  
18 is done, but what we are interested in is ensuring  
19 that the scope of activities described in the TI are  
20 accomplished to address the potential for issues which  
21 we've identified as being safety significant across  
22 facilities.

23 So there is flexibility that's provided  
24 and there is a dialogue back and forth. There is a  
25 sponsor for the team inspection headquarters. That

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 dialogue can occur with that sponsor whether it be the  
2 electrical branch or plant systems branch or whomever  
3 it is, and that can be elevated when there is not an  
4 agreement reached on appropriate scope. Special  
5 Inspection Branch in headquarters generally is  
6 involved with all of the team inspections from an  
7 oversight function and helps develop the TIs ahead of  
8 time. So, we do have those processes and there is  
9 flexibility that a regional administrator has.

10 COMMISSIONER REMICK: Am I incorrect that  
11 in the service water the Commission was asked to  
12 approve inspections at every facility?

13 MR. RUSSELL: We proposed not to conduct  
14 inspections at every facility. We said we would  
15 conduct an evaluation when we were approximately  
16 halfway through and we would come back to the  
17 Commission and inform the Commission of the results of  
18 that review.

19 COMMISSIONER REMICK: Okay. Thank you.

20 DOCTOR MURLEY: Just a comment. To some  
21 extent in mathematical terms I supposed you'd say this  
22 is a non-linear problems because if you find a plant  
23 gets on our list or whatever reason, we tend to do  
24 more inspections and tend to find more problems and  
25 therefore in that sense it's not linear. But the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 other way it's not linear too. Once we conclude that  
2 a plant is good and we stop doing inspections, then  
3 we're not going to find anything that might be there  
4 as well. So, that's, I think, a matter we have to  
5 consider.

6 But I think Bill is exactly right. If  
7 there are reasons for not doing a team inspection,  
8 we'd certainly give the regional administrator that  
9 flexibility.

10 Want to conclude?

11 MR. RUSSELL: Yes.

12 (Slide) If I can go to the last slide,  
13 our overall conclusions as we've discussed today is a  
14 strong feeling amongst the senior staff management  
15 that the SALP program is an essential tool and it's  
16 necessary for us to fulfill our safety  
17 responsibilities.

18 We do see that there are areas where we  
19 can improve. We have mentioned those. We think that  
20 a key feature is effective communication with  
21 licensees. We think that the meetings that are held  
22 need to focus on the most significant issues and be  
23 effective in that communication and be more timely.  
24 And we do feel that there are ways that we can make  
25 some program modifications within the inspection

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 programs which would facilitate improved allocation of  
2 resources with some reduction in resources for those  
3 facilities with good performance so that those  
4 resources could be made available to focus on  
5 facilities with poorer performance.

6 That concludes our presentation.

7 CHAIRMAN SELIN: Commissioner Rogers?

8 COMMISSIONER ROGERS: Well, I want to say  
9 that I think you've done a very fine job here. I  
10 think you've given a lot of attention to the problem  
11 areas. I personally am very pleased with the way  
12 you've approached it and the final results. We've  
13 talked about a few little things to be tweaked here  
14 today, but it does seem to me that you've given it  
15 very deep thought and very good thought and I really  
16 want to compliment the staff on a very fine effort  
17 here, in my opinion.

18 I'd like to say that, with respect to the  
19 industry's position on SALP, I know that we have  
20 representations to us from NUMARC and other people  
21 like that and there seems to be an industry position  
22 communicated that way. But I must say that I've  
23 talked to a number of utilities that have volunteered  
24 the information, without being asked at all, that they  
25 really think the SALP process is a very good process

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 and certainly should be retained and the scores  
2 retained, so that I don't think it's a total  
3 conclusion on the part of the industry that SALP  
4 should be eliminated.

5 I think that when you really try to put  
6 your finger on it, the problem with the SALP reports  
7 has been their use for other purposes that they were  
8 never designed to be used for and I really do consider  
9 that's a misuse and I think the Commission should  
10 continue to state that we think it is a misuse of  
11 those reports, that they're not designed for that and  
12 they shouldn't be used for that purpose. You can't  
13 stop people from doing it, but I think our position  
14 should be very, very explicit that we do not favor  
15 that in any way, the use of those reports for other  
16 purposes, because our process should not be bent out  
17 of shape because of something like that.

18 If we gave up the SALP process and the  
19 SALP reports to address that misuse problem I think we  
20 would be making a very serious mistake, so I think  
21 your conclusions that it's essential and must be  
22 continued I think are in my opinion right on and I  
23 think you've done a very fine job in addressing this  
24 review. I think that all the steps you've suggested,  
25 with the possible exception of optional public

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 meetings, are really, really excellent.

2 I do think that there is a little question  
3 in my mind about the plant support category in that  
4 the various functions that are lumped in there might  
5 not get enough explicit attention in some way. I  
6 think there has to be some care exercised that things  
7 don't get lost in there, that each one of those  
8 functions that we previously had considered that are  
9 now thrown into that category don't get buried in some  
10 way and, unless they get to be a real problem, that  
11 somehow they are addressed within that category, that  
12 plant support category.

13 So with that one point and also the fact  
14 that I think that it's certainly my sense that what  
15 we're trying to do here with inspection resources is  
16 to free them up rather than to constrain them and that  
17 the problems that Burt and Tom spoke about of being  
18 able to address by inspection certain problems that  
19 they see emerging even with good performers is very  
20 important. You know, you don't want to start driving  
21 all your inspection hours down to the bottom end of  
22 the spectrum and allow the good performers to start to  
23 slip by that. When you feel, even though they do have  
24 a good rating, when you sense that there's some need  
25 for something, I think that call has to be by the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 regional administrator. I don't that that you should  
2 have any sense that we're trying to take that away  
3 from you. I don't believe there's any sense of that,  
4 but really that we're trying to free up from  
5 unnecessary constraints through the N+1 formula or  
6 other things resources that might be reallocated  
7 either to the bottom or to special situations that you  
8 might find arising even with the top performers, top  
9 SALP performers.

10 CHAIRMAN SELIN: Commissioner Curtiss?

11 COMMISSIONER CURTISS: Let me just  
12 generally associate myself with Commissioner Rogers'  
13 remarks. I share the view that the SALP process has  
14 been an effective vehicle over the period of time that  
15 we've employed it to not only provide us a principal  
16 means of communicating to the licensees our views of  
17 their performance but also in an internal way to help  
18 us allocate our inspection resources where they're  
19 necessary.

20 There's been a lot of focus on whether to  
21 have SALP and, if so, whether it ought to have scores  
22 associated with it. I just, again, associate myself  
23 with Ken's remarks that the process I think has been  
24 a pretty good one. That's not to suggest that there  
25 aren't improvements that can be made and I view many

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 of the things that you've proposed here as moving us  
2 in the direction of improving what is at bottom not  
3 only a pretty good but a necessary process, I hear you  
4 saying. I have in the past taken the position that  
5 that ought to include scores or grades. I continue to  
6 hold that view today and even in the four categories  
7 that we're talking about I think that that can be an  
8 appropriate way for us to approach our responsibility  
9 in this area.

10 I will say, and here let me turn to what  
11 I think is the second most challenging issue and it  
12 does derive I think in part from the score question,  
13 the question of scores, SALP by definition is a  
14 vehicle for assessing licensee performance over and  
15 above what is minimally required by the regulations.

16 The definitions of the categories  
17 beginning with category 3, you're minimally in  
18 compliance but you're getting pretty close or getting  
19 concerned about that, to category 1 which is you're  
20 performing in a superior way, my sense is that the  
21 focus on scores and maybe the focus on whether we  
22 ought to have a SALP process at all derives in large  
23 part from that fact, that we are assessing licensee  
24 performance over and above what the regulations  
25 minimally require.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1           As I say, I wouldn't throw out the process  
2       nor would I throw out the grades to address this  
3       problem, but I think we ought to recognize that the  
4       problem exists and it's perhaps in this one area where  
5       I thought the recommendations were either deficient or  
6       not thoroughly fleshed out and maybe there aren't  
7       recommendations that can be made at this point to  
8       address this issue from the top down. But we've all  
9       heard the examples and not try to make the point by  
10      way of example, but I think the examples are  
11      insightful. I'll mention just one that is relatively  
12      current in the emergency planning context. The  
13      licensees that are out there using their simulators in  
14      emergency plan exercises are being commended for doing  
15      that and that's being defined as a very commendable  
16      read, perhaps superior in the context of emergency  
17      planning step to take. I think we've all been around  
18      to the sites and seen and heard of licensees that do  
19      that and we'd probably do likewise, which is to say  
20      commend them for what is a very progressive, effective  
21      way to approach your exercises. It isn't too far from  
22      that kind of recognition to the point where it  
23      becomes, at least, maybe an unwritten rule if not  
24      something even more firm. In order to get a SALP 1,  
25      you ought to be thinking about using your simulator in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 your emergency plan exercises. We've all heard that  
2 concern. I'm sure you have. I see the smiles there  
3 that reflect that we all know that that's sort of the  
4 latest variation on what is a time-honored problem in  
5 this area.

6 I don't know how to come to grips with  
7 that issue, but it is a matter that I think we need to  
8 focus on, we need to be concerned about, because we  
9 are defining performance over and above what is  
10 minimally acceptable and because the industry evolves  
11 and improves over time. There needs to be a focus on  
12 and perhaps a mechanism for addressing this question.  
13 How do you treat, particularly from the bottom up,  
14 those kinds of cases?

15 I'll give you another good example. We  
16 don't have a requirement in this Agency for systems  
17 engineers. But with the focus on systems engineers  
18 over the last several years, and again I think all of  
19 us believe that system engineers are valuable things  
20 to have, a valuable function to have within a  
21 licensee's organization, it's almost become a lock,  
22 stock and barrel part of our evaluation of the  
23 engineering function. That's happened, of course,  
24 over several years. That's the problem that I see,  
25 that because we are going beyond what is minimally

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 required by the regulations -- and let me say here,  
2 just to be clear, since I am the lawyer on the  
3 Commission but not the Commission's lawyer, that I  
4 disagree that the SALP process is illegal. We had a  
5 comment filed to that effect. We are not exceeding  
6 our regulatory authority and OGC, I think, has laid  
7 out the answer to that in the paper.

8 But having said that, the problem that  
9 leads people to be concerned about the grades and  
10 about if we're acting beyond our regulatory authority  
11 is one that, just by virtue of those two examples, we  
12 all see. I guess I'd toss that out and ask you what  
13 your thoughts are and how do we get our arms around  
14 that problem?

15 MR. RUSSELL: Well, the first one you  
16 mentioned, the simulator was recognized and NRR has  
17 issued guidance to the regional administrators  
18 reminding them that the simulators are required by our  
19 regulation for the purposes of examining licensed  
20 operators and that other uses should not be put ahead  
21 of that primary function. So, we have responded in  
22 that context. The system engineer one is more  
23 difficult. I think it has evolved personally from  
24 findings regarding safety system functional  
25 inspections, design basis reconstitution issues,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 situations where changes have been made to facilities  
2 that have impacted the design basis or the licensing  
3 basis and other problems. It's one that some  
4 facilities implemented. It was effective in  
5 addressing some of those problems and there's probably  
6 some passing on of information where you see an  
7 effective program that addresses concerns in one  
8 facility.

9 I think we need to be sensitive that we  
10 are not in a system that we are continually raising  
11 the expectations. We've tried to delete that concept.  
12 It's not a question of how high you jump any longer  
13 and we are trying to do that through a balance with  
14 management on the board and to focus the board report  
15 and findings and the regional administrator's findings  
16 to areas where there are strengths and weaknesses  
17 within the scope of our regulatory responsibilities.  
18 So, we do want to focus on performance.

19 It relates back to the same question you  
20 raised on resources. The particular means they choose  
21 to use to achieve the performance is not as important  
22 as what the performance is itself.

23 DOCTOR MURLEY: Let me comment to the  
24 other point, which is very difficult, that  
25 Commissioner Curtiss raised. That is these plants,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 even if they're category 3, meet our regulations. So,  
2 isn't that enough? I don't think it is enough. In a  
3 sense that -- certainly before Three Mile Island and  
4 even somewhat after that, we used to think that the  
5 safety of a plant was some inherent quantity that you  
6 could measure it with a PRA or some tool.

7 What shook us out of that belief was the  
8 accident at Davis-Besse where it was not being  
9 operated well, it was not being maintained well and we  
10 -- there were some parts of the design that the staff  
11 knew were weak, the auxiliary feedwater system that we  
12 didn't backfit as rigorously as we should have. What  
13 that forcefully came forced on our consciousness on  
14 the staff was that it is possible to operate these  
15 plants in an unsafe way. The means we have of  
16 detecting that are by watching the performance,  
17 watching its trend and as much as anything watching  
18 the attitudes of the plant management. The one way,  
19 the only sure way I think we have for gauging that is  
20 through the SALP Program or something like the SALP  
21 Program.

22 CHAIRMAN SELIN: Like a comprehensive  
23 program.

24 DOCTOR MURLEY: Some comprehensive program  
25 that looks at the overall performance so that we can

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 be sure that even though it may be in literal  
2 compliance with the regulations, that performance does  
3 not drop below a point where we feel it's safe.

4 So, I guess as much as anything that to me  
5 is the fundamental purpose of SALP, is to make sure  
6 that we're not skirting near the edge of unsafe  
7 operations. The way to do that is by measuring it  
8 with SALP. On the other hand, I don't think it's our  
9 job to drive everyone to excellence either. That's a  
10 judgment that the licensee has to make. But we do  
11 have the responsibility, I think, to make sure that  
12 the plant is operated well away from where it could  
13 drop into this unsafe performance region and it's  
14 highly judgmental where that is.

15 MR. DAVIS: Could I make a comment on that  
16 also? I guess I give a lot of thought and share some  
17 of the concerns that you raise. Speaking as a  
18 regional administrator, it's been sobering to me how  
19 much power we have by the opinions we express and how  
20 the licensees react to it and spend a lot of money in  
21 that regard. So, I think we all have to be careful of  
22 it and all of us have our own interests and some of us  
23 don't agree with the interests of others.

24 I think it's very important for the  
25 activities of the regional administrators to be

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 observed and evaluated by a strong NRR, which I think  
2 we have, and they can't relax on that because they've  
3 got to make sure that if we want system engineers that  
4 is an important thing for us to want and sanction  
5 that. And conversely, if one of us wants something  
6 that is not very important and not cost effective and  
7 shouldn't drive O&M costs up, then we ought to be  
8 called to task on that and stopped. I think that's  
9 important and I think you gentlemen in your trips to  
10 the plants have a real opportunity to get a feeling  
11 for how responsibly the regional administrator is  
12 acting and it's very important that you do that.

13 COMMISSIONER CURTISS: The theme that I  
14 guess I hear or the point I'd emphasize, if it's not  
15 a theme that you intended, is that there's no simple  
16 answer to this question. But the one challenge I  
17 think that we have, and here I'll borrow a phrase that  
18 we use frequently in our SALP evaluations of licensee  
19 performance, and that is management attention to this  
20 kind of detail, attention from your level, the  
21 regional administrator level, management attention to  
22 detail. As we come across these specific examples,  
23 that's the kind of emphasis that we constantly, and I  
24 think correctly, communicate to the licensees in the  
25 context of these SALP reports.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 I have been impressed not only in this  
2 context but in a whole host of other issues, license  
3 renewal, Part 52 and what have you, things that can be  
4 accomplished when management focuses its attention on  
5 the detail.

6 I think that's the challenge that we've  
7 got in this area because it does -- and I don't  
8 disagree, Tom, with anything that you've described.  
9 That's a reasonable response to a process that does,  
10 by its definition in the categories, start from  
11 everybody complies, even if they're category 3.  
12 That's a reasonable emphasis. But the risk of  
13 operating in that arena is to distinguish the things  
14 that we really do need to focus on versus those things  
15 that someone at a level in the organization that may  
16 not appreciate the broader perspective feels is nice  
17 to do or if somebody else is doing it, why not you?

18 That's the challenge and I'll just leave  
19 it at that.

20 CHAIRMAN SELIN: Commissioner Remick?

21 COMMISSIONER REMICK: On this subject just  
22 discussing, I certainly don't differ with the  
23 complexity that Doctor Murley pointed out. But in the  
24 case of Davis-Besse, I think we have to consider maybe  
25 they should have not been getting 3. Maybe the Agency

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 should have taken action before they did. Maybe the  
2 problem was that maybe they should not have gotten 3s,  
3 they should have gotten something lower.

4 DOCTOR MURLEY: That was a watershed for  
5 us. I suspect today that that plant would not have  
6 operated up until the --

7 COMMISSIONER REMICK: And I agree. This  
8 opened up a question I was going to ask because I look  
9 at the performance category ratings category 3. The  
10 first sentence says, "Licensee attention and  
11 involvement have resulted in an acceptable level of  
12 performance." I'm reading from the Handbook 8.6, the  
13 draft. I look at page 11 then. It says, "For all  
14 functional areas rated category 3, the cover letter  
15 will request the licensee to reply in writing within  
16 30 days and provide planned corrective actions to  
17 improve performance." It seems to me there's an  
18 inconsistency between saying, "Acceptable," and then,  
19 "How are you going to improve your performance?"

20 Now, I realize and I assume that Bill is  
21 going to tell me that that is an overall rating of a  
22 whole functional area.

23 MR. RUSSELL: That's correct.

24 COMMISSIONER REMICK: And in that  
25 functional area there might be things -- I think the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1        wording could be improved then to point out that we  
2        aren't talking about the whole functional area is  
3        acceptable. We should be pointing out that, however,  
4        there are some weaknesses and you'd like to have them  
5        address that.

6                MR. RUSSELL:    That was, in fact, our  
7        intent and after that first sentence we go on and say,  
8        "However."    So, we say, "Licensee attention and  
9        involvement have resulted in acceptable level of  
10       performance. However," and then we cite examples of  
11       weaknesses where they are approaching the margins that  
12       if not corrected could result in unacceptable  
13       performance.

14               COMMISSIONER REMICK: Right. It's not the  
15       wording of the category 3, it's the follow-on about  
16       the cover letter.

17               MR. RUSSELL:    Right.

18               COMMISSIONER REMICK: One other question  
19       I have. How much flexibility and how do you handle  
20       where there are multiple unit sites and where you lump  
21       the site together with one SALP evaluation? Comments  
22       that I have heard, the disadvantage of that sometimes  
23       is, let's say two or three units, each unit, one might  
24       be doing better than the others and one doing less  
25       than the others. If we do an overall SALP, the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 tendency is that we're going to be driven by the least  
2 common denominator. We're not going to give a  
3 category 1 if one or more of the units is less than  
4 that. We're going to tend to bring the whole thing  
5 down. Also, it somehow diffuses the message giving  
6 credit to the good unit at the -- excuse me. Yes,  
7 giving the good -- a message to the unit.

8 How much flexibility and how do we handle  
9 that case of multiple units and one SALP evaluation?  
10 I realize that top management might be the same, but  
11 there is an advantage of picking out one unit if  
12 they're doing a good job and giving them credit so  
13 that they know that they're doing a good job, not  
14 discouraging them by giving them a lower rating  
15 because one of the other units deserves a lower  
16 rating.

17 Did I make myself clear?

18 DOCTOR MURLEY: Tim, maybe you could --  
19 there is flexibility. We do like to give, as much as  
20 possible, a common evaluation because it is a single  
21 management that's over all the site. To get down to  
22 too fine a level and start grading his people or  
23 subunits of that may not be the most productive thing  
24 to do. But there are some cases like at Milestone  
25 where things, at least before, used to be clearly

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 separated.

2 You still do that, Tom?

3 MR. MARTIN: We do, and for those  
4 functions which clearly have different management  
5 chains, and Milestone is a good example where  
6 operations is very clearly distinct in the three  
7 different facilities and three different challenges  
8 because of the different manufacturers of the plants,  
9 we have in many cases used separate ratings for each  
10 of the sites, for each one of the plants.

11 But then when we have a common function  
12 like emergency preparedness or security, that might be  
13 consolidated as a single, so we believe we still have  
14 that flexibility and I think where we have ability to  
15 provide added information and communication to the  
16 licensee we ought to use it.

17 COMMISSIONER REMICK: Okay.

18 Just general comments, I join in the  
19 comments. I think the SALP process conceptually is a  
20 very good process. I made my point, I think, that the  
21 real value is sitting down and telling the licensee  
22 what our impressions are of their safety performance.

23 I have to admit I think there have been  
24 problems in the past. Commissioner Curtiss identified  
25 some of those, potential for misuse by the Agency of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 twisting arms and putting leverage whether  
2 intentionally or unintentionally, and I think we have  
3 to continue to address that.

4 I compliment the staff on the review. I  
5 think it was a very thorough review. I don't  
6 necessarily agree with every aspect of it. The one  
7 that I still have problems with is numerical scores.  
8 I don't have a problem with evaluations but numerical  
9 scores, because of readiness with which they can be  
10 misused.

11 I've said it before but I'll say it again  
12 for those who might not have heard it, that the  
13 Commission at one time used a different system and  
14 that was "above average," "average," and "below  
15 average." The Commission decided the way to get out  
16 of the problem of people saying "How can you allow  
17 plants to operate that are below average?" decided,  
18 well, one, two, three, without not too much thought  
19 and those numbers have presented problems.

20 I think we can be more innovative in -- we  
21 want to call it "rating." I think we can be more  
22 innovative than just one, two, and three, and I plan  
23 to propose to my colleagues a system that I think  
24 would help solve that problem.

25 But all in all, I want to congratulate the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005



1 staff. I think you've done a very good job. I think  
2 it was time to review the process. I support the  
3 continuation of the process and in general most of the  
4 recommendations that you've made.

5 CHAIRMAN SELIN: But you would continue to  
6 give grades, not just pass and fail, but you wouldn't  
7 make them numbers?

8 COMMISSIONER REMICK: That is right.

9 CHAIRMAN SELIN: We're going to ask Mr.  
10 Vollmer to make his presentation next week. The  
11 topics have been so interesting there really isn't  
12 enough time to do it justice, especially since  
13 there'll be only three Commissioners here. We don't  
14 want to deprive ourselves of that.

15 I'd like to make several comments. First  
16 of all, I join my colleagues in the generally very  
17 congratulatory, laudatory comments. I think this is  
18 terrific. I really think all of these points are  
19 steps in the right direction.

20 On a couple of specific points, maybe "red  
21 herring" wasn't the most felicitous phrase. First of  
22 all, half the people don't know what a red herring is  
23 anymore. What I meant to say is we have such enormous  
24 confidence in our regional administrators that we  
25 wouldn't even consider restricting the flexibility in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 which the steps are carried out. But we would like  
2 everybody, including the regional administrators, NRR,  
3 and the Commission itself to monitor some aggregate  
4 measures of correlation between effort and performance  
5 so that we have both the bottom-up day to day  
6 management and the top-down management.

7 The other point I wanted to make,  
8 Commissioner Curtiss actually raised two points, not  
9 one, in his normal very analytical approach. One is  
10 how prescriptive versus how performance oriented you  
11 are in putting a number on security or emergency  
12 performance or what-have-you. And the second is what  
13 sense does it make to have an overall SALP program  
14 where clearly we're putting emphasis on more than just  
15 barely adequate performance. I think those are two  
16 very separate issues.

17 I strongly agree with all of the comments.  
18 The key question is how good is the emergency planning  
19 or how good is the mix, not are the resources there or  
20 do you use a simulator, and how you get it. It's  
21 important that people share information, but the proof  
22 is in the pudding. However, I should tell you my own  
23 philosophy on the question of SALP.

24 If we had one unit in the United States,  
25 we wouldn't have this issue. It would either be

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 adequate or it wouldn't. But I see that the  
2 responsibility of the Commission and the staff is not  
3 just to avoid an accident at this plant or that plant  
4 but to avoid an accident anyplace in the United  
5 States.

6 When you just say that each plant is  
7 adequate, if you have -- let's say just for the sake  
8 of argument that we truly felt that an adequate safety  
9 goal were  $10^x$ ,  $10^x$  for an individual plant. Now if  
10 all the plants are just barely at  $10^x$ , the  
11 probability that we're going to have an unpleasant  
12 event someplace is pretty high.

13 If they're all at  $10^x$  minus 2, in other  
14 words a couple of orders of magnitude away from that  
15 point, the overall performance of the universe of  
16 power plants is much more likely to be satisfactory  
17 and I believe that this idea that our function is to  
18 avoid accidents throughout, that the greater the  
19 margins are in individual plants the less likely we'll  
20 have an accident overall. If all the plants are right  
21 at the edge, we have an unsatisfactory situation. If  
22 a couple are at the edge, we don't have to close them  
23 down. But if most are far away from the edge, overall  
24 things are much better.

25 It's not a legal question. I agree with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 Commissioner Curtiss that the General Counsel's  
2 analysis was there. But the question is about why are  
3 we pushing for excellence and the answer is the risk  
4 of the universe of plants as a whole is a heck of a  
5 lot less if the individual operators are pushing for  
6 excellence than if each one is just trying to barely  
7 get by. And you could elaborate this and you can look  
8 at the legal question, but I think it's the universe  
9 that we worry about as well as just each individual  
10 plant as if there weren't any other plants.

11 The fact that we shouldn't be requiring  
12 excellence, on the other hand, if people get  
13 excellence, that there should be some reward for such  
14 behavior is completely consistent with at the same  
15 time giving each individual neighborhood some  
16 assurances, some very significant assurances of  
17 adequate health and safety in that neighborhood.

18 In any event, I think this is a terrific  
19 job. I agree with what both have said, Commissioner  
20 Rogers' remarks that we shouldn't be acquiescing in  
21 the misuse of the plans. We should clearly make it  
22 clear what's called for. The key test, of course, is  
23 whether you find yourself tempted to do something  
24 which is bad from a regulatory point of view because  
25 somebody might otherwise misuse what you're doing. As

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

1 long at that doesn't happen, I think we're okay.

2 And then the question about openness I  
3 think has been quite thoroughly vetted, so we thank  
4 you very much.

5 We're sorry, Mr. Vollmer, but we'll  
6 reschedule that performance while this one is still  
7 bright in our minds, hopefully by the end of next week  
8 if we can do that.

9 (Whereupon, at 10:21 a.m., the above-  
10 entitled matter was concluded.)  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVENUE, N.W.

WASHINGTON, D.C. 20005

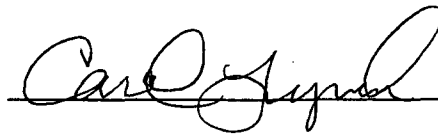
CERTIFICATE OF TRANSCRIBER

This is to certify that the attached events of a meeting  
of the United States Nuclear Regulatory Commission entitled:

TITLE OF MEETING: BRIEFING ON REVIEW OF SALP PROCESS AND  
ASSESSMENT OF NRC INSPECTION PROGRAM  
PLACE OF MEETING: ROCKVILLE, MARYLAND

DATE OF MEETING: APRIL 15, 1993

were transcribed by me. I further certify that said transcription  
is accurate and complete, to the best of my ability, and that the  
transcript is a true and accurate record of the foregoing events.



Reporter's name: Peter Lynch

**NEAL R. GROSS**  
COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVENUE, N.W.  
WASHINGTON, D.C. 20005

(202) 234-4433

(202) 232-6800



# **SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE (SALP) PROGRAM**

**April 15, 1993**

**Thomas E. Murley  
Director, Office of Nuclear Reactor Regulation**

**William T. Russell  
Associate Director for Inspection and Technical  
Assessment, Office of Nuclear Reactor Regulation**

**Contact: C. Holden  
Phone: 504-1037**

# **SALP REVIEW MILESTONES**

- **August 1992 - Preliminary Changes  
Forwarded to Commission in SECY-92-290**
- **September 1992 - Public Meeting and  
Comment Period**
- **January 1993 - NRC Senior Management  
Review**
- **April 1993 - Final Proposed Changes  
Forwarded to Commission**



# **RESULTS**

- **SALP Confirmed to be an Essential Tool in Fulfilling the NRC'S Safety Assessment Responsibilities**
- **However, Changes in Following Areas are Recommended to Enhance Clear Communication and to Simplify Process:**
  - ▶ **Management Control**
  - ▶ **SALP Report**
  - ▶ **Public Meeting**
  - ▶ **NRC Resource Allocation**

# **MANAGEMENT CONTROL**

- **Four Board Members**
  - ▶ **Only SES Board Members**
  - ▶ **3 Members From the Region**
  - ▶ **1 Member From NRR (2nd Member may Substitute for Regional Member)**

# **MANAGEMENT CONTROL**

**(continued)**

- **Board Assessment will be Advisory to Regional Administrator with Recommended Category Ratings**
- **Regional Administrator will Discuss Recommendations with Board Members to Establish Final Category Ratings**

# **SALP REPORT**

## **PROVIDE CLEAR COMMUNICATION OF AGENCY'S ASSESSMENT**

- **Reduce Report Length**
- **Cover Letter will Communicate Overall Assessment with Emphasis on Significant Issues**
- **Category Ratings Emphasize Recent Performance, i.e., Last 6 Months of the Assessment Period**

# **SALP REPORT**

**(continued)**

## **FUNCTIONAL AREAS**

**REDUCE THE NUMBER OF SALP FUNCTIONAL  
AREAS TO EQUALIZE NRC RESOURCES APPLIED**

- **Operations**
- **Maintenance**
- **Engineering**
- **Plant Support**

# **SALP REPORT**

**(continued)**

## **CATEGORY RATING DEFINITIONS**

### **PROVIDE CLEAR DEFINITIONS OF THE CATEGORY RATINGS**

- **Remove Allocation of Resources From the Category Rating Definitions**
- **Add Key Elements From Criteria and Attributes to the Rating Definitions**
- **Remove Improving and Declining Trends**

# **SALP REPORT**

**(continued)**

## **CRITERIA AND ATTRIBUTES**

### **LENGTHY SALP REPORTS RESULTED FROM PRESCRIPTIVE CRITERIA AND ATTRIBUTES**

- **Criteria and Attributes have been  
Incorporated in the Category Rating  
Definitions and Removed From the  
Program Description**

# **PUBLIC MEETING**

## **FOCUS PUBLIC MEETING ON THE SIGNIFICANT ISSUES IN THE SALP REPORT**

- **Add Communicating SALP Results to  
Public as an Objective of Program**
- **Regional Administrator or Deputy  
Preside at Meeting to Assure Continuity**



# **PUBLIC MEETING**

**(continued)**

- **Hold Meeting Within 60 Days of the End of the Assessment Period**
- **No Meeting is Necessary When**
  - ▶ **There are No Significant Issues, or**
  - ▶ **Information was Recently Discussed in a Public Forum**

# **RESOURCE ALLOCATION**

## **INITIATIVES TO IMPROVE NRC INSPECTION RESOURCE ALLOCATION**

- **Utilize Exceptions to N+1 Resident Inspector Policy**
- **Recognize Licensee Self-Audits in Certain Areas**
- **Allocate Inspection Resources Based on Performance**

# CONCLUSIONS

- **The SALP Program is an Essential Tool in Fulfilling the NRC'S Safety Assessment Responsibilities**
- **Clear Communications will be Enhanced by the Proposed Changes**
- **The Public Meeting will Focus on the Most Significant Issues**
- **Allocation of Inspection Resources will be Based on Performance**

# **STAFF RESPONSE TO OPP ASSESSMENT OF REACTOR INSPECTION PROGRAM**

**April 15, 1993**

**Anthony T. Gody**

**Contact: Marylee Slosson  
Phone: 504-1257**

# **STAFF RESPONSE TO OPP REPORT**

- o NRR conducting a self-assessment of reactor inspection program**
- o Integrate review findings from:**
  - NRR self-assessment**
  - Regulatory Review Group Report**
  - OPP Report**
- o Consideration of all efforts will result in an enhanced  
reactor inspection program**



**ASSESSMENT OF REACTOR  
INSPECTION PROGRAM**

**OPP-92-01**

**COMMISSION BRIEFING**

**APRIL 15, 1993**

# **ASSESSMENT OF INSPECTION PROGRAM**

- **FOCUS ON THE OVERALL EFFECTIVENESS AND HEALTH OF THE INSPECTION PROGRAM AND ITS ASSESSMENT AND MANAGEMENT PROCESS**
- **PLAN FOR ASSESSMENT OF REACTOR INSPECTION PROGRAM ADDRESSED THE FOLLOWING ISSUES**
  - **ARE THE OBJECTIVES OF THE INSPECTION PROGRAM MET**
  - **HOW DOES THE INSPECTION PROGRAM AFFECT UTILITY SAFETY PERFORMANCE**
  - **WHICH REGULATORY PERFORMANCE INITIATIVES ARE MOST EFFECTIVE**

- ARE INSPECTION PROGRAM BENEFITS  
COMMENSURATE WITH AGENCY EXPENDITURES
  - IS THE BALANCE OF SAFETY AND PERFORMANCE  
VERSUS COMPLIANCE APPROPRIATE
  - ARE FEEDBACK AND LESSONS LEARNED USED  
EFFECTIVELY
- METHODOLOGY FOR BROAD REVIEW COVERING  
RELEVANT PLAYERS
    - REVIEW OF PROGRAM OBJECTIVES, DIRECTIVES,  
MANAGEMENT AND ASSESSMENT PROCESS
    - INTERVIEW OF UTILITY EXECUTIVES, INPO, NRC  
REGIONS (II AND III), AND NRC HQ MANAGERS



**OVERALL CONCLUSION: INSPECTION PROGRAM  
HEALTHY AND HAS POSITIVE IMPACT ON UTILITY  
SAFETY PERFORMANCE. HOWEVER,  
OPPORTUNITIES EXIST FOR INCREMENTAL  
IMPROVEMENTS IN EFFECTIVENESS**

# **ARE INSPECTION PROGRAM OBJECTIVES MET**

**STRONG AGREEMENT WAS FOUND AMONG UTILITY EXECUTIVES AND NRC MANAGERS THAT THE OBJECTIVES OF THE INSPECTION PROGRAM ARE BEING ACHIEVED**

- **SELECTIVE EXAMINATION PROCESS IS EFFECTIVE IN ENABLING THE STAFF TO DRAW CONCLUSIONS ABOUT LICENSEE PERFORMANCE**
- **PROGRAM ENSURES LICENSEES' INTERNAL PROGRAMS ADEQUATE TO IMPLEMENT SAFE OPERATIONS**

**NO RECOMMENDATIONS**

# **IMPACT ON UTILITY SAFETY PERFORMANCE**

## **REACTOR INSPECTION PROGRAM CONTRIBUTES TO LONG-TERM SAFETY IMPROVEMENT**

- **CAN'T FULLY SEPARATE INSPECTION PROGRAM IMPACT FROM OTHER SAFETY CONTRIBUTORS**
- **BASIC INSPECTION PROGRAM IS GOOD BUT ADJUSTMENTS NEEDED TO ENHANCE SAFETY BENEFIT**

## **TEAM INSPECTIONS HAVE SUBSTANTIAL IMPACT ON UTILITY SAFETY PERFORMANCE**

- BIG RESOURCE COMMITMENT FOR NRC AND LICENSEE
- EFFECTIVE MANAGEMENT OF THIS TOOL IS A CHALLENGE

## **RECOMMEND MAKING IMPROVEMENTS TO ENHANCE TEAM EFFECTIVENESS**

- INVOLVE INDUSTRY AND RESOLVE DIFFERENCES BEFORE INSPECTION
- ENSURE FINDINGS ARE NRC POSITIONS

**RESIDENT PROGRAM IS STRONG AND WELL STAFFED**

**SPECIALIST INSPECTIONS ARE IMPORTANT TO SALP  
AND SMM**

- **ALREADY AT A LOW LEVEL OF RESOURCES**

**RECOMMEND ESTABLISHING N + 1 RESIDENT  
STAFFING AS A POLICY GUIDELINE**

## **EFFECTIVENESS OF REGULATORY PERFORMANCE INITIATIVES**

**THE PROBLEM PLANT LIST IS CONSIDERED HIGHLY  
EFFECTIVE BY INDUSTRY AND NRC IN FOCUSING  
PROPER ATTENTION ON POORLY PERFORMING PLANTS**

- **CONCERN FOR OVERWHELMING LICENSEES WAS  
EXPRESSED**
- **MOST LICENSEES WOULD INITIATE ROBUST  
ACTIONS TO AVOID PROBLEM PLANT STATUS**
- **DESIRE FOR EARLY REMOVAL CAN RESULT IN  
UNPRODUCTIVE RESOURCE EXPENDITURES**

**SALP IS CONSIDERED AN EFFECTIVE TOOL FOR  
COMMUNICATION WITH LICENSEE MANAGEMENT,  
BOARDS, AND THE PUBLIC. USED FOR PLANNING AND  
MOTIVATIONAL PURPOSES**

**RECOMMEND NOTIFYING CEO OR BOARD OF PLANT  
PERFORMANCE THAT EXTRAPOLATES TO PROBLEM  
PLANT STATUS**

**RECOMMEND ESTABLISHING A FIXED PERIOD BEFORE  
RE-EVALUATION FOR REMOVAL FROM PROBLEM  
PLANT LIST**

# **ARE BENEFITS COMMENSURATE WITH AGENCY EXPENDITURES**

## **THE INSPECTION PROGRAM IS GENERALLY COST-EFFECTIVE**

- **OVERALL TREND IN SAFETY IS POSITIVE:**
  - **NRC IS FINDING FEWER PROBLEMS**
  - **PERFORMANCE INDICATORS POINT TO OVERALL IMPROVEMENT**
  - **LICENSEE SELF ASSESSMENT PROGRAMS ARE MORE EFFECTIVE AT FINDING PROBLEMS**
- **REFINEMENTS ARE NEEDED TO BETTER ALIGN PROGRAM TO MAXIMIZE THE POTENTIAL SAFETY BENEFIT**



**RECOMMEND MAKING INSPECTION PROGRAM MORE  
RESPONSIVE TO IDENTIFIED NEEDS FOR  
ADJUSTMENTS BASED ON SAFETY CONSIDERATIONS**

**RECOMMEND MAKING INCREASED USE OF IPEs AND  
RISK ASSESSMENTS TO FOCUS THE INSPECTION  
PROGRAM**

**IS THE FOCUS ON SAFETY AND  
PERFORMANCE VS COMPLIANCE APPROPRIATE**

**FOCUS OF INSPECTIONS APPROPRIATE - HOWEVER,  
NEED IMPROVEMENT IN CONSISTENCY OF  
PERFORMANCE-BASED FINDINGS**

**RECOMMEND ENHANCING SYSTEMATIC MEASURES  
TO ENSURE CONSISTENCY**

**ENFORCEMENT EFFECTIVE WHEN NEEDED TO SEIZE  
TOP MANAGEMENT ATTENTION BUT SAFETY BENEFIT  
DOES NOT APPEAR COMMENSURATE WITH NRC OR  
LICENSEE RESOURCES EXPENDED**

**RECOMMEND REDUCING ESCALATED ENFORCEMENT  
FOCUS WHERE SAFETY OBJECTIVES ALREADY MET**

**RECOMMEND SIMPLIFYING ENFORCEMENT PROCESSES  
AND ISSUANCES**

## **ARE FEEDBACK AND LESSONS LEARNED USED EFFECTIVELY**

**THE INSPECTION PROGRAM HAS IMPROVED IN  
RESPONSE TO FEEDBACK AND LESSONS LEARNED BUT  
PROCESS LACKS RIGOR IN IMPLEMENTATION**

**RECOMMEND MORE STRUCTURED PROCESS FOR  
IDENTIFICATION OF LESSONS LEARNED AND  
ASSURANCE OF PROGRAM IMPROVEMENTS**

**OFFICE OF POLICY PLANNING**

**ASSESSMENT OF THE  
REACTOR INSPECTION PROGRAM**

**OPP-92-01**

**November 16, 1992**



## EXECUTIVE SUMMARY

The Executive Director for Operations (EDO) directed the Offices of Policy Planning (OPP) and Nuclear Reactor Regulation (NRR) to conduct a broad review of the reactor inspection program, focusing on the overall health and effectiveness of the program and its assessment and management process. This report responds to that direction by providing a broad perspective on (1) the impact of the inspection program on the safety performance of nuclear utilities, (2) the effectiveness of inspection program elements and regulatory initiatives such as the systematic assessment of licensee performance (SALP) and the problem plant list, and (3) those policy initiatives that are appropriate to enhance the effectiveness and management of the inspection program.

The broad perspective called for by the EDO led to an effort that combined a review of relevant program and implementation documents with focused interviews of selected utility executives, staff members of the Institute of Nuclear Power Operations (INPO), and NRC regional and headquarters managers. During the interviews, the following questions were addressed:

- Are the objectives of the inspection program met?
- How does the inspection program affect utility safety performance?
- Which regulatory performance initiatives are most effective?
- Are inspection program benefits commensurate with agency expenditures?
- Is the balance of safety and performance versus compliance appropriate?
- Are feedback and lessons learned used effectively?

The overall conclusion reached is that the reactor inspection program is healthy and has a positive impact on the safety performance of utilities. However, opportunities exist for making improvements in the effectiveness of both the inspection program and the regulatory initiatives founded on inspection program results and conclusions. These improvements would enhance the program's focus on safety significance and diminish the regulatory burden. They could be implemented with minimal resource commitments. The body of this report provides the findings from which this overall conclusion is drawn and the specific recommendations for improvements, both of which are summarized below.

**Finding**

The objectives of the inspection program are being met.

The inspection program has a positive impact on safety performance at utilities.

Team inspections have a substantial positive impact on both utility safety performance and resource expenditures. However, inspection practices that promote both the positive safety impact and an efficient use of NRC and utility resources are not consistently applied.

The resident program is working well and specialist inspections are important to SALP and senior management meeting (SMM) considerations. Discretionary specialist resources are already at a low level and implementation of N+1 will further reduce ability to tackle emerging issues.

The problem plant list is highly effective in focusing proper attention on poor plant performance. Most licensees would initiate robust actions to avoid problem plant status. However, once on the list, attention from NRC, INPO, and insurance carriers, along with the utility's desire to be removed from the list quickly, results in heavy and some unproductive resource expenditures.

**Recommendation**

No recommendation in this area.

No recommendation in this area.

Revise inspection procedures and practices, addressing elements described in Appendix A, to enhance definition of issues, acceptance criteria, and NRC preparation before inspection.

Establish N+1 resident staffing as a policy guideline only.

Notify chief executive officer or board of plant performance that extrapolates to problem plant status. Category 2 plants should have minimum residence time on the list (e.g., 12-18 months) before they are considered for removal.

<u>Finding</u>	<u>Recommendation</u>
<p>SALP provides effective regulatory communication with utility boards, management, and the public, and is useful for planning and motivation.</p> <p>The inspection program yields benefits commensurate with agency expenditures with focus and resources near appropriate level; however, there are opportunities for improvement, particularly where the inspection activity is without a clearly identified nexus to reactor safety.</p> <p>The focus on safety and performance versus compliance appears appropriate. Opportunity exists for improvement in measures to ensure consistency of performance-based findings.</p> <p>Escalated enforcement is effective as an attention getter but the safety benefit does not appear commensurate with NRC or licensee resources expended.</p> <p>The inspection program has improved in response to feedback and lessons learned, but the process lacks rigor in implementation.</p>	<p>No recommendation in this area.</p> <p>Make inspection program more responsive to identified needs for adjustment based on safety considerations, and increase use of risk assessment to focus inspections.</p> <p>Institute measures to enhance review of inspection findings for which licensee action is expected.</p> <p>Reduce escalated enforcement focus in areas where safety objectives are already met. Simplify the enforcement process.</p> <p>Revise the process to review lessons learned in the inspection program and to ensure program improvements.</p>



## CONTENTS

EXECUTIVE SUMMARY . . . . .	ii
INTRODUCTION . . . . .	1
DISCUSSION . . . . .	1
Meeting the Inspection Program Objectives . . . . .	2
Impact on Utility Safety Performance . . . . .	3
Effectiveness of Regulatory Performance Initiatives . . . . .	5
Cost Effectiveness of Inspection Program . . . . .	6
Balance of Safety and Performance versus Compliance . . . . .	7
Feedback and Lessons Learned . . . . .	10

## APPENDICES

- A Elements of an Effective Team Inspection Effort
- B Team Members Who Participated in the Assessment of the  
Reactor Inspection Program

## INTRODUCTION

By memorandum dated August 4, 1992, the EDO directed OPP and NRR to conduct a broad review of the reactor inspection program, focusing "on assessing the overall effectiveness and health of the inspection program and its assessment and management process." To implement this task, a team (see Appendix B) experienced in the inspection program, regional operations, and industry activities was formed and developed an assessment plan. The team prepared a detailed list of questions and issues to be addressed and selected for interviews seven executives from utilities whose nuclear plants represented diversity in plant type, age, and historical performance. The utilities selected included at least one from each of NRC's five regions. The team also decided on interviewing selected NRR and Office of Enforcement managers responsible for various elements of the inspection and enforcement program, the three top levels of management at NRC Regions II and III, and persons selected by INPO who were experienced in the INPO plant assessment process. The interviews began on September 4 and were completed on September 25, 1992.

The EDO was briefed on the results of this assessment on October 6, 1992. He requested that the team prepare this report documenting its findings and recommendations.

## DISCUSSION

The EDO instructed the team to provide a "think piece," interpreted to mean a high-level, rather than detailed, assessment designed to answer the question of the overall effectiveness and health of the inspection program and to stimulate consideration of and perhaps additional study and initiatives in selected areas. The team therefore, developed interview questions that were broad and would elicit unfiltered and direct responses, and selected interviewees who represented diversity in viewpoint and experience. Although the interviews were sometimes far ranging, there was surprising uniformity of agreement in the findings presented herein. The views of the industry participants on the overarching issue of effectiveness and health of the inspection program were generally consistent with those of the NRC participants. The recommendations presented are either the team's views or an amalgam from views presented by interviewees that the team believes will be beneficial in enhancing the effectiveness of the inspection program.

The subsequent sections of this report are organized to follow the topic areas used in the interviews, which, taken as a

whole, are responsive to the charter of assessing the overall effectiveness and health of the inspection program:

- meeting the inspection program objectives
- impact on utility safety performance
- effectiveness of regulatory performance initiatives
- cost effectiveness of inspection program
- balance of safety and performance versus compliance
- feedback and lessons learned

## **Meeting the Inspection Program Objectives**

### ***Findings***

The team found strong agreement among utility executives and NRC managers that the overall objective of the inspection program is being achieved. This objective, as stated in SECY-92-169, "The Staff's Progress on Actions to Improve Independent Assessment of the Inspection Program," is to ensure licensees are operating facilities safely by:

1. Providing one of several bases for conclusions on both individual licensee and industry wide performance for allocating resources.
2. Ensuring that the licensee's systems and techniques for conducting internal inspections and maintaining control result in safe operations.
3. Finding and resolving plant-specific safety concerns that have generic significance.
4. Identifying significant declining trends in performance and performing inspections to verify that the licensee has resolved the issue before performance declines below an acceptable level.

The role of the inspection program in providing independent oversight of licensee programs and activities to ensure safe

operations was well understood by NRC and industry and considered necessary by both.

There was good agreement that the inspection program is effective in identifying significant declines in licensee performance before that performance declines below an acceptable level. The process for selectively examining licensee activities generally focuses on the "safety-significant" areas and at the proper depth to provide necessary insights for the staff to draw meaningful conclusions about licensee performance.

The inspection program ensures that licensees' systems and techniques for conducting internal inspections and maintaining control result in safe operations. It focuses licensee managements' attention on ensuring that their internal systems proactively identify potential safety problems and enact lasting corrective actions. In most cases, the inspection program accomplishes this without usurping licensee managements' responsibilities or prerogatives.

The team attempted to identify ways to directly measure the effectiveness of the inspection program in achieving its primary objective of ensuring safety. The NRC and industry use various indicators to gauge safety performance; these include SALP, NRC performance indicators, INPO performance indicators, and accident sequence precursors. These indicators suggest that industry safety performance has improved. Because the inspection program is but one of several major influences on licensee performance, including INPO and other industry initiatives, it is difficult to quantify the direct contribution of the inspection program. However, there is widespread agreement that the inspection program, and the regulatory initiatives that are greatly influenced by inspection program results, have substantially contributed to improved safety performance by the industry.

### ***Recommendations***

None.

### **Impact on Utility Safety Performance**

The team found that the NRC inspection program does contribute to long-term safety improvements at nuclear power plants. Although some NRC inspection contributions are qualitatively distinguishable from other contributors to nuclear safety improvement (such as utility, INPO, and other NRC initiatives), we found no accurate and objective means to separate and quantify all inspection program activities.

The team found that the current NRC inspection program structure is good and provides a generally effective mix of types of inspection and areas of focus. This is discussed further in the section entitled "Cost Effectiveness of the Inspection Program."

The team developed a number of insights regarding NRC team inspections and resident and specialist inspections; these are discussed below.

### Team Inspections

#### *Findings*

Team inspections are powerful tools and have been especially valuable to enhance the safety performance of licensees. Safety improvements often precede NRC inspections as utilities perform self-assessments in response to NRC's display of interest in an area. Refinements and improvements to NRC's management of team inspection programs, as well as teams themselves, can further improve effectiveness and perhaps reduce resource expenditures.

Team inspections involve substantial utility and NRC resources and thereby warrant commensurate management attention toward maximizing safety benefit and managing the impact on these resources. We identified a number of elements or features that promote a positive safety impact of an inspection while promoting efficient use of NRC and utility resources related to the team inspection. These are discussed in Appendix A. Although most of these elements are present to some degree in many team inspections, further staff effort is needed to ensure they are consistently applied to all. For example, some team inspections have been too large and have lasted too long or have been conducted without a clear definition of the issues and criteria for acceptance. By consciously addressing these elements thoroughly and consistently, NRC could achieve improved quality, better safety impact, more uniform performance, and better control of the regulatory burden.

#### *Recommendations*

NRC should ensure that inspection procedures and practices consistently address the elements of an effective team inspection outlined in Appendix A. This would include more effort to reach an understanding between the NRC and industry on objectives and expectations. The inspection teams should be evaluating a plant against defined criteria. Also, stronger measures are needed to internally test the validity, significance, and consistency of inspection team findings. Given resource constraints, this process might involve inspecting somewhat less, but expending more effort in evaluating findings.

## **Resident and Specialist Inspections**

### ***Findings***

The resident inspector program is well received by industry and considered to be working effectively for safety. Licensees and NRC staff interviewed considered the program to be appropriately staffed and did not believe an increase in resident staffing would enhance safety performance. They indicated that there is more safety benefit to providing increased resident inspector attention to poorly performing sites than to varying the number of inspectors solely on the basis of the number of units.

Individual specialist inspections provide less dramatic results than team inspections and resident inspector activities; nonetheless, they are important to assessing trends and overall licensee performance. Their findings are important contributors to the SALP and SMM process.

In addition to individual inspections, specialists follow up events and allegations and contribute to team inspections. In some regions, implementation of N+1 minimum staffing will further cut specialist resources, which are already at a low level. Because the resident inspector program already appears adequately staffed, full staffing at an N+1 level does not seem to be warranted.

### ***Recommendations***

NRC should establish N+1 as a policy guideline, with a minimum of two inspectors per operating site. Regional administrators should annually justify to the EDO exceptions to N+1 based on safety benefit.

## **Effectiveness of Regulatory Performance Initiatives**

### ***Findings***

The results of the inspection program provide the principal bases for application of certain regulatory performance initiatives, such as SALP, the problem plant list, and enforcement. Licensees and, to varying degrees, interested parties inside and outside the industry give all of these initiatives priority attention. The focus the team put on this issue was that of determining which of these initiatives was the most effective in enhancing licensee safety performance. Both industry and NRC consider the problem plant list highly effective in focusing proper regulatory and licensee attention on poorly performing plants. There was general agreement that this is the

most certain way to ensure improved safety performance. Other NRC initiatives, along with INPO, peer, and public pressure are not always sufficient to force those fundamental changes in a utility's operating and management practices that are often necessary for a lasting turnaround.

Strong evidence existed that most licensees would take robust actions to remediate poor performance if they considered their plant close to the problem plant list. Other evidence showed that it is more difficult, costly, and disruptive to turn a plant around once it is placed on this list. This is because problem plant status results in overwhelming attention, not only from the NRC but from INPO, insurance carriers, and financial interests. This, along with a desire to be quickly removed from the list, results in heavy and often unproductive resource expenditures.

The SALP is also considered an effective regulatory tool for communication with licensee management, utility boards, and the public. Because many licensees use the SALP in their planning process, initiatives deriving from the SALP may get long-lasting attention. The interviewees discussed the unintended uses of the SALP, such as by the public utility commissions (PUCs) and the financial community, but no support was shown for current staff initiatives of reducing the number of categories to four. The utilities interviewed thought that combining certain areas would lessen motivation and accountability.

### ***Recommendations***

When the SMM process indicates that plant performance extrapolates to problem plant status, the utility's chief executive officer or board should be so informed. Should performance continue to degrade, placement on the list could occur no later than the next SMM meeting. Further, Category 2 plants should have a minimum residence time of, for example, 12 to 18 months before NRC considers them for removal. This would allow a more orderly implementation of performance improvements, including management, program, and process changes. The NRC should continue to closely monitor safety performance to ensure that performance is not continuing to deteriorate, and save major inspection activities for verifying improvement, not validating poor performance.

## **Cost Effectiveness of Inspection Program**

### ***Findings***

This area was one of lively discussion with the utility interviewees because the inspection program is demanding and

costly in regard to their resources. Interviewees believed that certain areas were overinspected and that certain inspection activities focused on areas of low safety significance. Of those mentioned, the most prominent was security. Alternatively, we found that NRC's choice of topics for "area of emphasis" inspections, which command substantial NRC and licensee resources, were well received by industry and were cost effective for the agency because of the safety insights gained. Opportunities for improvement exist, particularly where the inspection activity is without a clearly identified nexus to reactor safety.

By most yardsticks, the general trend in industry safety performance is positive. The NRC is finding fewer problems; utilities are finding more of their own; performance indicators point to improvement; and, perhaps arguably, public concern about reactor safety has eased. Therefore, it is not clear that a significant increase in inspection activities would be productive. In addition, since most of the inspection efforts were viewed as beneficial to safety performance, a substantial cut in inspection activities might have a negative effect on safety. Overall, the inspection program yields benefits commensurate with agency expenditure, with its focus and resources near appropriate levels.

### ***Recommendations***

The most effective use of inspection resources would be focusing attention on issues and activities having high safety significance, recognizing that certain inspection activities are needed as a matter of policy and for increased public assurance. It appears that the inspection program could be more responsive to diminished safety return in certain areas. Therefore, the inspection program should make increased use of risk to focus its activities and identify and enact improvements based on safety need. The SMM process should continue to provide broad direction on changes in program emphasis.

## **Balance of Safety and Performance versus Compliance**

The findings in this area are organized into two subtopics: inspection and enforcement.

### **Inspection**

#### ***Findings***

The inspection program objective of ascertaining both safety and compliance is well understood, as is the policy that inspectors are safety inspectors first. NRC's focus on



performance and safety relative to compliance continues to increase and the overall balance appears appropriate. However, safety and performance inspections are more difficult to conduct than compliance-based inspections. Key challenges involve (1) how to ensure a consistent yardstick is used when compliance is not the measure and (2) how to ensure findings are both valid and sufficiently significant to warrant licensee effort and resources. For example, comments made in a draft inspection report or at an exit meeting with a licensee may amount to suggestions or criticism of minor safety significance and may receive little NRC review for validity, consistency, safety significance, or subsequent followup. But the licensee will often put forth considerable effort to address the comment in order to demonstrate responsiveness to the inspection results. We found that this issue is recognized and is receiving NRC attention but more should be done.

### ***Recommendations***

NRC should institute better measures to ensure consistency in all NRC inspection findings before the licensee is informed and initiates corrective action. In particular, the following actions would be appropriate:

- more involvement of management (above the lead inspector or team leader) in the review of inspection findings
- peer and technical review branch test of significant findings which are likely to result in resource expenditures by the licensee
- expanded exit preparation to ensure validity of findings before triggering substantial licensee effort

### **Enforcement**

#### ***Findings***

Although escalated enforcement activities capture top licensee management attention, they affect safety much less broadly than the SALP or the problem plant list. The safety benefit does not always appear commensurate with NRC or licensee resources expended.

The key benefit of escalated enforcement is getting top management attention when needed, but the enforcement process is not solely based on that objective. For example, many civil penalties (CPs) involve self-identified issues to which licensee management is already devoting significant resources. Further, in cases of significant compliance-based safety issues, the NRC staff resolves those issues promptly; therefore the enforcement,

albeit handled expeditiously, usually involves issues which are already well understood by the parties.

Escalated enforcement does not affect licensee planning and resource allocation as broadly as do the SALP and the SMM. Utility executives do not make key planning decisions based on the likelihood of incurring CPs. On the other hand, SALP and SMM results cause licensees to develop or modify forward-looking, integrated plans and to evaluate overall resource allocations. Escalated enforcement is not such a factor in management planning and strategy, because enforcement comes from the unexpected.

Publicity is the principal impact on licensees from NRC escalated enforcement. This impact begins when NRC decides to hold a conference, and is greater for open conferences. Each action involves multiple publicity opportunities. Mitigation or escalation of the CP has little affect the utility's concern of damaged public image. When a contemplated CP is mitigated to zero dollars, there still has been an impact on the licensee, due to the effort and publicity associated with the enforcement conference.

Substantial staff time is spent in developing and revising the packages, which are quite complex and may be confusing to eventual readers. This factor reduces the ratio of safety benefit to time spent on enforcement. There is evident frustration within the regions on the cost-effectiveness of enforcement activities.

### ***Recommendations***

NRC should revise escalated enforcement policy and practices to reduce resources but retain the benefit of seizing top management attention when needed:

- Improve self-identification and corrective action credit; for example, make it practical to avoid the enforcement conference. Focus primarily on corrective action or self-assessment failures.
- Evaluate public affairs practices to identify unneeded or redundant issuances, such as followup press releases when CPs are reduced. Licensees may publicize this reduction if they choose.
- Simplify the NRC process for developing and approving enforcement actions and clarify the regulatory concern and its significance in public material.

## Feedback and Lessons Learned

### *Findings*

Improvements to the inspection program are being made in response to internal feedback, lessons learned, and reactor events. The staff identifies the need for major inspection enhancements and initiatives through periodic senior management meetings, management and inspector counterpart meetings, inspection program working groups, and the generic communications process. However, the process is primarily informal and does not routinely invite feedback on necessary program improvements.

The NRC effectively reviews major events and problems for their generic safety implications and provides timely and comprehensive information to the industry, where appropriate, to alert licensees. The inspection program is a major source of information used in this process. However, feedback in the other direction, that is, from event insights to the inspection program and procedures to improve future inspections, is less consistent. Relatively few events or problems result in formal changes in inspection program guidance or requirements. This may represent a lost opportunity to identify valuable lessons learned.

Inspector feedback on whether major inspections achieved their established objectives and were effective in enhancing safety is not aggressively sought. In contrast, INPO collects feedback from each peer evaluator and evaluation team member on what was done well and what could be done better. While this approach is not practical for every NRC inspection activity, it could be applied to major team inspections. Such a process would potentially improve effectiveness and consistency of these major efforts.

The current process by which individual inspectors provide feedback on necessary program or procedure improvements is not well understood by the inspectors and is rarely utilized. The most recent NRC Inspection Manual guidance was issued in 1983 and does not reflect current lines of communication.

### *Recommendations*

The staff should revise its current feedback process to provide a more structured one to identify lessons learned and necessary program improvements and enact program improvements. This process should be simple, establish clear responsibilities, provide for timely change, and provide the following:

- review of major events and problems to identify successes and failures of the inspection program

- more routine feedback regarding the effectiveness and conduct of major inspection activities
- ongoing feedback from inspectors as a result of experience and insights

## APPENDIX A

### ELEMENTS OF AN EFFECTIVE TEAM INSPECTION EFFORT

#### Developing and Planning the Effort

- Develop an overall NRC strategy for dealing with an issue and conduct a management evaluation as to whether a team inspection is an appropriate part of that strategy.
- Resolve licensing issues before starting inspections.
- Involve industry and establish clear inspection objectives, acceptance criteria, and expectations; resolve any broad differences with industry.
- Complete training (on technical areas and inspection techniques) for management, leaders, members of teams.
- Provide ample advance notice to licensees. Typically, six months or more notice is needed to allow licensees to prudently allocate time and resources to the inspection preparation and support. Where NRC schedules are tentative or approximate, licensees should nonetheless be notified, rather than having to wait until an exact date is set.

#### Managing the Specific Inspection Effort

- Control the size and the scope of the team, as well as inspection duration.
- Enforce disciplined preparation and other measures to ensure team readiness.
- Maintain close rapport with those who know the site (resident and regional personnel).
- Carefully select team leaders with demonstrated communication and leadership skills.
- Use sufficient and diverse measures to ensure validity and consistency of findings. (INPO appears to more consistently follow a thorough process to internally test and validate preliminary findings than does NRC.)

## Assessment of the Reactor Inspection Program

---

### Feedback

- Systematically ensure good feedback to improve subsequent teams.
- Use a more graded approach toward inspecting the industry (ranging from large teams and two-week inspections to smaller teams and shorter inspections, specialist inspections, or no inspection as appropriate to situation). This may save some NRC and licensee resources.

**APPENDIX B**

**Team Members Who Participated in the  
Assessment of the Reactor Inspection Program**

***Richard H. Vollmer  
Director, Office of Policy Planning***

***A. Randolph Blough  
Chief, Reactor Projects Branch No. 4, Region I***

***Michael R. Johnson  
Chief, Management and Operations Assessment Section, NRR***



## **POLICY ISSUE** **(Notation Vote)**

April 6, 1993

SECY-93-090

FOR: The Commissioners

FROM: James M. Taylor  
Executive Director for Operations

SUBJECT: SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE (SALP) PROGRAM

PURPOSE:

To inform the Commission of the staff's final recommendations for changes to the Systematic Assessment of Licensee Performance (SALP) program.

BACKGROUND:

The Commission, in its December 21, 1991, staff requirements memorandum for SECY-91-172, "Regulatory Impact Survey Report - Final," directed the staff to conduct a comprehensive review of the SALP program and to provide the results of its review along with any recommended changes. The staff provided its preliminary conclusions for changes to the SALP program in SECY-92-290, "Systematic Assessment of Licensee Performance," of August 19, 1992. Those conclusions resulted from many discussions and meetings with managers and staff members in the regions and at headquarters. In addition, the staff advised the Commission of its plans for increasing management oversight of the SALP process and for conducting a workshop to receive public comments on the proposed changes.

The staff conducted the public workshop on September 29, 1992, and solicited written comments on the proposed changes to the program. The staff received a number of comments on the proposed changes. However, the majority of the comments recommended that the NRC eliminate the SALP program because it enforces rising performance expectations, is too subjective, and the public and other regulators misuse the category ratings. The staff disagrees with

Contact:  
C. Holden, NRR  
504-1037

---

SECY NOTE: TO BE MADE PUBLICLY AVAILABLE AT THE COMMISSION BRIEFING ON  
APRIL 15, 1993.



the conclusions drawn in the industry comments. However, in light of the nature and extent of the comments, NRC senior managers recently met to discuss the staff's evaluation and proposed disposition of those comments. The senior managers' discussions focused on the basic elements of the program and on how the SALP process is used in fulfilling the agency's safety responsibilities. The details of this final review and the staff's recommendations for changing the program are provided in this paper.

#### DISCUSSION:

The SALP program was designed to integrate inspection findings, to draw conclusions on the licensees' operational performance, and to serve as a forum for candid discussion with utility management following a thorough evaluation, using examples from the assessment. This common-sense rationale for the SALP program worked well over the years. Based on the public and industry comments received, the basic objectives of the SALP program were reviewed against the safety needs of the agency and the manner in which the program fulfills those needs. NRC senior managers, particularly the regional administrators, confirmed that the SALP program is an essential tool in achieving the agency's responsibility for assessing licensee performance. However, a number of enhancements were identified which would facilitate clearer communications with licensees and would enhance the process for collecting and assessing performance information.

The staff recommends adopting the program changes forwarded to the Commission in SECY-92-290 with the modifications and additions detailed in Enclosure 1. These additional changes include: (1) revising the Board composition to be Senior Executive Service (SES) members only, (2) reducing the length of SALP reports and revising the process in order to focus on the most significant issues in each of four functional areas, (3) providing additional guidance for the SALP public meeting, and (4) assisting in the allocation of NRC inspection resources by allowing some reduction in NRC oversight at better performing plants. Enclosure 2 forwards draft Management Directive 8.6, "Systematic Assessment of Licensee Performance," which includes the recommendations of this paper.

One comment received during the public comment period questioned the NRC's legal authority for the SALP program. Enclosure 3 is an analysis from the Office of the General Counsel which concludes that the SALP program does not violate applicable legal requirements.

The staff continues to study various options for the elements of the SALP program applicable to plants under construction. In the near term, the construction facilities (Watts Bar and Bellefonte) can be reviewed under the current provisions of the construction SALP program. The staff will forward to the Commission its recommendations regarding the SALP program for construction plants at a later date.

#### CONCLUSION:

During its comprehensive review of the SALP program, the staff confirmed that the program was useful and effective, and that it is an essential tool for

carrying out the agency's responsibilities. However, in addition to retaining most of the preliminary recommendations provided in SECY-92-290, the staff also recommends additional changes to enhance the process and to better promote clear communication of our assessments to licensees and the public.

COORDINATION:

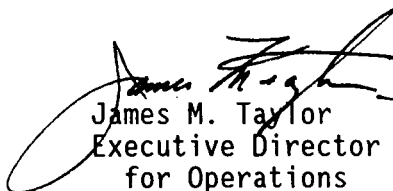
The Office of the General Counsel has no legal objection to the contents of this paper.

RECOMMENDATION:

That the Commission approve the staff's recommended changes to the SALP program and the implementation of Management Directive 8.6, "Systematic Assessment of Licensee Performance."

SCHEDULING:

The staff will implement MD 8.6 for assessment periods ending 60 days after the Commission approves the recommended changes to the SALP program.

  
James M. Taylor  
Executive Director  
for Operations

Enclosures:  
As stated

DISTRIBUTION:  
Commissioners  
OGC  
CAA  
IG  
OPP  
REGIONS  
EDO  
SECY

Commissioners' comments or consent should be provided directly to SECY by COB Wednesday, April 21, 1993.

Commission staff office comments, if any, should be submitted to the Commissioners NLT April 14, 1993, with an information copy to SECY. If the paper is of such a nature that it requires additional review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

## Additional Changes Proposed for the SALP Program

### 1. Management Control

The staff proposes a number of changes to reinforce communications between NRC management and the licensee, and to emphasize the role of the regional administrator as the focal point for the NRC's assessment efforts. First, it is recommended that the SALP Board be comprised of four Senior Executive Service (SES) members. This recommended change in the Board composition from that described in SECY-92-290 will reinforce the philosophy that SALP is an NRC management product. This change will remove project managers and senior resident inspectors from the Board, however, because of the importance of their insights, they will continue to participate in Board discussions. In addition, other non-SES staff members will still participate in Board discussions in their areas of expertise. Second, the SALP Board will develop the functional area assessments and will recommend category ratings, including any differences in opinion, to the regional administrator for each functional area. The regional administrator will consider the Board's recommendations and meet with the Board, if necessary, to resolve any differences in opinion. The Regional Administrator is the agency official responsible for implementing the SALP program for facilities within his or her region and for issuing individual licensee SALP reports. The regional administrator's overall assessment will continue to be communicated in the cover letter to the SALP report, and will emphasize those areas considered most significant.

### 2. SALP Report

The staff recommends condensing the SALP to four functional areas, as discussed in SECY-92-290, by combining Radiological Controls, Emergency Preparedness, and Security into one functional area designated Plant Support. Safety Assessment/Quality Verification will be considered for each functional area rather than a separate functional area. This change will more accurately reflect the balance of NRC inspection resources applied.

On the basis of its review, the staff also concluded that brief, concise SALP assessment reports would help to better focus attention on plant safety. Therefore, the staff recommends that SALP reports consist of a cover letter that communicates the overall assessment and emphasizes those areas considered most significant, and an enclosure of approximately six pages that contains the assessment of the four functional areas, including category ratings. In some cases, there may be a limited number of issues in a functional area to assess and the SALP report would be correspondingly brief in that area. It is not required to address issues simply for completeness. Initial (draft) SALP reports will no longer be issued. Any comments or factual errors identified after issuance of the SALP report will be handled on a case-by-case basis by the regional administrator. Overall, the process will require less administrative support while providing clearer, more direct communications between NRC and licensee management on safety-significant issues.

To further simplify the process, the complex Board voting procedures and evaluation criteria, attributes, and matrices have been eliminated. New category rating definitions have been developed to assist the board in reaching its conclusions and the regional administrator in establishing the SALP ratings. These category rating definitions include the key points of the evaluation criteria and attributes previously approved by the Commission.

The present SALP report and category ratings reflect an historic summary of issues and often are not fully representative of recent licensee performance. Therefore, the staff recommends that the category ratings emphasize the most recent performance, i.e. about the last six months of the assessment period. The written assessment for each of the four functional areas will continue to address performance over the entire assessment period, as appropriate. The staff also recommends removing the trend designators ("improving" or "declining") and reducing the time interval between the end of the assessment period and the public meeting. These changes will help to communicate the NRC's assessment of current licensee performance rather than an historic summary of issues that may already have been corrected.

### 3. SALP Public Meeting

The staff concluded that SALP public meetings, in general, could be improved to provide more clear, candid communications with the licensee and the public. The staff believes that the changes now being proposed to clearly identify the significant performance issues will result in more focused public meetings. In addition, the regional administrator or the deputy regional administrator will preside at all SALP public meetings to ensure that the SALP results are conveyed in a clear and accurate fashion and represent NRC management's assessment. The regional administrator may decide not to hold a SALP public meeting when there are no significant issues to communicate to the licensee or in those cases where such information has recently been communicated during a public meeting in the vicinity of the plant.

### 4. Resource Allocation

The SALP process results are now considered in decisions regarding allocation of NRC inspection resources. In view of the Commission's decision regarding SECY-92-354, "Process for Obtaining Exceptions to the N+1 Policy," dated October 20, 1992, licensee performance will also be considered, on a case-by-case basis, in the assignment of resident inspectors. The staff will also further develop the concept of recognizing licensee self-audits by good performers as a basis for waiving or reducing the scope of technically duplicative NRC area-of-emphasis team inspections. These changes will be incorporated into the agency inspection program and procedures and will assist in allocating NRC inspection resources by allowing some reduction in NRC oversight at better performing plants.

# ***Systematic Assessment of Licensee Performance (SALP)***

---

***Directive***  
(Formerly  
MC 0516) **8.6**

---

## **Contents**

<b>Policy</b> .....	1
<b>Objectives</b> .....	1
<b>Organizational Responsibilities and Delegations of Authority</b> .....	2
The Executive Director for Operations (EDO) .....	2
The Director, Office of Nuclear Reactor Regulation (NRR) .....	2
Regional Administrators .....	2
<b>Applicability</b> .....	3
Licensees .....	3
Employees .....	3
<b>Handbook</b> .....	3
<b>References</b> .....	3



# Systematic Assessment of Licensee Performance (SALP) Directive 8.6

## Policy (8.6-01)

It is the policy of the U.S. Nuclear Regulatory Commission (NRC) to use the Systematic Assessment of Licensee Performance (SALP) process to articulate the agency's observations and insights on the licensee's safety performance. The SALP report communicates those observations and insights to licensee management and the public.

## Objectives (8.6-02)

- To conduct an integrated assessment of licensee performance that focuses on the safety significance of the NRC findings and conclusions during an assessment period. (021)
- To provide a vehicle for meaningful dialogue with the licensee regarding its performance based on the insights gained from synthesis of NRC observations. (022)
- To assist NRC management in making sound decisions regarding allocation of NRC resources used to oversee, inspect, and assess licensee performance. (023)
- To provide a method for informing the public of the NRC's assessment of licensee performance. (024)

## **Organizational Responsibilities and Delegations of Authority** (8.6-03)

### **The Executive Director for Operations (EDO)** (031)

Provides oversight for the activities described in this directive and handbook.

### **The Director, Office of Nuclear Reactor Regulation (NRR)** (032)

- Implements the requirements of this directive within NRR. (a)
- Monitors the SALP process. Assesses the uniformity and adequacy of the implementation of the program. (b)
- Evaluates and develops SALP policy, criteria, and methodology. (c)

### **Regional Administrators** (033)

- Implement the requirements of this directive within their respective regions. (a)
- Confer with the Director, NRR, and inform the DEDR when contemplating significant deviations from the requirements or guidelines of this directive. (b)
- Develop and issue the SALP report, which contains a concise assessment of licensee performance, including category ratings for each functional area. (c)
- Direct reallocation of regional inspection resources, as and when appropriate, based on the functional area assessment. (d)
- Establish a schedule and determine a site for a public meeting with the licensee, as appropriate, to ensure mutual understanding of the issues discussed in the SALP report. (e)



**Regional Administrators**  
(033) (continued)

- Suspend the SALP process for any plant that is placed on the Category 3 list of problem facilities as a result of the Senior Management Meeting process. The SALP process should not resume until the facility is removed from this category. SALP assessments with no category ratings may be performed as a part of the restart readiness evaluations. (f)
- Assess the uniformity and adequacy of regional implementation of the SALP Program. Provide to the Director, NRR, recommendations for improving the SALP Program. (g)

**Applicability**  
(8.6-04)

**Licensees**  
(041)

This program applies to all licensees of power reactors with operating licenses or construction permits.

**Employees**  
(042)

The provisions of this directive and handbook apply to and must be followed by NRC headquarters and regional personnel.

**Handbook**  
(8.6-05)

Major components of the SALP Program are specified in Handbook 8.6.

**References**  
(8.6-06)

1. NRC Announcement 200, "Revised Guidance on the Use of Performance Indicators," November 28, 1989.
2. "Public Inspections, Exemptions, Requests for Withholding," 10 CFR 2.790.

# ***Systematic Assessment of Licensee Performance (SALP)***

---

## ***Handbook*** *(Formerly Appendix 0516)* **8.6**

## **Contents**

<b>Introduction .....</b>	<b>1</b>
 <b>Part I</b>	
<b>General Guidance for the SALP Program .....</b>	<b>2</b>
Evaluation Frequency (A) .....	2
Evaluation Process (B) .....	3
Functional Areas (C) .....	4
Operating Phase Reactors (1) .....	4
Construction Phase Reactors (2) .....	5
Performance Category Ratings (D) .....	5
 <b>Part II</b>	
<b>Implementation of the SALP .....</b>	<b>8</b>
Assessment Process (A) .....	8
Preparation for the SALP Board Meeting (1) .....	8
Conduct of the SALP Board Meeting (2) .....	10
Completion and Issuance of the SALP Report (3) .....	10
SALP Meeting With the Licensee (B) .....	12
General (1) .....	12
Meeting Preparation (2) .....	12
Licensee Meeting (3) .....	12

## **Introduction**

The SALP process is used to develop the NRC's conclusions regarding a licensee's performance. The SALP report documents the NRC's observations and insights on a licensee's performance and communicates the results to the licensee and the public. It provides a vehicle for clear communication with licensee management with a focus on plant performance relative to safety risk perspectives. The NRC utilizes SALP results when allocating NRC inspection resources at licensee facilities.

## **Part I**

# **General Guidance for the SALP Program**

### **Evaluation Frequency (A)**

The NRC will normally review and evaluate each power reactor licensee that possesses an operating license or a construction permit on about an 18-month interval (plus or minus 2 months). Variations to this interval can be made in the following instances: (1)

- When a new operating license is issued, two consecutive SALP evaluations should be scheduled at approximately 12-month intervals after issuance of the low-power license. Following completion of these two evaluations, a determination should then be made on whether to place the licensee on a normal SALP schedule. (a)
- When NRC assessments, such as SALP or plant performance reviews, indicate that licensee performance warrants additional oversight, the regional administrator may elect to reduce the SALP assessment period to as frequently as 12 months, conduct additional management meetings with the licensee, or some combination of the two. (b)
- The assessment period may be extended to a maximum of 24 months when a plant receives a Category 1 rating in all four functional areas. The Director, Office of Nuclear Reactor Regulation (NRR), will be informed in writing when extensions are granted. (c)
- SALP frequency and the scope of the assessment may be adjusted for plants in extended shutdowns, extended outages, or decommissioning. In each case, the regional administrator shall confer with the Director, NRR, and document the basis for the change. (d)

## **Evaluation Frequency (A) (continued)**

- The SALP process will be suspended for any plant that is shut down and requires authorization by the Commission (not the staff) to restart. As a part of a restart review process, an ungraded evaluation of performance in the SALP functional areas may be performed. (e)

Each reactor site will have a separate assessment. For plants at one site in different stages (construction or operating), individual assessments will be performed. For other multiple unit sites, the regional administrator will determine if individual assessments are necessary to capture and communicate the NRC's assessment of licensee performance. (2)

## **Evaluation Process (B)**

The evaluation process entails the following steps: (1)

- Members of the regional and headquarters staff that have inspection and/or oversight responsibility for the site develop background information for the SALP Board. Background information may come from a variety of sources, including inspection reports, events, enforcement results, management meetings and discussions with licensees, and results of periodic plant performance reviews. (a)
- The SALP Board assesses licensee performance and provides recommendations to the regional administrator. (b)
- The regional administrator issues the SALP report. (c)
- The regional administrator or the deputy regional administrator conducts a public meeting with the licensee's management to discuss the assessment. (d)

Additional guidance regarding the SALP process is provided in Part II of this handbook. Implementation procedures for the SALP process will be contained in regional procedures and NRR office letters. (2)

## **Functional Areas (C)**

Functional areas represent a grouping of similar licensee activities.

### **Operating Phase Reactors (1)**

The functional areas for operating reactors are—

#### **Plant Operations (a)**

This functional area consists chiefly of the control and execution of activities directly related to operating a plant. It includes activities such as plant startup, power operation, plant shutdown, and system lineups. Thus, it includes activities such as monitoring and logging plant conditions, normal operations, response to transient and off-normal conditions, adequacy and implementation of emergency operating procedures and abnormal operating procedures, manipulating the reactor and auxiliary controls, and control room professionalism. It also includes initial and requalification training of licensed operators.

#### **Maintenance (b)**

This functional area includes all activities associated with either diagnostic, predictive, preventive, or corrective maintenance of plant structures, systems, and components, or maintenance of the physical condition of the plant. It also includes conduct of all surveillance testing activities, all inservice inspection and testing, instrument calibrations, equipment operability tests, post-maintenance testing, and post-outage testing, containment leak rate tests, and special tests.

#### **Engineering (c)**

This functional area addresses the adequacy of technical and engineering support for all plant activities. It includes all licensee activities associated with design control; the design, installation, and testing of plant modifications; engineering and technical support for operations, outages, maintenance, testing, surveillance, and procurement activities; configuration management; design-basis information and its retrieval; and support for licensing activities.

## **Functional Areas (C) (continued)**

### **Operating Phase Reactors (1) (continued)**

#### **Plant Support (d)**

This functional area covers all activities related to plant support functions, including radiological controls, emergency preparedness, security, chemistry, and fire protection. It includes all activities associated with occupational radiation safety, radioactive waste management, radiological effluent control and monitoring, transportation of radioactive materials, licensee performance during emergency preparedness exercises and actual events that test emergency plans, emergency plan notifications, interactions with onsite and offsite emergency response organizations during exercises and actual events, and safeguards measures that protect plant equipment, including physical security, fitness for duty, access authorization, and control of special nuclear material. Housekeeping controls are included in this area.

#### **Other Functional Areas (as appropriate) (e)**

For example, when plants are in extended shutdowns, it may be more appropriate to address shutdown operations in lieu of plant operations. For readiness assessments, SALP Boards may need to consider activities that take place over a shorter interval, such as startup testing.

#### **Construction Phase Reactors (2)**

To be provided at a later date.

## **Performance Category Ratings (D)**

Licensee performance in each functional area is assessed by assigning a category rating as discussed below. Licensees assigned a Category 1 rating in a functional area have clearly demonstrated superior performance, which justifies some relaxation in NRC oversight. Whereas, licensees assigned a Category 3 rating in a functional area have demonstrated acceptable performance but are of concern to NRC. The NRC will consider additional interaction with and oversight of the licensee in the affected area. (1)



## **Performance Category Ratings (D) (continued)**

The final rating for each functional area will be a composite rating of the performance based on a knowledgeable balancing of the issues in a functional area and their safety significance. (2)

The three category ratings are as follows: (3)

- **Category 1.** Licensee attention and involvement have been properly focused on safety and resulted in a superior level of performance. Licensee programs and procedures have provided effective controls. The licensee's self-assessment efforts have been productive in the identification of emergent issues. Corrective actions are technically sound, comprehensive, and thorough. Repeat problems are eliminated and resolution of issues is timely. Root cause analyses are thorough. Licensee resources are effectively applied. (a)
- **Category 2.** Licensee attention and involvement are normally well focused and resulted in a good level of performance. Licensee programs and procedures normally provide the necessary control of activities, but deficiencies may exist. The licensee's self-assessments are normally good, although issues may escape identification. Corrective actions are usually effective, although some may not be complete. Root cause analyses are normally thorough. Licensee staffing and resources are generally effective but, at times, may be strained. (b)
- **Category 3.** Licensee attention and involvement have resulted in an acceptable level of performance. However, licensee performance may exhibit one or more of the following characteristics. Licensee programs and procedures have not provided sufficient control of activities in important areas. The licensee's self-assessment efforts may not occur until after a potential problem becomes apparent. A clear understanding of the safety implications of significant issues may not have been demonstrated. Numerous minor issues combine to indicate that the licensee's corrective action is not thorough. Root cause analyses do not probe deep enough, resulting in the incomplete resolution of issues. Licensee resources are restricted, limiting the effectiveness of programmatic and/or corrective action. Because the margin to unacceptable performance in important aspects is small, increased NRC and licensee attention is required. (c)

## **Performance Category Ratings (D) (continued)**

- **Category N.** Insufficient information exists to support an assessment of licensee performance. These cases include instances in which a rating cannot be developed because of insufficient licensee activity or insufficient NRC inspection. This category is normally used for construction phase reactors only. (d)

## **Part II**

# **Implementation of the SALP**

### **Assessment Process (A)**

#### **Preparation for the SALP Board Meeting (1)**

To prepare for the SALP Board meeting, each region shall—

- Issue a memorandum establishing the assessment period, the due date for SALP Board input, and scheduled dates for the SALP Board meeting, issuance of the SALP report, and the licensee management meeting for all facilities within the region scheduled for a SALP during the fiscal year. The regions shall distribute this memorandum to the Office of Nuclear Reactor Regulation (NRR), including the NRR SALP Program Manager, and to the Executive Director for Operations (EDO) by the end of the fiscal year preceding the scheduled activities. The regions shall provide any changes to SALP schedules to these offices. The applicable SALP data in the Shared Information Network (SINET) should be updated as appropriate. (a)
- Members of the resident inspector staff, the NRR project manager, other staff members with inspection responsibilities or oversight functions, and their supervisors should develop the background information for the SALP Board. Sources of background information vary and include, but are not limited to, the following: inspection report findings, licensee events, enforcement results, Safety Evaluation Report inputs, the outcome of licensee and NRC management meetings, results of periodic plant performance reviews, and other performance information. The background information will be assembled to highlight significant issues to the board. Repetitive items or issues that may cross functional area boundaries should also be highlighted. (b)
- Proper preparation for the SALP Board meeting is essential for board members since they are expected to participate in

## **Assessment Process (A) (continued)**

### **Preparation for the SALP Board Meeting (1) (continued)**

discussions of each functional area in order to contribute effectively to the assessment of the licensee's performance and the identification of common themes and symptoms of that performance. All board members should (1) become familiar with the plant's performance during the assessment period either by having visited the site or through involvement in management-level meetings with the licensee and (2) be familiar with inspection report findings that were issued during the assessment period. The regional administrator may exempt specific board members on a case-by-case basis from these requirements. It is important that the board membership for a specific SALP remain constant throughout the board's assessment process. (c)

- The SALP Board will be composed of the following four members: (d)
  - One SES-level representative from each of the responsible region's Division of Reactor Projects, Division of Reactor Safety, and Division of Radiation Safety and Safeguards. (i)
  - An NRR SES-level manager from the Division of Reactor Projects. (ii)
  - An NRR deputy division director or above (not from the Division of Reactor Projects) may be substituted for one of the three regional SES-level representatives on the board. (iii)
- Because of the combination of reactor projects and reactor safety in Region V, the Regional Administrator for Region V may appoint two SES-level representatives from the Division of Reactor Safety and Projects to ensure both the reactor projects and reactor safety perspectives are represented on each board. (e)
- One of the four members of the board will be appointed SALP Board Chairman by the regional administrator. (f)

## **Assessment Process (A) (continued)**

### **Conduct of the SALP Board Meeting (2)**

Based on the background information and staff briefings, the SALP Board shall produce an assessment for each functional area. The assessment will address the observed performance and place it in context with plant safety. The safety significance of an issue should dictate the level of detail required by the assessment. The SALP Board members will ensure that each functional area section concisely conveys the board's views, with selected examples to illustrate key findings. SALP Board members should discuss characteristics of a licensee's performance in a functional area and the common themes or symptoms that extend through multiple functional areas. Issues will normally be discussed in only one functional area. (a)

The SALP Board will recommend a category rating for each functional area. Although the functional area assessments should consider the licensee's performance throughout the period, the category rating should emphasize the licensee's performance during the last 6 months of the assessment period. In those cases in which the board determines that performance was significantly different between the beginning and the end of the assessment period, consideration may be given to assigning a category rating based on the performance during the entire assessment period. Note that it is inappropriate to refer to Performance Indicator Program results in forming a SALP rating (see NRC Announcement 200, "Revised Guidance on the Use of Performance Indicators," November 28, 1989). The board will forward its assessment of performance and recommendations for category ratings, including differences in opinions, to the regional administrator. (b)

The SALP Board will recommend changes to the NRC inspection program based on its assessment of performance for implementation at the specific facility. (c)

### **Completion and Issuance of the SALP Report (3)**

The cover letter for the SALP report will communicate the overall assessment of the licensee's performance and will emphasize those areas considered most significant. The enclosure will contain the assessment (one to two pages) of each functional area, along with the category ratings. The significance of the issues discussed in the SALP

## **Assessment Process (A) (continued)**

### **Completion and Issuance of the SALP Report (3) (continued)**

report will dictate the length of the report. The SALP cover letter should include the following:

- A characterization of overall safety performance of the licensee. The SALP cover letter will highlight common themes of licensee performance identified by the SALP process. The cover letter should characterize the licensee's performance and should place in perspective any significant events or findings that took place outside the assessment period that bear on the evaluations in the report. The SALP report should be consistent with the results of any other current events and processes related to the plant's performance, such as results of recent Senior Management Meetings and major team inspections, to ensure that conflicting messages are not inadvertently transmitted to the licensee. (a)
- Areas or issues that warrant discussion during the meeting with the licensee. For any functional area rated Category 3, the cover letter should request that the licensee be prepared to discuss performance and planned actions in this functional area. (b)
- For all functional areas rated Category 3, the cover letter will request the licensee to reply in writing within 30 days and provide planned corrective actions to improve performance. (c)
- The cover letter and functional area assessments will be transmitted to the licensee before being publicly released. (d)
- Copies of the report should be provided to the offices of the EDO; the Director, NRR; the Director, Office of Enforcement; the Commissioners; and the NRR Division of Reactor Inspection and Licensee Performance (DRIL) SALP Program Manager. The SALP report will be distributed on a timely basis as a standard docket item to the Document Control System, the NRC Public Document Room, the appropriate Local Public Document Room, and the Institute of Nuclear Power Operations. Each report will be assigned an inspection report number. (e)

## **SALP Meeting With the Licensee (B)**

### **General (1)**

The SALP meeting with the licensee should be scheduled at least 2 weeks after the SALP report has been issued. Additionally, this public meeting with the licensee's management will be held within 60 days of the end of the assessment period to discuss the assessment. The meeting will be conducted on site or in the vicinity of the site, if feasible, to foster accessibility and a more widespread understanding of the NRC's views. The regional administrator may decide not to hold a SALP public meeting when there are no significant issues to communicate to the licensee or in those cases in which such information has recently been communicated in a public meeting in the local area. The Director, NRR, will be informed in writing when a SALP public meeting is not held.

### **Meeting Preparation (2)**

The region shall notify those on distribution for the SALP report of the meeting with the licensee. (See Section (B) of this part.) (a)

The region shall notify the media and State and local government officials of the issuance of the SALP report and of the meeting with the licensee once the report has been released. Generally, at least 1 week's notice should be provided before the meeting. (b)

The licensee should be encouraged to have the following management representatives participate in the meeting: (c)

- The senior corporate nuclear officer/manager (i)
- Management officials responsible for the major functional areas (ii)
- The site manager (iii)

### **Licensee Meeting (3)**

The regional administrator will designate the NRC participants for the licensee meeting. NRC participants for this meeting typically include the following: (a)

## SALP Meeting With the Licensee (B) (continued)

### Licensee Meeting (3) (continued)

- The regional administrator or the deputy regional administrator. (i)
- Other regional and NRR personnel, as appropriate, to support the regional administrator. (ii)

The regional administrator or the deputy regional administrator will conduct the licensee meeting. These meetings are intended to provide a forum for a candid discussion of issues relating to the licensee's performance. The regional administrator should discuss those aspects of the licensee's operation that need improvement, as well as the positive aspects of the licensee's performance. The licensee also will be given the opportunity to respond at the meeting and to provide comments on the report in writing within 30 days after the meeting. (b)

SALP management meetings with the licensee should be public meetings, unless portions of the meetings involve discussion of the type of matters that are not required to be publicly disclosed under Section 2.790 of Title 10 of the *Code of Federal Regulations* (10 CFR 2.790). For those portions, the meeting must be closed. Members of the public, the press, and Government officials should be treated as observers. Adequate notification of the SALP meeting should be accomplished by the timely distribution to the Public Document Room and the Local Public Document Room of the letter scheduling the meeting with the licensee, with copies to the parties on the service list for the appropriate docket. (c)



**Office of General Counsel  
Response to Winston & Strawn**

One commenter, the law firm of Winston & Strawn, suggested that the SALP program as implemented by "Staff demands and expectations that exceed binding NRC regulations" (1) goes beyond NRC's regulatory authority, (2) circumvents the rulemaking provisions of the Administrative Procedure Act (APA) and (3) bypasses NRC's backfitting rule. In addition, according to the commenter, SALP imposes undefined evaluation standards that licensees are expected to meet in violation of APA requirements for adequate notice. Therefore, the commenter suggests, the Commission should examine the "program's legal underpinnings and consider whether it is an effective and legitimate means of compelling action by the nuclear power industry."

The Office of the General Counsel has reviewed the SALP program and finds that it does not violate applicable legal requirements. Whether the Commission should proceed with making the changes to SALP, as proposed, is a matter of policy for the Commission.

Clearly, as established by the Commission, SALP falls within NRC's regulatory authority under the Atomic Energy Act. SALP was established as a means for NRC management to assimilate and assess information pertaining to licensee management of its plant to assist NRC management in identifying problem areas, present and potential, that could lead to unsafe plant conditions or operations. SALP itself places no demands on licensees. SALP consists essentially of a structured procedure by which NRC officials representing various disciplines and perspectives who either have conducted or overseen inspections of a plant review together their separate observations and form collective judgments on a licensee's continued ability to operate the plant safely, including the spotting of deteriorating conditions that could lead to unsafe operations. These judgments help NRC management to prioritize its schedule of plant inspections for implementation according to available resources. Such a program is well within the Commission's broad authority under the Atomic Energy Act to regulate nuclear power plants to protect the public health and safety. This conclusion seems beyond dispute. Even the commenter admits that in "broad concept" SALP "would appear to be within NRC's authority to regulate nuclear power operations" and that "SALP per se" is not the legal problem.

Notwithstanding this admission of the legality of SALP, the commenter suggests that SALP has become improper through implementation by the staff. As we understand the comments, the commenter asserts that NRC inspectors conducting inspections and other staff make unauthorized demands on licensees, to which the licensees agree because of their concern that a lesser response would lead to poor SALP evaluations. To support its claim that the purpose of SALP is to force licensees to go beyond regulatory requirements, the commenter points to an NRC Manual provision explaining SALP: "compliance with NRC rules and regulations satisfies the minimum requirements for continued operation of a facility; the degree to which a licensee exceeds regulatory requirements is a measure of the licensee's commitment to nuclear safety and plant reliability."

These comments, however, are not valid. To begin with, as a statement of regulatory philosophy, there is nothing improper about the foregoing NRC Manual provision. Even if that were not the case, that provision has no significance for it no longer is in effect. It was part of an earlier explanation of SALP that was eliminated in 1990. Moreover, any complaint concerning improper staff demands go to a separate issue of employee conduct rather than to the validity of SALP. Thus, the commenter's claim that SALP is beyond the regulatory authority of the Commission does not withstand scrutiny.

Similarly, the claim that SALP contravenes the rulemaking requirements of the APA should be rejected. The APA generally requires notice of proposed rulemaking and an opportunity for persons to participate prior to a rule's promulgation, amendment, modification, or repeal. Excepted from this requirement, however, are interpretive rules, general statements of policy, or rules of agency organization, practice, or procedure.

Courts and legal experts alike have recognized that there is no clear distinction between a substantive rule requiring rulemaking and other pronouncements that do not. That distinction has been described, "most picturesquely" as "enshrouded in considerable smog." Community Nutrition Institute v. Young, 818 F.2d 943, 946 (D.C. Cir. 1987). It also has been described as a "hazy continuum" and as "fuzzy". American Hospital Association v. Bowen, 834 F.2d 1037, 1045 (D.C. Cir. 1987). The task for determining whether a given agency action is interpretive or legislative is an "extraordinary case-specific endeavor." Id. at 1045.

As noted above, the SALP process imposes no legal demands or requirements on licensees. Even if SALP were to be considered a "rule", it would fall under the exceptions to the notice and comment requirement of the APA. According to the commenter, SALP requires notice and comment because, as implemented, it has a substantial impact on licensees. The commenter's reliance, however, solely on substantial impact as a test for determining whether a rule requires notice and comment, or falls under one of the exceptions, is misplaced. The narrow substantive effect test, enunciated in Pickus v. United States Board of Parole, 507 F.2d 1107 (D.C. Cir. 1974) and relied on by the commenter, has given way in recent years to one that inquires more broadly whether the agency action "also encodes a substantive value judgment or puts a stamp of approval or disapproval on a given type of behavior." American Hospital Association v. Bowen, 834 F.2d at 1047. This broader test is "in recognition that even unambiguously procedural rules affect parties to some degree." Id. at 1047. See also Industrial Safety Equipment Association, Inc. v. E.P.A. (837 F.2d 1115, 1121 (D.C. Cir. 1988) (the court explaining that it has rejected the notion that the mere fact that an agency action has substantial impact transforms it into a legislative rule); American Postal Workers Union, AFL-CIO v. United States Postal Service, 707 F.2d 548, 560 (D.C. Cir. 1983) (the court noting that the impact of a rule has no bearing on whether it is legislative or interpretive; interpretive rules may have a substantial impact on the rights of individuals). This broader test is also consistent with the reading of the exceptions, judicially endorsed as the one "that seems most consonant with Congress' purposes in adopting the APA," that construes them "as an attempt to preserve agency flexibility in dealing with situations where substantive rights are not at stake." The rulemaking exceptions "accommodate

situations where the policies promoted by public participation in rulemaking are outweighed by the countervailing considerations of effectiveness, efficiency, expedition and reduction in expense." American Hospital Association, 834 F.2d at 1045. In recent years, the Court of Appeals for the D.C. Circuit has also declared that a legislative rule, i.e. one requiring notice and comment "is recognizable by virtue of its binding effect." Alaska v. Department of Transportation, 868 F.2d 441, 445 (D.C. Cir. 1989); Community Nutrition Institute v. Young, 818 F.2d at 945-47.

Under either Alaska or American Hospital Association, SALP is not a rule requiring notice and comment. Applying, first, the Alaska standards, SALP does not require notice and comment for it has no binding effect on licensees. Applying next the American Hospital Association principles to SALP, a strong case can be made for concluding that SALP is a policy statement or, alternatively, is a rule of internal agency procedure. To reiterate, SALP itself places no demands on licensees. If, as asserted by the commenter, licensees take extra measures in response to staff comments during inspections and from SALP discussions to obtain a more current or future favorable SALP evaluation, it is the result of the licensees' own doing and not directly that of SALP. SALP itself does not impose any value judgment on licensees and SALP evaluations do not result in enforcement action. Use by states and other entities of SALP evaluations are beyond the Commission's control and is not a purpose of the program. Moreover, SALP has no effect on licensee rights. On the other hand, SALP serves an important agency function in providing agency managers with the kind of staff input that is particularly useful in deciding how and when its resources can be used most effectively in its program of plant inspection. These factors give powerful support for the conclusion that SALP falls outside of the APA's notice and comment requirements.

The remaining two complaints are, like the ones already discussed, based on the faulty premise that SALP imposes demands on licensees that go beyond the requirements of valid rules and regulations. As indicated before, SALP imposes no demands on licensees. SALP is strictly an internal agency program to assist management in making decisions relating to when and to what extent plants should undergo inspection. Accordingly, these two complaints as well as the others discussed above, as a matter of law, do not compel either that SALP be abandoned by the Commission or be substantially revised to accommodate the stated concerns of the commenter.