

ORIGINAL

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: MEETING ON NRC RESPONSE
TO STAKEHOLDERS' CONCERNS --
PUBLIC MEETING

Location: Rockville, Maryland

Date: Friday, November 13, 1998

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 MEETING ON NRC RESPONSE
5 TO STAKEHOLDERS' CONCERNS

6 ***

7 PUBLIC MEETING

8 ***

9 Nuclear Regulatory Commission
10 Auditorium
11 White Flint Building 2
12 11545 Rockville Pike
13 Rockville, Maryland
14 Friday, November 13, 1998

15
16 The Commission met in open session, pursuant to
17 notice, at 9:05 a.m., the Honorable SHIRLEY A. JACKSON,
18 Chairman of the Commission, presiding.

19
20 COMMISSIONERS PRESENT:

21 SHIRLEY A. JACKSON, Chairman of the Commission
22 EDWARD McGAFFIGAN, JR., Member of the Commission
23 NILS J. DIAZ, Member of the Commission
24 JEFFREY S. MERRIFIELD, Member of the Commission
25 GRETA J. DICUS, Member of the Commission

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1 STAFF AND PRESENTERS SEATED AT COMMISSION TABLE:

2 JOHN C. HOYLE, Secretary

3 KAREN D. CYR, General Counsel

4 ERIE NYE, Texas Utilities Company

5 JOE F. COLVIN, Nuclear Energy Institute

6 CORBIN A. McNEILL, JR., PECO Energy Company

7 JAMES T. RHODES, Institute Nuclear Power

8 Operations

9 HAROLD B. RAY, Southern California Edison Company

10 FOREST J. REMICK, Former Chair, ACRS

11 DAVID LOCHBAUM, Union of Concerned Scientists

12 WILLIAM D. TRAVERS, EDO

13 SAM COLLINS, Director, NRR

14 JAMES P. RICCIO, Public Citizen's Critical

15 Mass Energy Project

16 JILL LIPOTI, Radiation Protection Office,

17 State of New Jersey

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P R O C E E D I N G S

[9:05 a.m.]

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CHAIRMAN JACKSON: Well, good morning and welcome.

Today, the Commission meets with a number of stakeholders in a reprise of a meeting held on July 17th. Again, we meet in a round table format, or at least half round, in an attempt to promote open dialogue.

Our goal today is to assess where we are relative to the opinions and feedback of those who have observed NRC over time and to obtain comments to fine tune our programs and processes further, as necessary.

We value your experience and insights in assisting in NRC as we better develop and align our processes to carry out the fundamental mission of protecting the public health and safety.

As I noted in the last stakeholders meeting, the Commission is fully aware that those present at the table this morning are not our only stakeholders. Although our last meeting of this type was in the ACRS meeting room, we found the high level of interest required a larger forum, so we are using our auditorium today.

Those of you here represent diverse organizations with a stake in NRC activities. We found the last stakeholder meeting to be very constructive. I was encouraged by the level of candor, and I would like to

1 invite a similar level of interaction at this meeting.

2 Before we begin, I would like to provide a short
3 summary of what has transpired since we last met. As you
4 know, on July 30th, the Commission appeared before the
5 Senate Subcommittee on Clean Air Wetlands, Private Property
6 and Nuclear Safety. In considering the feedback received
7 from both this Congressional hearing and our last
8 stakeholder meeting, as well as other inputs, I tasked the
9 Executive Director for Operations, the EDO, with
10 identifying, defining, and prioritizing those areas which
11 support NRC long-term performance goals and which need
12 near-term attention.

13 I identified a number of candidate issues for
14 consideration: inspection and performance assessment,
15 enforcement, license renewal, license transfers, the
16 transition to a risk-informed, performance-based framework,
17 NRC organizational structure and resources, and other
18 specific areas requiring timely decisions.

19 This identification, definition and prioritization
20 has occurred. It is captured in a living plan, maintained
21 by the EDO, that has been concurred in by the Commission.
22 We now are in the process of executing this plan which
23 addresses the various concerns and which supports our
24 performance goals. The NRC has worked to the milestones
25 established, modifying the plan as appropriate, and has

1 made, I think, good progress in execution.

2 Through actions on specific issues, including the
3 candidate issues identified in my tasking memorandum, as
4 well as others subsequently added, our initiatives address
5 the clarity of NRC requirements and NRC expectations; NRC
6 predictability, objectivity and timeliness; direction of
7 focus; quality of NRC-licensee interactions; implementation
8 of NRC programs; and the size of the NRC.

9 While stakeholder input definitely opened our eyes
10 to a number of concerns, for example, the unnecessary burden
11 associated with Severity Level IV violations, it had a
12 concurrent benefit in that it allowed us to prioritize
13 certain activities in ways that provided the best mutual
14 benefits to ourselves, our licensees, and the public. This,
15 in my estimation, underscores the importance of frequent and
16 candid communications across every level of our respective
17 organizations.

18 I am confident that, as a result of our
19 interactions with our stakeholders, we have developed a
20 series of action which will result in efficiencies and
21 increase in effectiveness for the NRC, its licensees, and,
22 obviously, the public, in a way that does not diminish, in
23 fact, which should enhance the level of safety afforded the
24 public. We provided the last update of this document to you
25 in preparation for this meeting.

1 As I suggested at the INPO CEO Conference last
2 week in Atlanta, I have characterized what we have
3 undertaken as "responsible responsiveness." This is an
4 excellent opportunity to take stock of what we have been
5 doing, of where we are, and of the challenges before us in
6 the near term.

7 Our focus in all of this is on outcomes, not
8 merely outputs. To touch on some of the progress we have
9 made since the last meeting of July 17th, let me list what I
10 believe to be a few of those outcomes.

11 Our license renewal reviews are on schedule and,
12 by all reports, the reviews are being conducted in a
13 disciplined and responsible manner.

14 Our adjudicatory schedules are aimed at completing
15 license renewal in 30 to 36 months.

16 The Commission has promulgated an expedited rule,
17 which allows more informal hearings for license transfers.
18 We anticipate that this rule will become final by December
19 1998.

20 Concurrent with this meeting, another meeting is
21 taking place to further clarify reporting requirements for
22 power reactors.

23 We have implemented a stronger focus on risk, that
24 can be seen in NRC staff activities in the area of
25 risk-informed decision making, for example, the diesel

1 generator allowed outage time extensions.

2 We are addressing other appropriate burden relief
3 opportunities. The goal of the efforts is to "let go" of
4 that which is not risk significant, and to focus more
5 closely and carefully on what which is, as we conduct
6 inspections, review licensing actions, assess licensee
7 performance and take enforcement actions.

8 Regarding the NRC performance assessment process,
9 we have made real progress and achieved significant buy-in
10 at a recent NRC workshop.

11 Outside expertise, in the form of Arthur Andersen,
12 has been used to strengthen the NRC skills in mapping
13 certain key processes and identifying opportunities for
14 efficiency, and effectiveness improvements.

15 Additionally, we have looked into the
16 organizational structure of the NRC and determined that
17 certain changes are necessary. As a result, NRC has
18 extended buyout offers to certain groups of managers and
19 supervisors with the intent to achieve an overall
20 manager-to-employee ratio of 8 to 1 -- 1 to 8, excuse me.

21 Now, regarding today's meeting, one of the
22 purposes of our meeting today is to solicit feedback from
23 the assembled stakeholders on the plan, its scope, and its
24 schedule. As we are ultimately interested in the efficacy
25 of our actions, we also would appreciate any feedback on

1 whether effects are being felt in the field. Additionally,
2 we would appreciate input on the question of how to measure
3 our success going forward, a question of metrics. While we
4 agree that improvement is a continuing process, we must
5 address the question of how to measure that improvement if
6 we are to ascribe the proper worth to our actions.

7 As those of you who were involved in the last
8 stakeholders meeting are aware, either as participants or
9 observers, our numbers here at the Commission round table
10 have grown since the last meeting, both on the NRC side and
11 the stakeholder side.

12 Before I introduce each participant, let me make a
13 side comment of the idea of a round table. Whenever I have
14 meeting with my own staff, a retreat, we always end it in a
15 circle, and the idea of a circle is that if you really have
16 one, you see everybody, so everybody is included, and if you
17 have one and you don't break the circle, then there is
18 continuity. So that is why I think the idea of a round
19 table is important.

20 But let me reiterate again that the Commission
21 appreciates the attention that these meetings have garnered
22 and the willingness to participate that has been expressed,
23 both by our assembled guests, and others who are not here at
24 the table. Endeavors such as these are key to the NRC
25 continuing to improve the level of oversight provided to all

1 of our licensees, while reducing unnecessary burden in
2 regulation.

3 Before introducing the participants, let me touch
4 on a recent issue that has arisen relating to the "necessary
5 burden" and "unnecessary burden," and I step into it knowing
6 it has been controversial. After a series of internal
7 briefings and discussions, earlier this week the NRC staff
8 was directed to reinstate its program for Operational
9 Safeguards Response Evaluations at nuclear power plants.
10 This was an internal decision. This program recently had
11 been dropped following budget considerations.

12 The OSRE inspections, as they have been called,
13 have received some stakeholder criticism for being "beyond"
14 the regulatory basis. The Commission previously has stated
15 its intent to move away, to the extent possible, from
16 prescriptive type inspections, to a more risk-informed and
17 performance-based format. However, in this case, the
18 necessary inspection requirements that are required to meet
19 a risk-informed security program have not been sufficiently
20 documented. In summary, we must migrate to these
21 inspections in a disciplined and deliberate manner.

22 Therefore, the OSRE inspections will continue in a
23 more focused way at the 11 remaining facilities, which have
24 not previously been reviewed this way. Additionally, the
25 NRC staff is accelerating an ongoing study to determine the

1 baseline level of performance testing appropriate to ensure
2 that nuclear plants are protected against radiological
3 sabotage and theft or diversion of radioactive materials.

4 I have asked that the results of this study, and
5 insights from OSRE findings, be brought to the Commission
6 for its consideration as part of the risk-informed baseline
7 inspection program currently under development. We also
8 will be looking at our requirements and regulatory guidance
9 in this area to ensure that they are adequate and
10 appropriate.

11 Let me now introduce the individuals assembled for
12 this meeting. Let me note at the outset that, with the
13 conformation of Greta Joy Dicus and Jeffrey S. Merrifield as
14 NRC Commissioners, we now are at full complement to
15 deliberate and to act upon the important decisions the
16 Commission must make. I am pleased to welcome them to the
17 Commission, and to reintroduce Commissioner Dicus, and to
18 introduce Commissioner Merrifield to you.

19 Of course, with us again, is Commissioner Diaz,
20 who is running late, and I told him I would extend my
21 opening comments to buy time for him to get here, and
22 Commissioner McGaffigan, who, as you can see, is not as
23 nimble a soccer player as he once was.

24 The Commission also welcomes, starting from my
25 right, Mr. James Riccio from Public Citizen's Critical Mass

1 Energy Project; Mr. Harold Ray, Executive Vice President
2 Southern California Edison Company. In addition to being an
3 NRC licensee, he has been very active in the Nuclear Energy
4 Institute's Working Group on Regulatory Process.

5 Commissioner Diaz, in absentia for the moment.
6 Dr. William Travers, he is our new Executive Director for
7 Operations, some of you may not have met him, since October
8 the 19th. Mr. Corbin McNeill, Chairman, President and Chief
9 Executive Officer of PECO Energy.

10 Commissioner Dicus; Dr. Jim Rhodes, Chairman and
11 Chief Executive Officer of the Institute of Nuclear Power
12 Operations. Mr. Earl Nye, Chairman of the Board and Chief
13 Executive of Texas Utilities Company. He is also Chairman
14 of the Board for the Nuclear Energy Institute, a
15 Washington-based policy organization representing over 250
16 organizations in the nuclear industry.

17 Mr. David Lochbaum, Nuclear Safety Engineer with
18 the Union of Concerned Scientists. UCS, as it is called, is
19 dedicated to advancing responsible public policies in areas
20 where science and technology play a critical role.

21 Commissioner McGaffigan; Ms. Jill Lipoti,
22 representing the State of New Jersey, Dept of Environmental
23 Protection. Dr. Forest Remick, Former Chair of the NRC
24 Advisory Committee on Reactor Safeguards, Former
25 Commissioner of the NRC, and now an engineering consultant.

1 Commission Merrifield; Mr. Joe Colvin, President
2 and Chief Executive Officer of the Nuclear Energy Institute;
3 and Mr. Samuel Collins, Director, Nuclear Reactor
4 Regulation.

5 Also present with us today are Ms. Karen Cyr our
6 General Counsel, and Mr. John Hoyle, Secretary to the
7 Commission.

8 On behalf of the Commission, I thank not only
9 those here at the table, but also members of the NRC staff,
10 Congressional staff members, and those of you in the public
11 and press, present today, or reading this transcript at a
12 later date, for your interest and participation in ensuring
13 that the NRC has processes that maintain safety in a fair
14 and consistent manner. The Commission is interested in
15 comments, evaluations, proposed solutions from all
16 participants, and we look forward to an informative meeting.

17 We will begin my inviting opening statements from
18 each participant. I ask that questions and comments be
19 withheld until we begin our open discussions. And today I
20 would hope that, in addition to any directed questions that
21 I may have, that those of you who are part of the round
22 table should question and challenge each other. I will try
23 to keep it together, however.

24 We will, in the course of our discussions, be able
25 to return to cover any information or ideas presented in

1 these opening comments. We have reserved a substantial part
2 of the day for this meeting. I would like to note that we
3 have made available, but I think we have ample room here,
4 the lobby of Two White Flint as an overflow area. In
5 addition, this meeting is being broadcast to both buildings
6 here at headquarters and to our regional offices.

7 You will note that there are open microphones here
8 in the auditorium. If time permits, and if we can work it
9 out, I may try to recognize comments from the audience on
10 appropriate topics.

11 At this time, we will hear opening statements from
12 our invited guests, and from the Commissioners and NRC
13 participants, if they desire. And I am going to begin to my
14 far right with Mr. Riccio.

15 MR. RICCIO: Good morning, my names is James
16 Riccio, I am the Staff Attorney for Public Citizen's
17 Critical Mass Energy Project. Critical Mass was founded in
18 1974 by Ralph Nader to oversee the nuclear power industry
19 and the high level radioactive waste that they produce.

20 We are here this morning for two reasons. First
21 is that splitting atoms is an inherently dangerous activity
22 and needs to be regulated. The second is that Congress, in
23 its inestimable wisdom, has seen fit to decimate this
24 agency. I want to say that Congress, I believe, is pushing
25 this agency in a very dangerous direction. They have

1 abrogated their responsibility to oversee this agency and,
2 while pushing this agency toward more performance-based and
3 risk-based regulation, we see that the agency is
4 simultaneously thinking about wiping out the AEOD. It is
5 beyond my comprehension how you can do performance
6 assessment when you are not going to assess performance.

7 The ACRS has acknowledged that it is the AEOD and
8 the data that they have produced that has been able to hold
9 the senior management of this agency responsible. It would
10 be irresponsible to wipe out AEOD. We feel that our
11 participation in this meeting, hopefully, will reflect our
12 belief that this agency must regulate, and while every
13 regulatory process can be improved, we would like to see it
14 done in a manner in which the public health and safety will
15 be protected and, basically, that we don't want to see this
16 agency torn apart.

17 Shifting, over 20 years into this industry and to
18 have -- we are only now defining design basis, seems to me
19 to be a major problem.

20 There are two things that have occurred so far,
21 and while I wasn't participating in this first go-round, I
22 did attend the last meeting. There seem to be two things
23 that have been accomplished since the last meeting. One is
24 we have wiped out the SALP program, or at least terminated
25 it temporarily, and the second is that we have wiped out

1 Level IV violations.

2 It seems to me that the agency is like a blind man
3 wandering in Gaza without some of this help. Level IV
4 violations, to my mind, are the indicator that would lead
5 you down the path to another Millstone event, and I don't
6 think that was good for the industry. I know it wasn't good
7 for the agency. Obviously, our opinions here today are
8 going to be very much opposed to a lot of the people at this
9 table, which I suppose is why we were invited. It is a
10 pleasure to be here and it is also -- I think it is a very
11 good opportunity to express our views and to make both the
12 agency and the industry that we believe that this industry
13 needs to be regulated and can be done both more efficiently,
14 but also with an eye toward the public health and safety.
15 Thank you.

16 CHAIRMAN JACKSON: Thank you very much.

17 Mr. Ray.

18 MR. RAY: Thank you, Chairman Jackson and
19 Commission. I very much appreciate this opportunity to
20 appear here again.

21 In response to the October 25th letter from the
22 Commission Secretary, I earlier provided specific comments
23 and recommendations for each of the five issues which it
24 raises. My initial comments this morning are only going to
25 touch on a couple of items and expand on them a little more.

1 I believe they will be complementary to some of my
2 colleagues here as well.

3 As many of you know, my friend and colleague here
4 to the left, Corbin McNeill, chaired a committee on the
5 maintenance rule and its implementing guidance. And he and
6 I share, with very few others, if any, the advantage -- or
7 the curse, perhaps, I am not sure which, of having worked to
8 explained to the industry what the intent and promise was of
9 the rule, at a policy level; to then develop the detailed
10 guidance for its implementation; and, finally, to live with
11 the results. Virtually every other person who was involved
12 at the beginning either is not now involved in its
13 implementation or has been replaced at least once, and
14 usually more often.

15 I am not here to complain when I talk about this
16 experience, although it will surely sound like complaining
17 in a minute. Rather, I believe that if we do not learn from
18 this experience, and incorporate the lessons in our action
19 plans for the much more aggressive agenda that we are here
20 discussing today, then we will at least have missed a great
21 opportunity, and, more likely, we will have doomed the
22 agenda to some degree of failure.

23 One reason I do not feel I can complain about the
24 experience today with the maintenance rule is that I believe
25 this experience was foreseeable, if not entirely avoidable.

1 And in this regard, I recently reread Commissioner's
2 Remick's remarks in dissent at the time the maintenance rule
3 was adopted. I think they were wise and have proven largely
4 to be true.

5 That is, very early in the development of the
6 maintenance rule implementing guidance, it was clear that
7 the means were going to overshadow the ends, and that
8 implementation of a prescriptive process for compliance with
9 the rule would come to dominate achieving the purpose of the
10 rule.

11 Nevertheless, we, in the industry, went forward on
12 the naive hope that this would not be the case. In
13 hindsight, we should have sooner sought resolution of what
14 today is an embedded problem that may be more difficult to
15 resolve.

16 In the statement of considerations for the
17 maintenance rule, and, again, Chairman Jackson, this is by
18 way of lessons learned that I would suggest we spend a
19 minute on this experience, in the supplemental information
20 that promulgated the maintenance rule appears the following
21 statement, "The focus of the rule is on the results achieved
22 through maintenance and, in this regard, it is not the
23 intent of the rule that existing licensees necessarily
24 develop new maintenance programs."

25 Thus far, in San Onofre, we have received six

1 inspection reports focused on implementation of the
2 maintenance rule. There have been two enforcement
3 conferences, but no escalated enforcement. We have found it
4 necessary to deny five notices of violation, two of which
5 were withdrawn. In addition to the inspection reports, we
6 have received five letters from the NRC, responded with nine
7 of our own, and held three meetings with the NRC off-site.
8 As a result, we have significantly revised our program from
9 what we believe to be necessary and proper, and greatly
10 increased its cost.

11 I have recently reviewed all this material and I
12 have no doubt that everyone here would, upon close
13 inspection, and I don't exempt my colleague to the right
14 here, conclude that the large cost, both sunk and ongoing,
15 is not justified from any objective safety viewpoint.

16 This experience is by no means unique to the
17 maintenance rule. Another recent example, most here are
18 probably familiar with the experience of South Texas as they
19 were attempting to introduce risk-informed principles into
20 its QA program. What we find is that the regulations and
21 the institutional culture, which is intimately intertwined
22 with the regulations, are complex, prescriptive in
23 unanticipated ways, and often seem to defy efforts at
24 reform.

25 Recognizing this, the ACRS has recommended that

1 the Commission explicitly adopt what it calls a two tier
2 system as a transitional mechanism. Applying this principle
3 to the maintenance rule, it would have been established in
4 the beginning, as part of a second tier, presumably, in
5 which the focus would be consistently directed at the
6 results sought and much less emphasis would be placed on
7 prescriptive process compliance.

8 The principle lesson from the maintenance rule
9 experience to date supports the ACRS recommendation, in my
10 view. It simply isn't possible in many instances to
11 risk-inform requirements which are embedded in traditional
12 prescriptive process-driven regulations and guidance,
13 including especially inspection guidance.

14 Now, there is a reason for this that I want to
15 acknowledge and that I believe is important, has important
16 implications for the Commission policy. In very fundamental
17 ways, our assurance of safety is seen as based on process.
18 This is for the good reason that we want to ensure that we
19 maintain large margins of safety and these margins are hard
20 to measure, except by insisting on strict process
21 compliance. We simply have not yet found another way.

22 However, there is a perverse consequence of this
23 that we need to be aware of. In the first stakeholder
24 meeting I mentioned my experience at San Onofre of
25 developing very detailed, and often complex procedural

1 guidance, which has the benefit of reducing the likelihood
2 that an error will propagate to the point that it has safety
3 consequences.

4 In essence, we have added built-in conservatism to
5 our process, but this greatly increases the likelihood that
6 strict compliance with these detailed procedures, which
7 often go beyond the minimum regulatory requirements, will
8 become a subject of enforcement debate and controversy, so
9 that a perverse incentive is created to simplify and remove
10 detail in order to reduce this problem.

11 We see analogies to this in some of the discussion
12 today, which I think is misguided, about removing
13 unnecessary detail from the FSAR so as to reduce
14 non-compliance exposure. The benefits to safety of this
15 exercise are questionable at best, and the research is
16 required to be much better invested in achieving
17 risk-informed goals. Worse yet, the anticipated future
18 inspection and enforcement of the perfected FSAR threatens
19 to divert even more resources.

20 I was very pleased to see that these issues and
21 more have been identified by the staff in its presentation
22 to the ACRS on October 29th. Although I have only seen a
23 summary of the presentation, I would commend it to the
24 Commission and I look forward to the response by the ACRS.

25 An issue prominently identified by the staff is

1 the need for an early emphasis on scope issues, using the
2 maintenance rule as, what the staff termed, "a test bed."
3 There is no more lower hanging fruit than this, and perhaps
4 I can later give examples of why this is.

5 The scope of the maintenance rule implementation
6 has been a longstanding problem, as suggested by my earlier
7 comments, but the problem is made much greater now by the
8 pending change to require that removal of equipment from
9 service not place a plant in a risk-significant condition.
10 Not only do we need to clarify what we meant by
11 risk-significant in this context, but the task of risk
12 evaluation for the current broad scope of the rule is simply
13 impractical.

14 I would like to conclude with a few brief
15 additional remarks about risk-significance. Our concern
16 should be integrated risk, which is a product of the level
17 of risk and the time that that level of risk exists. If the
18 consequence of a requirement do not exceed a specified level
19 of risk, because that is viewed as too risk-significant, if
20 that consequence is to extend the time at which the plant is
21 held at some lower, but nevertheless elevated risk state,
22 then the result may be same or worse, from a risk
23 standpoint. Therefore, avoidance of a risk-significant
24 configuration, per se, is not meaningful from a safety
25 standpoint.

1 In my book, for example, mid-loop operation is
2 risk-significant and we take great care to minimize the time
3 we are in that configuration. But elimination of mid-loop
4 operation, while theoretically possible, would result in
5 more risk in our view.

6 Another example of how risk insights can change
7 perceptions is the following. For the first quarter of a
8 century that I was involved in nuclear plant operations, I
9 accepted the conventional wisdom that the most likely state
10 -- that the most risk state, excuse me, was full power
11 operation. Therefore, I accepted the premise that we should
12 minimize the time that emergency diesel generators were out
13 of service during power operation.

14 Chairman Jackson, you mentioned something about
15 this, I think, in your opening remarks. The NRC has now
16 agreed with the observation that, with respect to loss of
17 off-site power, which is the time when we rely on emergency
18 diesel generators, shutdown operation has the highest risk.
19 So, again, referring perhaps to my colleagues' earlier
20 comments, being risk-informed can enhance safety.

21 The reason why it is important to have the
22 emergency diesel generators available during shutdown
23 operation is that it is easier to remove decay heat
24 following a loss of off-site power when the plant has been
25 at power, than if it occurs in modes 5 or 6. Natural

1 circulation and turbine-driven aux feed give large safety
2 margins, whereas loss of forced circulation and makeup, when
3 cooled down, involve smaller margins to fuel damage.

4 As a result, now, we have a longer allowed outage
5 time, as the Chairman mentioned, at power, and work we once
6 did in an outage, because that is the only time we had
7 available to do it, will now be done more safely at power as
8 a result of risk-informing that allowed outage time.

9 There are many insights of this kind that can be
10 identified and used to increase plant safety if we move
11 ahead with the initiative to a risk-informed regulatory
12 environment, which I believe the action plan is intended to
13 do. Thank you very much.

14 CHAIRMAN JACKSON: Thank you, Mr. Ray. I actually
15 have some questions for you, but I am going to preserve them
16 until everyone has had a chance to speak.

17 Dr. Travers.

18 MR. TRAVERS: Thank you, Chairman Jackson. As you
19 have indicated in your remarks, following last summer's
20 first stakeholder meeting, the Senate authorization hearing,
21 and in response to your tasking memorandum, the NRC staff
22 developed a plan to address a specific set of high priority
23 issues.

24 Our plan focused on the need to accelerate and
25 expand any ongoing staff activities. Although we fully

1 expect to address changing NRC programs and processes more
2 broadly, the specific issues identified in the plan are
3 viewed as the appropriate focus of our near-term efforts.

4 On October 30th, I forwarded the second update of
5 our plan, and I am pleased to note that, overall, staff
6 continues to meet the plan's scheduled milestones. Since
7 the initial response to the tasking memorandum, there has
8 been considerable progress towards completion of milestones
9 and initiatives, as evidenced by the issuance of improved
10 standard technical specifications from McGuire and Catawba,
11 completion of several plant-specific risk-informed licensing
12 actions, issuance of the final design approval for the
13 AP-600 and publication of the proposed 10 CFR 50.59 rule
14 change for public comment.

15 Additionally, on November 2nd, the staff submitted
16 a proposed revision to the NRC enforcement policy to the
17 Commission. This proposal, which specifically addresses the
18 disposition of certain non-risk-significant violations,
19 characterized as Severity Level IV, was the subject of
20 several public meetings which were very constructive in our
21 view. The public meetings helped focus in on the detailed
22 issues relevant to the current enforcement policy's
23 treatment of these types of violations and helped shape our
24 proposal for changing the policy.

25 We view these open exchanges as essential elements

1 in our efforts to modify important NRC programs and
2 processes. In fact, as we move forward in all areas of the
3 tasking memo response, we are continuing to emphasize
4 frequent interactions with our stakeholders. Workshops and
5 public meetings such as those carried out on the development
6 of a NRC performance assessment program, and on identifying
7 options for making 10 CFR Part 50 risk-informed, have been
8 widely viewed as excellent forums for making progress in
9 cooperation with a broad range of stakeholder views.

10 In addition to assuring good communications with
11 our external stakeholders, we are also seeking to
12 effectively communicate and manage change with our internal
13 stakeholders. Senior management team's sense is that there
14 are many NRC staff who support our current initiatives. In
15 fact, we are getting good input on additional areas for
16 change, but we are not overconfident about this.

17 We believe that near-constant communication with
18 the NRC staff will be vitally important as we move forward.
19 To ensure this, we have developed and are implementing an
20 internal communications plan which has the benefit of
21 outside expertise and industry experience. The plan
22 includes meetings and training opportunities which focus in
23 on why and how we are changing, with a specific emphasis on
24 the tasking memo initiatives.

25 Our goal, in addition to seeking staff support for

1 the change initiatives, is to provide a forum for the staff
2 to play a role in shaping the direction of change at NRC.
3 We recognize that organizational change does not take place
4 overnight, and we recognize the importance of fully
5 involving the NRC staff as we change. We expect to continue
6 our internal communications efforts over the long term.

7 In conclusion, while much remains to be
8 accomplished, I think we have made substantial progress on
9 important issues. I think the substantial efforts of many
10 of the NRC staff who have contributed thus far are
11 noteworthy, and I am grateful to the many stakeholders,
12 including those gathered here today, for their efforts to
13 date. Thank you, Chairman.

14 CHAIRMAN JACKSON: Thank you, Dr. Travers.
15 Mr. McNeill.

16 MR. MCNEILL: Thank you very much, Madame
17 Chairman. It is privilege to come back and participate in a
18 stakeholder meeting again. My topic is really going to be
19 around the first element of the agenda today, the
20 risk-informed, performance-based regulation. I provide
21 these comments in what I think is a constructive manner, in
22 that I prefer personally to look forward. This is going to
23 be an evolving issue, and to take the lessons from the past
24 and apply them to the future, as opposed to necessarily
25 complaining too much about the past.

1 As you know, in May of this year, the industry
2 unveiled its vision for the future of nuclear power when NEI
3 released its report entitled, "Nuclear Energy 2000 and
4 Beyond, a Strategic Direction for the 21st Century." A
5 major element of than plan is the presence of an effective
6 safety-focused regulatory framework which features
7 risk-informed, performance-based regulation. I think there
8 is clear synergy between the vision that the industry has
9 and the actions that the NRC is taking under consideration
10 in its stakeholder meeting.

11 The maintenance rule, which was issued by the
12 Commission in 1991, really was sort of a precursor to
13 risk-informed, performance-based regulation, and we
14 currently have a proposed revision to that rule out. When
15 the original rule was issued it was highly prescriptive in
16 many respects, putting the Commission in a programmatic
17 rather than necessarily an oversight role with regard to
18 maintenance. Some in the industry at the time challenged
19 the rule as an inappropriate backfit, but the Commission
20 emphasized, and I think successfully, that the rule would
21 evolve over time and reflect a more risk-informed,
22 performance-based nature, as we began to get experience.

23 And as a result, the industry, through then NUMARC
24 at the time, NEI's predecessor, we took a different
25 challenge on, and that was to make the implementation a

1 model for a new regulatory approach based upon
2 risk-informed, performance-based regulation principles. As
3 Mr. Ray has noted, I chaired the NUMARC Maintenance Rule
4 Working Group that coordinated the development of industry
5 guidance to implement the rule and that has served as the
6 focal point for industry interaction with the NRC over the
7 years of implementation.

8 The goal of that effort was to achieve effective
9 and efficient implementation by focusing on risk-significant
10 structures, systems and components using results in a
11 results-oriented approach. We devoted a significant amount
12 of time, both on the part of the NRC and the industry, over
13 that intervening period of time for implementation. While
14 we have not yet, in our opinion, realized the full potential
15 of this new regulatory approach, we believe that, from the
16 industry perspective, the maintenance rule provides a solid
17 foundation upon which we can build a new regulatory
18 framework.

19 The current proposed revisions to the maintenance
20 rule provide the Commission with an opportunity to
21 demonstrate its commitment to this new regulatory
22 risk-informed, performance-based framework. We believe that
23 it is time for the Commission to actively incorporate the
24 lessons learned since the rule was promulgated, to assure
25 that the enforcement of the rule recognizes its original

1 intent and that it reflects the risk-informed,
2 performance-based process.

3 Now, I want to give you just a few examples here
4 so that we can take the lessons of the past and apply them
5 to the future. The current rule suffers a little bit from
6 the following deficiencies. First, in large, up-to-date, it
7 has remained largely compliance-based. The initial part of
8 it is a deterministic determination of scope, and, clearly,
9 about two-thirds of the structures, systems and components
10 within the scope are not risk-significant, but by applying
11 other attributes of the rule, such as standby SSCs, we begin
12 to invert the main premise, which was to focus clearly on
13 risk-significant SSC.

14 And by example, let me give you one example from
15 our Limerick generating station, where, in fact, the fuel
16 pool cooling system, which has inconsequential safety
17 significance in the overall operation of the plant, is, in
18 fact, because it is listed in the EOPs as a system that is
19 referred to, comes under additional scrutiny, which we think
20 is incorrect with respect to the safety significance of the
21 system, in that we are required to monitor that on a train
22 basis, as opposed to an overall system basis, because some
23 trains are shut down at certain times and are
24 non-operational.

25 While having taken that lesson from the inspection

1 and applied it, we had to go back at look at 23 other
2 systems, to go back and look at them on a train basis, as
3 opposed to a system basis, with an expenditure of a large
4 amount of engineering and managerial time in doing that. It
5 might be worth noting that we, in fact, had been doing it
6 that way at Peach Bottom, and the Peach Bottom plant was a
7 demonstration inspection as a part of the original test of
8 the implementation, and we were doing it at the train level.
9 We had gone to an NRC workshop in 1996 and, in fact, we had
10 reversed ourselves and were going back to monitor on a
11 system basis, until we got the Limerick inspection, so it is
12 unclear to us as to what the appropriate guidance is.

13 A second suggestion here is that there is a
14 failure to utilize performance-based approaches to
15 regulation. Much of the inspection and enforcement activity
16 to date has been focused on programmatic issues. We need to
17 make sure that the performance basis element of the
18 regulatory oversight becomes much stronger as we move
19 forward in implementing this.

20 And, finally, the rule suffers from ambiguity and
21 vagueness, the definitions of availability and
22 unavailability are obscure, and we need to focus on those
23 much more clearly, as an example, in definitions as we begin
24 to develop and implement new rules and risk-based rule.

25 Harold and I, having gone through that, understand

1 that right from the start. We probably spent two-thirds of
2 our interaction time with the NRC back in the '93 - '4 time
3 frame, just on understanding definition.

4 On a positive side, I want to emphasize that the
5 maintenance rule can serve as a model for future
6 risk-informed, performance-based regulatory approaches. It
7 provides a solid foundation for moving forward. The
8 Commission should incorporate the lessons learned from the
9 implementation of the rule, as you move forward to a
10 risk-based regulatory framework, and I would encourage the
11 Commission to seriously consider the industry comments on
12 the maintenance rule as an opportunity to fulfill the
13 promise and the intent of the original effort.

14 I believe that the prospect for the future of
15 additional risk-informed, performance-based regulation is
16 very strong if you do that, but begins to diminish, in fact,
17 we tend not to move forward with the real fundamentals of
18 risk-based regulation. Thank you.

19 CHAIRMAN JACKSON: Thank you very much.

20 I am going to go to Dr. Rhodes, and then I am
21 going to circle back through my colleagues' comments. Dr.
22 Rhodes.

23 DR. RHODES: Thank you, Chairman Jackson. First,
24 let me say that I appreciate the opportunity to represent
25 the Institute of Nuclear Power Operations at this meeting.

1 We continue to be encouraged by the openness being displayed
2 by the NRC in communicating with stakeholders. This
3 process, an open exchange of ideas and information, can only
4 help in everyone's effort to ensure the safe and reliable
5 operation of our nation's nuclear power plants.

6 Let me also add that we are very pleased to see
7 the Commission at full strength again, as you mentioned,
8 Chairman Jackson. This will help the Commission more
9 efficiently carry out its work, particularly in the
10 challenging and changing industry environment.

11 As you are probably aware, we are INPO have
12 underway a series of initiatives geared towards improving
13 how we meet our mission of promoting the highest levels of
14 safety and reliability in the operation of nuclear electric
15 generating plants. Therefore, we can certainly understand
16 the challenge the NRC faces as you strive to effectively
17 meet your regulatory responsibilities, while at the same
18 time making needed changes in the way you carry out those
19 responsibilities.

20 At INPO, we have seen many utilities challenged
21 with managing change. Some have had success, others have
22 struggled. Based on our observations and experience, and
23 certainly on my previous experience at Virginia Power, it is
24 clear that change requires clarity of purpose, constant
25 communication, training and, most of all, persistence and

1 hard work. Let me address each of those elements briefly.

2 First, clarity of purpose. A clearly defined,
3 simple goal is necessary. With clarity and simplicity,
4 change leaders throughout the organization can help ensure
5 that strong support exists at all levels.

6 Second, constant communication is critical for
7 success. Communication must be two-way, involving both
8 sending information and receiving feedback. External
9 communications with stakeholders, through processes such as
10 today's meeting, are to be applauded and need to continue.
11 Being flexible enough to incorporate relevant feedback from
12 stakeholders throughout the change process, as I believe you
13 recognize, will be important to your success.

14 Internal communications are just as important, as
15 Dr. Travers just talked about. First, the intentions of the
16 Commissioners and the senior staff should be repeatedly
17 communicated throughout all levels of your organization.
18 But then, just as importantly, employees must be engaged in
19 dialogue to assure that the messages are being received and
20 understood.

21 Third, preparing and training your employees for
22 change, and helping them succeed, is another fundamental
23 ingredient. Our experience shows that organizations often
24 underestimate the effort required to engage and train the
25 work force on significant changes. We encourage you to look

1 hard at the ability of your work force to digest and
2 internalize the changes being made. Also, as your
3 organization changes, particularly in light of new
4 assignments, additional skills training may be needed.
5 Further, it is important that the NRC's award and
6 recognition system support successful implementation of the
7 change process.

8 Finally, persistence and hard work. As you have
9 said, what you are undertaking includes a change in culture.
10 Cultural changes take time, tremendous energy and, most of
11 all, significantly more persistence and hard work than often
12 expected. However, we are encouraged by what we have seen
13 happening thus far.

14 But, Chairman Jackson, to use one of your quotes,
15 one I like very much actually, "Performance is what
16 performance does." We have seen many organizations with
17 great intentions have their change programs fall short
18 because of poor implementation. Given the far-reaching
19 effects of the changes you are initiating, persistent and
20 consistent execution of your change process is critical to
21 success. This, as I said, and as you well know, will taken
22 an immense amount of hard work.

23 In the meantime, we encourage you to continue
24 improving your responsiveness to industry needs, such as
25 timely license amendments, transfers and renewals, and

1 reducing administrative burdens such as minor Level IV
2 violations. Additionally, while maintaining appropriate
3 data propriety, increased information sharing may also be
4 appropriate to reduce duplication and administrative
5 burdens.

6 In conclusion, we believe that the industry and,
7 indeed, the public, wants and needs a more predictable,
8 objective and responsive nuclear regulator. We are
9 encouraged by what you are attempting to do, that is,
10 becoming a more risk-informed, performance-based regulator
11 with your inspection, enforcement and assessment processes
12 focusing on items directly related to your mission, the
13 protection of the public health and safety. We at INPO will
14 continue to work in cooperation with you to help ensure the
15 safe operation of our nation's nuclear power plants. Thank
16 you very much.

17 CHAIRMAN JACKSON: Thank you very much, Dr.
18 Rhodes.

19 Mr. Nye.

20 MR. NYE: Good morning, Chairman Jackson. Thank
21 you for this opportunity to be part of this meeting, to
22 continue what I believe is a very constructive stakeholder
23 dialogue. I join my colleagues present today in expressing
24 our significant pleasure at the Commission once again being
25 at full strength. Commissioner Dicus, welcome back, glad to

1 have you. Commissioner Merrifield, we congratulate you and
2 wish you the very best in your very challenging
3 responsibilities.

4 Clearly, Chairman Jackson, Commissioners Diaz and
5 McGaffigan have embarked upon a bold course of action and
6 the involvement of the full panel will simply enhance the
7 process.

8 I presume that most of those present here today
9 would readily acknowledge that the commercial nuclear
10 industry is in the midst of a period of significant change,
11 change which has resulted from the globalization of the
12 economy, growing competition in a previously comprehensively
13 regulated industry, and the increasing importance of the
14 environmental benefits of nuclear power. Perhaps it is
15 apparent, but I believe we need to observe Lincoln's
16 admonition not to confuse change with progress. What I hope
17 we all seek is progress, progress towards a strong,
18 effective and credible regulatory authority that will assure
19 safety in a fashion that will permit efficiency, innovation
20 and performance by the industry.

21 Perhaps it is also obvious that to achieve what I
22 think has been aptly termed "responsible responsiveness,"
23 all constituencies must be involved. This is not a matter
24 for the Commission alone and the industry must adapt and
25 accept fully its responsibilities. Likewise, the public,

1 public interest organizations, the Congress, the
2 manufacturing and consulting communities, must all play a
3 role as well.

4 The letter inviting participation posed several
5 questions for our consideration, and I think through the
6 presentations of industry representatives, each question
7 will be addressed. I would like to offer a couple of
8 summary comments, however. At the outset, I want to commend
9 Chairman Jackson, the Commissioners and the senior staff for
10 their clear commitment to the task of regulatory reform.
11 All involved should be impressed with the zeal with which
12 you have undertaken the task and with your willingness to
13 continue this interaction with stakeholders on your plans
14 and progress.

15 My colleagues and I note a new energy level at the
16 NRC and an openness and enthusiasm for the process of reform
17 that is, in my experience, unique in government. The plan
18 that you have devised is thoughtful, comprehensive and
19 impressive. I believe that it has captured the highest
20 priority issues, namely, the license renewal and transfer
21 process, which will permit more timely business decisions
22 during the restructuring process, and the installation of an
23 objective, safety-focused performance assessment process.

24 With regard to this last point, I am especially
25 appreciative of your bold step to develop a more appropriate

1 mechanism in lieu of the SALP process. This is clearly
2 indicative of a firm commitment to move quickly to a new
3 objective, safety-focused assessment for all licensees. We
4 look forward to working with you over the next several years
5 to resolve many other important issues along the way, and we
6 commit the industry to acting in a fully supportive and
7 reciprocal fashion.

8 One of the key questions implicit in this matter
9 deserves a firm response at the outset. You asked if we,
10 the industry, are prepared to accept the cost of a
11 potentially much less-forgiving regulatory process as a
12 result of reliance on more objective performance measures.
13 Assuming that the performance measures are objective,
14 risk-informed and safety-focused, the answer is
15 unequivocally yes. We will stand accountable for our
16 performance and safe operation. Again, thank you for the
17 opportunity to participate.

18 CHAIRMAN JACKSON: Thank you very much, Mr. Nye.
19 Mr. Lochbaum.

20 MR. LOCHBAUM: Good morning. During the July 17th
21 stakeholder meeting I stated that the NRC does not conform
22 to the same high standards that it requires of its
23 licensees. The staff's October 30th, 1998 response to the
24 tasking memorandum is further evidence to me that my
25 position is correct.

1 During my 14 years as a consultant, I had several
2 assignments at both top-performing nuclear plants and also
3 problem plants. I observed that one of the few consistent
4 indicators of management effectiveness is in the response to
5 an announcement of an upcoming NRC inspection. At the good
6 plants, management develops a presentation to do some
7 bragging. They have all kinds of charts and tables and
8 examples to explain to the NRC the positive results they are
9 obtaining from strong, effective programs. At the bad
10 plants, management panics. They rush to develop action
11 plans to address all of the problems they have been
12 ignoring. They hope to convince the NRC that they are aware
13 of the problems and have blueprint in place for fixing them.

14 The NRC's response to the Senate's marching
15 orders, or, more specifically, its preparations for the next
16 oversight hearing reminds me more of the reaction of a bad
17 plant than a good plant. The true purpose seems to be to
18 convince the Senate to leave the NRC alone, just as the bad
19 plant's management only wants to trick your inspectors into
20 giving them more time.

21 The NRC's plan is comprehensive and will probably
22 satisfy the Senate, but the NRC does not have mechanisms to
23 ensure that the processes described in the plan are
24 consistently implemented, nor does the NRC have mechanisms
25 to evaluate revised processes to gauge whether they have

1 fulfilled the goals. Without such mechanisms, the best plan
2 in the world is unlikely to produce a successful outcome,
3 and as the written comments that accompany these oral
4 remarks suggest, UCS does not feel that the NRC's current
5 plan is the best plan in the world.

6 The NRC demands that reactor licensees have
7 aggressive self-assessment programs complemented by
8 effective corrective action programs. The staff's October
9 30th, 1998 response to the tasking memorandum covers the
10 majority of the key elements of the NRC's reactor oversight
11 program. Its large scope and the high level of effort
12 required to address its many items suggest either that the
13 NRC was not aware of all these problems until the Senate,
14 the GAO, and other external entities called attention to
15 them, or that the NRC knew about these problems but was
16 unable to correct them in a timely manner.

17 The staff's response to the tasking memorandum is
18 essentially identical to the restart plans developed by
19 reactor licensees at problem plants. This 74 page document,
20 when I was preparing these remarks last week, was on my desk
21 with the restart plans for D.C. Cook, Salem and Millstone,
22 and the reason I knew that, because it took me four shots to
23 find this plan on that desk.

24 The glaring exception in this plan, compared to
25 the restart plans at problem plants, is that the reactor

1 licensees are required to prove to the NRC that they have
2 fixed their self-assessment and corrective action programs.
3 The staff is not proposing to do so. We think that the
4 NRC's initiatives will not be successful until they are
5 complemented by substantial improvements to the staff's
6 self-assessment and corrective action programs. Thank you.

7 CHAIRMAN JACKSON: Thank you very much.

8 Ms. Lipoti.

9 DR. LIPOTI: Thank you. I am honored to be part
10 of this circle, and perhaps a little awed as well.

11 CHAIRMAN JACKSON: Don't be.

12 DR. LIPOTI: From a state perspective, we have an
13 emphasis on emergency planning, and so our emphasis is on
14 responding to things that might go wrong, and we would
15 prefer prevention, and that is why we look at licensee
16 processes, as well as NRC regulatory control. And we
17 understand limited resources, because at the state we have
18 limited resources as well, and we understand the use of
19 probabilistic risk-assessment and individual plan
20 examination as being essential for prioritization.

21 What I would like to do is to take to you the
22 regulator's perspective, because we are a regulator, too.
23 We regulate X-ray machines and naturally-occurring
24 radioactive materials, and radon businesses, and radio
25 frequency sources, and we have limited resources, and how is

1 it that we cope? Well, we prioritize, but if we strictly
2 use probabilistic risk-assessment for prioritizing X-ray
3 inspections, we would look at fluoroscopy machines because
4 they have the highest exposure potential. And we would look
5 only at hospitals, because they have the high population
6 exposure. But, in reality, the hospitals have the best
7 self-assessment programs. They have good quality assurance
8 programs, and they identify and correct the problems before
9 we do the inspection.

10 In reality, it is the small medical and
11 chiropractic offices that have the most violations. And so
12 we try to inspect where the inspection is going to do the
13 most good.

14 I put a very busy slide in my presentation about
15 the violation rates, and I have looked at it over the years,
16 and this is just one example of using performance
17 indicators. In '94 we began to lose staff because of
18 cut-back of state programs, and so we watched the length of
19 time between inspections increase and we watched the
20 violation rate at medical offices and chiropractic offices
21 increase dramatically. And so I took a bold step and I said
22 we are not going to go to those hospitals every year, even
23 though that is the highest probability of high exposure, and
24 we are going to go to the smaller offices because they
25 obviously need our inspection to prompt them to make

1 corrections.

2 We did a form of your Generic Letter, we sent out
3 a letter to the groups that we were going to be inspecting
4 and we gave them a list of top 10 non-compliances and said
5 if you fix these before we get there, you probably won't
6 have any non-compliances. We sent that out in January of
7 '95, and you see that the non-compliances increase in '96.

8 We did change our priorities. We were able to
9 bring the chiropractic and medical offices down to lower
10 non-compliances. And so I guess that gets to the idea of
11 establishing a metric so you know what your baseline level
12 of inspections needs to be.

13 In New Jersey, for the department, we have guiding
14 principles, and they are very few of them: continuous
15 quality improvements; effective partnerships; innovative
16 management strategies; enhanced scientific assessments of
17 data by using indicators to reflect the conditions, the
18 trends and the results. You want to look at what is out
19 there, you want to look at how you can influence those
20 trends, and how you can get the results. And you look for
21 linkages among the causes, conditions and the effectiveness
22 of the management strategies. So the selection of metrics
23 is extremely important and I am glad that you are
24 concentrating on that.

25 When I looked at your plan, and I looked at the

1 NRC organization and structure, I thought that it missed one
2 of the current trends in management, and the trend is toward
3 postmodern management, which is more of a deconstructionism,
4 deconstructing the bureaucracy and an emphasis on
5 creativity, a reliance on partnerships, and I think that the
6 stakeholders is a way of getting to partnerships, but I am a
7 little bit concerned that your partnerships are mainly with
8 your licensees and perhaps at a lesser extent with states
9 and other interested parties.

10 I saw indicators that reflect conditions and
11 trends and results, but I didn't see how you propose to
12 improve the public understanding of the issues. I think
13 that is really important.

14 The next slide is -- What does your new culture
15 look like? -- and it is a blank slide, because I couldn't
16 tell what your new culture would look like.

17 I know Dr. Travers mentioned internal stakeholders
18 meetings and forums for the staff to get involved, and I
19 think that is very important, because I don't -- if I didn't
20 see what your culture is supposed to look like, I am not
21 sure that your staff did. And I notice that in a speech
22 that you gave to your senior managers, you said, "If the
23 staff feels that they are charged with guessing at
24 management goals, strategies or acceptance criteria in a
25 given circumstance, we will not make timely progress." I

1 think that is really important.

2 Decommissioning, I thought was the largest gap in
3 your plan, and maybe that is because you haven't really
4 looked at this as a continuum in nuclear power, from
5 operations to shutdown, to decommissioning, and maybe you
6 need to create that big circle there.

7 I think you need a critical shift in your thinking
8 for the cleanup issue, and you need stakeholders, perhaps
9 just on this issue, because they might be different
10 stakeholders, states, EPA and NRC.

11 I am a little concerned that on the shutdown
12 emergency preparedness rule there seems to be meetings
13 between the NRC staff and NEI, but states are the biggest
14 stakeholder in off-site emergency preparedness and we should
15 be part of those discussions.

16 I thought MARSSIM was an excellent example of a
17 good product that was based on collaboration, and I think we
18 need more collaboration on this particular issue.

19 You asked a couple of questions. You asked, is
20 your plan sufficient? And I thought the accountability was
21 good because you gave dates and you assigned things to
22 specific people, and it does seem responsive to the
23 Congressional requests, but I am just concerned that it
24 might be at the expense of a thoughtful process, where you
25 get too busy with the checklist to think of the organization

1 as a whole. I also wondered it was outside the normal
2 management process, because, really, this is part of good
3 management. I thought you might have missed some issues
4 like emergency planning and radiation monitoring systems.

5 I noticed on your inspection program that there
6 are some plant systems that aren't real high on the risk
7 ranking, like emergency preparedness, like radiation
8 monitoring systems, but they are sure important to states
9 because of our off-site responsibilities.

10 You asked about the successful completion of the
11 plan, and I think there should be no completion, it should
12 be part of the continual improvement process and it should
13 be a living document.

14 When I look at NRC in the long-term, I think the
15 plan responded to the Congressional hearings, but you missed
16 some of the big issues. A lot of the pages of this plan
17 were devoted to approving six different types of
18 multi-purpose canisters, and that is very important to do,
19 but it doesn't solve the problem of spent fuel being stored
20 at 100 different places around the country and not having a
21 permanent waste disposal facility. So it might be time to
22 revisit those direction-setting issue papers and consider
23 some reinvolvement in some of the big picture issues.

24 I think that one thing you didn't anticipate was
25 the quantity of plants that are being shut down and

1 decommissioned early, and it might be time to revisit your
2 trending data and to place more emphasis on the transition
3 to decommissioning.

4 I have lots of other slides, and I will just bring
5 up those points during the regular discussion. Thank you
6 very much.

7 CHAIRMAN JACKSON: Thank you.

8 Dr. Remick.

9 DR. REMICK: Thank you. Good morning,
10 Commissioners, NRC staff and fellow stakeholders. I
11 appreciate the invitation to participate in this, the second
12 round table stakeholders discussion meeting on the nuclear
13 regulatory process. As before, I will strive to be direct
14 and to the point.

15 Like others, I am pleased to acknowledge the
16 number of changes that are underway and decisions that are
17 being made in the agency. I am both pleased and impressed
18 by the breadth of the activities that are underway.

19 The Commission appears to be more engaged in the
20 issues that confront the agency and its licensees. Many
21 important issues are being managed by the senior managers
22 with increased guidance from the Commission and with
23 apparent renewed energy and enthusiasm. For example, the
24 staff's response to the tasking memorandum and stakeholders'
25 concerns, which I consider to be the agency's corrective

1 action plan, is serving to focus attention and, hopefully,
2 developing consensus within the agency.

3 There appears to be an improved alignment of the
4 Commission and the staff on issues. As a result, staff
5 managers appear to be more involved in the activities of
6 their staff. An example is the decision to issue relief for
7 some plant designs on the time to initiate the monitoring of
8 hydrogen concentrations following ECCS initiation. This was
9 one of the pilot programs to which I referred in July as
10 languishing for lack of a timely decision and unending
11 requests for additional information. It is now time to make
12 decisions on other risk-informed pilot program submittals
13 which are also before the staff and propose either
14 risk-neutral or risk-positive changes.

15 As is the case in any major change in direction or
16 paradigm shift in large organizations, there is the question
17 of how those in the depths of the organization have accepted
18 the change. Thus, leadership and commitment for change must
19 be demonstrated down the line, and continuous and consistent
20 communication must be sustained, because we all know that
21 Congressional attention and interest, as well as
22 Commissioners, come and go.

23 It is important that the communication be
24 consistent and clear. To that point, I hope that the recent
25 interim enforcement guidance is more scrutable to those in

1 the field who must implement the guidance, than I can claim
2 as an interested and somewhat knowledgeable reader. To me,
3 the guidance, issued, I am sure, with the very best of
4 intent, is replete on -- on the one hand, do this, but on
5 the other hand, do that.

6 There are several aspects of your corrective
7 action plan which appear to be missing. For example, what
8 is your vision in constructing and approving your corrective
9 action plan? That is, what will the NRC look like when the
10 plan is completed? Without such a vision, clearly defined
11 and communicated to the staff, how will you know when you
12 have achieved your vision? Further, consistent with how the
13 agency asks its licensees about their corrective action
14 plans, what self-assessments are planned in the course of
15 conducting the corrective actions, or after the actions are
16 completed, so you can determine whether the actions have
17 been effective?

18 I am pleased to see veteran Commissioner Dicus
19 back on the job and to see Commissioner Merrifield, my
20 neighbor here, completing the complement of Commissioners.
21 In the past I have proclaimed the benefits of a
22 multi-disciplined Commission structure for handling complex,
23 technical policy issues important to public safety.

24 Incidentally, I have also touted the benefits of a
25 multi-discipline, "science court" process for resolving

1 complex technical issues in contention, such as you have
2 with the Atomic Safety and Licensing Board, admittedly,
3 assuming that it is functioning efficiently.

4 However, now that all the seats are filled, if the
5 Commission is to be effective, it cannot be a bifurcated
6 body. It must be a collegial body which works together for
7 a common purpose, that is, providing adequate protection to
8 the public, the environment, and national security in an
9 efficient and cost-effective manner. To be successful in
10 carrying out your important your important responsibilities,
11 you must communicate with each other as equals. Further,
12 you must communicate clearly and frequently with the staff,
13 which, in my view, is one of the most professional staffs of
14 any agency in this town. And when I say this town, I mean
15 the one 10 to 12 miles from here.

16 In seeking ways to improve the performance of this
17 agency, the Commission should search for methods to improve
18 the efficiency and effectiveness of own modus operandi. For
19 example, I, like many others, believe that the Commission's
20 practice in implementing the government in the Sunshine Act
21 inhibits a healthy, open, free-wheeling exchange of
22 perspectives on issues pending before the Commission.

23 Specifically, the current practice wherein no more
24 than two Commissioners may meet informally to discuss their
25 perspectives on an issue curtails meaningful collegial

1 dialogue and precludes the synergistic opportunity which I
2 believe was envisioned when the concept of a
3 multi-disciplined, five-person Commission was adopted. The
4 current practice of having to have four separate discussions
5 to seek other Commissioners' perspectives is inefficient,
6 ineffective and nonsensical, in my view.

7 Decisions on issues pending before the Commission
8 cannot and should not be made in such discussion meetings,
9 but a healthy airing of individual perspectives would be
10 beneficial to eventually deciding policy issues. I believe
11 the Commission has the authority to revise its current
12 practice without violating the commendable intent of the
13 government in the Sunshine Act. In fact, I believe that
14 Section 101(c) of Part 9 of your own regulations permits you
15 to do that.

16 Returning to a matter that I discussed at our last
17 meeting, I believe there is nothing in the Atomic Energy Act
18 which defines Confirmatory Action Letters, the so-called
19 CALs, or Confirmatory Orders, and that is in contrast to
20 orders in general, or is there anything in the regulation
21 which defines such instruments and their intended use.

22 Now, I don't question the Commission's authority
23 to establish such instruments because the Atomic Energy Act
24 gives the Commission broad powers, but I do question their
25 bases in the regulations and, thus, their fairness in use.

1 If there is a legitimate regulatory need for them, the
2 responsible action would be to revise the regulations
3 through rulemaking in accordance with the Administrative
4 Procedures Act, and consistent with the Commission's
5 Principles of Good Regulation. If promulgated, their use
6 should be closely prescribed, controlled and monitored to
7 prevent their misuse as a means of bypassing the
8 Commission's regulations, including its backfit rule.

9 Now, I understand the staff's liking for
10 Confirmatory Action Letters and Confirmatory Orders,
11 inasmuch as they preclude the opportunity for a licensee to
12 exercise its right to request a hearing on the matter,
13 wherein the regulatory basis of the action could be
14 challenged and Commission review should, and presumably
15 would be triggered.

16 I am pleased to note that it appears that staff
17 composed Confirmatory Action Letters have come under closer
18 scrutiny since the last stakeholders meeting, to see that
19 some impending CALs have not been issued. However, I am
20 displeased to report that some in the regions have already
21 found a way around the closer scrutiny. For example, the
22 staff is able to arm twist a licensee, under the threat of
23 the issuance of a CAL or a Confirmatory Order, to make
24 formal, detailed, prescriptive commitments that the staff
25 wants, which then become part of the licensee's licensing

1 basis. Thus, the staff gets around the backfit rule and
2 other regulatory requirements without issuance of a CAL.

3 Now, this is a flagrant violation of the backfit
4 rule to me, and some might refer to it as regulatory
5 extortion, admittedly an extreme and contentious term,
6 however, a term which does have a ring to it as a means of
7 drawing attention to regulatory methods used to force
8 licensees to commit to actions with otherwise they are not
9 obligated to do by the regulations. It has caused me to
10 define a new CAL acronym as "Commitments by Arm-twisting and
11 Leverage." I am surprised that the Office of the General
12 Counsel has not raised a red flag about the practice, if it
13 has not.

14 Finally, I think you, as Commissioners, have some
15 of the best executive service positions in this town. As
16 Commissioners appointed by the President, you neither serve
17 at the pleasure of the President, nor must follow the
18 associated dictates from the White House. You are free to
19 make important public policy decisions based on the dictates
20 of your conscience as to what you consider to be right in
21 the best interest of the public, and you are largely free
22 from partisan politics, although correctly subject to
23 Congressional oversight.

24 You are free to fulfill your responsibilities
25 using your best judgment. In doing so, you must be willing

1 and be prepared to shoulder criticism from the media and
2 others, willing to face and resolve in a fair manner
3 differing professional opinions from the staff as well as
4 questions from Congress, and willing to stand up to the
5 challenge from those opposed to maintaining nuclear energy
6 as an energy option for this country, as has been decided by
7 Congress. As has been said, "if you are right, you will
8 prevail." And you will be right more often if you improve
9 your ability to come together as a collegial Commission and
10 thoroughly discuss your individual perspectives on issues
11 before deciding those issues.

12 In closing, again, I say that I am pleased and
13 impressed with the changes that are underway, for which you
14 are to be congratulated. Properly managing the changes,
15 assessing their effectiveness and sustaining your efforts to
16 their conclusion will be essential and critical elements to
17 your success. Thank you.

18 CHAIRMAN JACKSON: Thank you.

19 Mr. Colvin.

20 MR. COLVIN: Chairman, Commissioners, ladies and
21 gentlemen, thank you. It really is a pleasure to be here at
22 this second stakeholders meeting and appear before, in
23 essence, a full Commission.

24 I think that as we move forward, I see that we
25 really have the ingredients for success and making some

1 important changes in the regulatory processes and in
2 reforming and making the processes more efficient. It is
3 clear from my perspective, and the industry's perspective,
4 that we the Commission and the staff dedicated to change and
5 clearly achieving results, in fact, in many cases, very
6 dramatic results that are being felt at the plants and by
7 the people in the field. I think that, as you asked in your
8 opening statement, or mentioned, Chairman, that is really
9 one of the key indicators that we have been looking for,
10 certainly, not change in Washington, there is a lot of
11 change that goes on in this town, but change to the people
12 where it really matters.

13 Secondly, we have certainly Congressional
14 interest, oversight, and I think, more importantly, support
15 and recognition of the important role of nuclear energy in
16 the United States Congress that is growing, and I think that
17 is part of the factor that is important in providing that
18 support to the agency as we move forward.

19 I think lastly, but by no means last, the
20 dedication of the stakeholders, all the parties here, and
21 others, to try to provide their insights in these reform
22 activities. So I really do believe that we are moving
23 forward and the results have been dramatic.

24 I think obviously we have a lot of work to do, and
25 how we go about that is an important parameter in achieving

1 long-lasting change, and I would like to focus some of my
2 remarks, and I do have a few slides, if I could have the
3 first slide, please, as we move forward.

4 There is an old saying that if you don't know
5 where you are going, then you will be satisfied with
6 whatever you get. So, from our standpoint, we have
7 provided, and this is the industry's view on what we believe
8 the regulatory objective ought to be, and that is really to
9 achieve a safety-focused, results-oriented and accountable
10 regulatory Commission whose regulations objectively define
11 adequate protection of public health and safety, are
12 administered efficiently and effectively for the benefit of
13 the licensees and the public.

14 I might mention that, as we move forward -- my
15 next slide, please. We have really broken down into the
16 regulatory attributes, which are self-explanatory. I would
17 like to provide the context of both near-term activities and
18 some longer-term activities that we believe are important,
19 along with some milestones from the industry perspective,
20 and priorities, Chairman, Commissioners, for your
21 consideration. And that is the next slide, please.

22 It is important to mention that we have many other
23 activities that have been mentioned by our stakeholders that
24 need to be addressed by the Commission, material licensee
25 issues, fuel fabrication facility issues, 10 CFR Part 70,

1 and other activities which really are not within the context
2 of today's discussion, but need to be recognized as
3 important as we move forward.

4 I would like to go through just the near-term
5 priorities, and I think we are -- these are covered well in
6 the programs that are underway. New regulatory oversight
7 process, license administration, renewal and transfer.
8 Risk-informed, performance-based regulation, I might mention
9 here that risk-informed, in-service inspection, in-service
10 testing, the tech specs, allowed outage times that you have
11 mentioned are very important. Just as an example, on the
12 ISI programs that are underway.

13 From the ASME perspective, the Section 11
14 perspective, and, certainly, industry perspective, we have
15 the ability, with the changes moving forward, to eliminate
16 about 60 percent of the inspection activities that are
17 really unnecessary and, with it, probably the largest
18 contributor to man-rem exposure that we have within our
19 facilities.

20 So there is a very important win-win, perhaps even
21 win-win-win situation with the programs to look at
22 risk-informed processes like this, where we can actually
23 reduce the efforts and activities from both the licensee and
24 the regulator on these. On unnecessary activities, we can
25 reduce the man-rem exposure and then we can use those

1 resources to really focus on what is important to safety. I
2 encourage the Commission's activities in continuing to move
3 forward on these issues and certainly the industry is fully
4 in support of those.

5 We have talked basically about the maintenance
6 rule. I want to just clarify the whole plant study is
7 really the approach that we have proposed to the Commission,
8 to use as pilots three licensee plants to look at how one
9 applies risk insights to the entire plant as we move
10 forward. We are pleased that that is proceeding, and,
11 obviously, trying to provide that as a foundation for an
12 entire risk-informed Part 50. Next slide, please.

13 The issues on this slide, we are moving forward
14 on. I would say 50.54(a) rulemaking activities really
15 relate to the graded QA activities that Harold Ray talked
16 about. Application of the backfit rule, in this area I
17 think we still need considerable work on -- and I think this
18 is an area which needs to -- is being addressed by the
19 Commission, but is important to the industry, as Dr. Remick
20 has pointed out. In this area, really look at how one
21 applies that to decommissioning activities and other
22 activities, as well as the controversial issue of averted
23 on-site costs, especially as we move forward into a
24 deregulated environment from the cost of service situation
25 which we are in today.

1 Last on that list, and we did not have this on the
2 original list to the Commission, was used fuel storage from
3 two perspectives, and that was really not only the work in
4 dry cask, which is well identified and very important, but
5 also the efforts on permanent repository and the licensing
6 of that repository and identified the Part 63 activities to
7 the Commission. We commend the Commission for taking steps
8 forward in these activities to try to bring these important
9 issues to resolution.

10 We move forward to a little longer-term
11 priorities. We are really trying to look at how we bring
12 about risk-informed regulation. In a broader context, we
13 need to continue, we have looked out, on this priority, in
14 the 2000 to 2002 timeframe, recognizing that we can't do it
15 all, or do it all certainly effectively in the near term.

16 A transition to selected Part 50 regulations that
17 are outside of those identified to date. The design basis
18 reform comment really relates to how, as we move forward and
19 make changes in risk-informed and performance-based types of
20 -- or regulatory activities, we then to look and to ensure
21 that we have the design basis of the plants in conformance
22 with and consistent with the changes that we have embodied
23 through the regulatory process.

24 I couldn't resist putting NRC staff size and
25 containment on there for two main reasons. One is that --

1 you have commented, Chairman, that in questions about what
2 people do you need, or should you de-regionalize, or
3 continue the regionalization, we have to first figure out
4 what the agency has to do. And from that standpoint, we
5 believe that that is a priority which ought to be looked at
6 but not be an over-arching priority in the near term.

7 We think that, obviously, you are moving forward
8 to make some changes within the agency, and we support
9 those, but we need to make sure that we have enough staff
10 support and resources to complete the important work and set
11 the foundation work in place. And, again, I think until we
12 figure out what all that means from the standpoint of
13 risk-informed and performance-based, that we cannot tell
14 what types of resources are really truly needed or the types
15 of people that need to fill that. So there is a balance in
16 that approach that we need to achieve.

17 And, lastly, on the near-term priorities, really
18 looking to the importance of taking a hard look, as you have
19 already described, in the whole safeguards area, and
20 reforming the safeguards area to ensure that we provide the
21 regulations that are necessary to ensure the adequate safety
22 of the plants from the standpoint of terrorists and other
23 activities, and at the same time provide the balance to
24 ensure that those don't impact plant safety in the operation
25 of these facilities. We have to balance that as we move

1 forward.

2 And the last slide, the longer-term priorities.
3 Some issues that we have not really talked about very much,
4 because they seem further off in many people's minds than
5 others, but not in my mind, and that is how we move forward
6 with the advanced plant designs and address some of the
7 issues in the combined operating license, and how we proceed
8 to move forward to license those plants.

9 As we look at the environmental discussions that
10 are going on, have gone on in Buenos Aires, and as we look
11 around the world, we really see the important need for
12 nuclear energy in developed countries to ensure that we
13 provide the energy supply while protecting the environment,
14 and that is going to require, if you use DOE's recent
15 announcement, not only relicensing of all the 100 plants
16 that are operating in the United States, but constructing 68
17 new 600 megawatt reactors by the year 2015, just to meet 3
18 percent below the climate change limit.

19 So I think we are starting to see a significant
20 future reality ahead of us and we need to ensure that some
21 of the issues, COL issues that we have set aside for the
22 future, it is going to be time to come up and start
23 addressing those issues.

24 I guess the last thing which is our real
25 challenge, that I must mention, is that I think we need to,

1 through these processes, we need to develop the confidence
2 in the regulations and the regulatory practices. And I say
3 confidence from the standpoint of the NRC staff, the
4 Commission, the stakeholders and the public, that those
5 regulations and processes provide us the assurance of safety
6 that we need to ensure the adequate protection. And if we
7 have that confidence, and I think we are on the path to
8 developing that, that we will be much further ahead in
9 ensuring the safe and efficient regulation of our plants.

10 Chairman, Commissioners, thank you.

11 CHAIRMAN JACKSON: Thank you very much.

12 Mr. Collins.

13 MR. COLLINS: Thank you, Chairman. Speaking for
14 the Office of Nuclear Reactor Regulation and the primary
15 manager for the Reactor Safety Program, I would like to
16 acknowledge those thoughtful comments that have been made up
17 to this time, and also acknowledge that a primary
18 stakeholder perhaps is not present, at least in front of us
19 today, and that is the regions. Clearly, the regions,
20 regional management, the regional staff and, specifically,
21 the inspectors are a primary stakeholder in all of our
22 activities today, and I will speak a little bit more about
23 that in a moment.

24 NRR is committed to the process of improvement and
25 change management. Some of our actions and accomplishments,

1 as acknowledged earlier, are summarized in the October 30th
2 update to the tasking memorandum. What we have done to date
3 as far as progress has involved some tough decisions, not
4 all are popular, or perhaps even easy to implement, but we
5 must focus on I think what was referred as cultural
6 strategies during this process.

7 Those have been defined for the Office of Nuclear
8 Reactor Regulation. They are maintaining safety, reducing
9 unnecessary burden, increasing efficiency and effectiveness
10 of our processes and increasing public confidence. Those
11 cross-cut issues are being incorporated into all of our
12 processes, including measurable outputs and outcomes.

13 The NRR team is deeply involved in examining and
14 improving our processes. We are involved in selecting
15 outputs and desired outcomes, as I indicated, and
16 determining appropriate measures and goals, and that is a
17 hard part. I think it was referred to by Mr. Lochbaum. It
18 is a difficult process in the planning, budgeting and
19 performance measurement area to determine what is success
20 for a regulatory agency.

21 We have the assistance of contractor Arthur
22 Andersen, who has been working with us for over a year in
23 this area. We have made some great strides. We have
24 outcomes and deliverables that are due to the Commission in
25 this area, and I hope that the results of that will be

1 clearly evident to the stakeholders here today that have
2 appropriately challenged us in those areas.

3 The headquarters and the regional staffs are
4 responding. What is important to me is change at the
5 interface. I think it has been mentioned here a few times
6 and that is at the level where our programs actually impact
7 our stakeholders, and there many of those. The states
8 certainly are one, our inspectors influence change at the
9 interface. Our project managers, who deal directly with
10 licensees. Dr. Remick referred to perhaps a negative impact
11 in that regard at the interface, and I would be interested
12 in the specifics of that. But we need to focus on those who
13 deal directly with our stakeholders, and change at the
14 interface will be the measure of success.

15 Ultimately our programs must be predictable, must
16 be objective, and they must be timely. In order to succeed,
17 licensees must bring issues to the NRC for review and
18 resolution. In Dr. Remick's comments, there are two
19 concerns when we deal with the new definition of CALs. One
20 is the instance itself. The other is that those types of
21 issues are not brought directly to the staff for resolution,
22 and we have processes to accept those and processes to
23 resolve those concerns, so, in effect, highlighting that
24 issues raises both of those concerns.

25 Through a continuing series of presentations and

1 workshops, I know Dr. Travers, senior staff of the Office of
2 NRR, as well as the regional administrators, have been
3 deeply involved with the NRR staff and the regional staffs,
4 work together to communicate our expectations, update our
5 staffs on the status of change. But, as acknowledged by Mr.
6 Nye, change is hard. Many of the attributes that were
7 referred to on how to manage change are those that we are in
8 fact using as guideline and as principles within the Office
9 of NRR, but they are very difficult. As Arnold Glasgow
10 stated, "The trouble with the future is that it usually
11 arrives before you are ready for it," and I think that is
12 true and we are preparing, and it is around the corner.

13 As a learning organization, I know this is one of
14 Harold Ray's points in his presentation -- Is the NRC a
15 learning organization? I look forward to the input of the
16 stakeholders present and the insights that you will derive
17 from that, as we continue to define our goals and refine our
18 processes, while focusing on the value of reasonable
19 assurance of adequate protection of maintaining safety. We
20 can't lose sight of that core mission, particularly in the
21 conduct of our business with the regions and change at the
22 interface. Thank you.

23 CHAIRMAN JACKSON: Thank you very much, Mr.
24 Collins.

25 I will go to my Commission colleagues for any

1 comments they wish to make. Commissioner Dicus.

2 COMMISSIONER DICUS: Thank you. Yes, I would like
3 to make just a few comments. One of my staff members, on
4 the way down here, sort of indicated to me that the opening
5 comments might take up the whole morning, and I think we are
6 close to reaching that goal. So I do have two or three
7 things I would like to say, so I will try to get on through
8 them fairly quickly.

9 First of all, it is great to be back, and I
10 appreciate everyone's kind comments to me on returning.
11 Obviously, I was not participating in the earlier
12 stakeholders meeting, but I did read the transcript. I have
13 read other documents, the exchange of letters, so I have got
14 a pretty feel for what has been accomplished. I think one
15 of the things that I recognized is that I think the issues
16 that we are dealing with have been fairly well defined.
17 They need to be refined somewhat. I think Mr. Ray pointed
18 out some issues of policy that we need to take under our
19 wing and so forth.

20 I heard also, as I read the transcript, and as I
21 have listened to other things, that we are dealing with
22 solutions as well. I think that as we refine our issues, we
23 really need to get into the solutions and check our progress
24 and our process in accomplishing these things as we go
25 forward. I look forward to being part of this.

1 I note a couple of new stakeholders at the table.
2 I would make special note of having a state representative
3 here. One of the things I have tried to accomplish in my
4 first term on the Commission is to make, at the Commission
5 level, a greater awareness of just what the impacts are of
6 NRC activities and actions and rules, guidance, et cetera.
7 We impact our licensees, obviously, but we impact beyond
8 that as well. Somewhere in the archives of this agency
9 there are some letters from a former director of the
10 Arkansas program, not always happy with some of the things
11 the NRC was doing to us. So we do impact, and I appreciate
12 having the state representative here.

13 I think there are others that could be
14 represented. I think the Chairman said this is not
15 necessarily all the stakeholders that we have. I would
16 mention the possibility of professional organizations such
17 as ANS, and the Health Physics Society and organizations of
18 this type. We may be reaching critical mass, though, in the
19 number of people that we have, so it may not be appropriate,
20 but I would like to mention one thing just real quick, that
21 you may not be aware of.

22 The Health Physics Society has just, in the past
23 month, created an ad hoc committee to study regulatory
24 burden, and they are asking HPS members, and I am a HPS
25 member, and others as well, to contact this committee with

1 issues that you have on regulatory burden. Now, it is not
2 just the NRC, it will be EPA, or FDA, or FEMA, or DOE, et
3 cetera, OSHA. But regulatory burdens are going to be
4 captured by this committee. They are going to analyze these
5 and come forward with a report. I think that would be also
6 a very useful tool for all of us to have.

7 I would like just to close quickly by saying, when
8 I made some brief comments following my swearing in to my
9 first term, I made the comment that being director of a
10 state agency, and it was a large and comprehensive program,
11 I had to interact with a large number of federal agencies,
12 or parts of federal agencies, I think close to about a dozen
13 that you really had to interact with. And through all those
14 interactions, even though at times I would be annoyed with
15 the NRC, it was -- without a doubt, the NRC was the best
16 agency to work with. And nothing has changed my mind on
17 that.

18 I back up what Dr. Remick said, this is a good
19 agency. It has a competent and professional staff. As we
20 deal with these issues, let's not lose sight of that,
21 because it is my confidence in this competency and in this
22 professionalism that gives me the added confidence that we
23 can, in fact, achieve these goals that we have set for
24 ourselves. I think that this staff, supported and guided by
25 the leadership that this Commission is going to give it,

1 will achieve these goals that we have set for ourselves, and
2 I think we can be defined in the long term by the successes
3 that we have as we work through the issues.

4 I am going to be here five years, you are stuck
5 with me. But it one of my goals of my office to see this
6 through to completion, not for the short term, but for the
7 long term, that this becomes how we work and not simply a
8 change and not progress, as was pointed out earlier. And
9 that is a commitment that I make the stakeholders, but I
10 make it to the staff as well. Thank you.

11 CHAIRMAN JACKSON: Thank you.

12 Commissioner McGaffigan.

13 COMMISSIONER MCGAFFIGAN: I am going to play off
14 of some of the comments that were made earlier. First, I
15 will tell you to be aware of 12 year old girls when playing
16 soccer.

17 Let me just touch on a few of the points. One of
18 the points made by Mr. Lochbaum was about good plants and
19 bad plants, and a good plant, when the NRC comes calling,
20 assembles all the good things it has done lately. I think
21 we are not a bad plant. We could have done that, and I am
22 going to tick off some of the things that are not in the
23 plan that I think we have done well lately, but we
24 consciously chose to focus, I think, on the things that we
25 thought we had not yet made enough progress on, although

1 many of them had been previously identified and we obviously
2 are speeding the process.

3 One area, I mean I will just tick off some of
4 them, Trojan reactor vessel with its internals intact being
5 approved for shipping to Hanford. The West Valley, we have
6 put a paper out yesterday, and we are going to seek public
7 involvement in the next month on what the decommissioning
8 standard should be at West Valley.

9 Part 70, which was referred to, we are going to
10 open up a process, we are going to take some further time,
11 work with stakeholders to perfect Part 70 before we put it
12 out for proposed rule.

13 Orphan sources, an issue that Jill, the last time
14 she talked to us as a Commission, we are moving out with a
15 rulemaking. I don't think it is in the plan, but it is a
16 very important thing we are doing.

17 Electrosleeving, we worked with Calloway and we
18 found a way to approve Calloway to try the Framatome
19 electrosleeving technique for repair of steam generator
20 tubes.

21 Leading edge flow meter. We have a rulemaking
22 that will be underway shortly that has the potential for
23 allowing power uprates on the order of 1 percent for much of
24 the industry. We approved the Hatch and Monticello power
25 uprates in the last few months.

1 One indicator I have, it is a personal indicator,
2 but I tend to be the Commissioner, I will probably get aced
3 out, having said this, who has a chance to go down and talk
4 to the INPO managers when Mr. Hasty brings them every few
5 months in to us. I had Commissioner Merrifield come down
6 the last time they were in town, it was I think just about
7 his first day on the job, and I said, I will get beat up,
8 you may want to see it, these guys always bring issues to
9 us. And by the time Jeff got there, it was sort of a
10 lovefest.

11 I mean these managers who normally do -- are not
12 at all averse to complaining, and they were one of the
13 earlier indicators we had that there was there was a
14 Severity Level IV issue, or that other issues were out of
15 whack, were basically saying to us that they had seen a lot
16 of change in the way we were dealing with licensee
17 amendments in the last year.

18 It wasn't uniform, but there was much greater
19 professionalism in processing license amendments. They were
20 concerned about our resident program, about the turnover,
21 excessive turnover in their view and in my that we have in
22 our resident program and how important it was, the resident
23 relationship with them. They were still complaining, but it
24 was a remarkably -- the enforcement guidance memo, however
25 abstruse it may have been drafted, and I agree with some of

1 that, that it had had an effect in the field that they had
2 felt.

3 So I think there's a lot of things that we are
4 doing that we are doing well. Not all of them are in the
5 planned Part 63, the rulemaking that Mr. Colvin referred to.

6 What we are trying most of all to do, and this
7 follows up on something Mr. Collins said, we are trying to
8 communicate. We are happy to have these meetings. We are
9 communicating in every way we can think of at the moment.
10 Maybe there's too many meetings for small organizations and
11 Mr. Lochbaum has commented to me about now being able to
12 attend them all, but there -- we are trying desperately to
13 not have anything under the table -- get everything out on
14 the table, understand what the issues are, and then
15 prioritize the dealing with them and meetings like this can
16 help us do that, but I am very optimistic that we are making
17 progress, not all of which is in this plan, that we can make
18 further progress in the years ahead.

19 It is going to take time, and the last comment I
20 will agree with is Jill's. This is a plan that will never
21 be complete. All of the people who talk about change --
22 indeed, I was at an NEI meeting a few weeks ago where there
23 was a person talking about change. The thing to communicate
24 is that change doesn't end.

25 We are going to have to be a learning

1 organization, an agency that is constantly trying to improve
2 over a long period of time, and I think we recognize that.
3 I think we have tremendous challenges.

4 The Staff is trying to make progress in all of
5 these areas and other areas that I have mentioned and other
6 areas I haven't while downsizing, while reorganizing and
7 while probably getting to the hairy edge of disfunction, and
8 our goal is to get through this in a way that we remain
9 highly functional, highly effective, but we'll see whether
10 we succeed. Why don't I leave it at that.

11 CHAIRMAN JACKSON: Thank you. Commissioner
12 Merrifield.

13 COMMISSIONER MERRIFIELD: Madam Chairman, as it is
14 five minutes of 11:00 I am the last person to make opening
15 comments.

16 I have some good news and bad news. The good news
17 is that I have no prepared comments.

18 [Laughter.]

19 COMMISSIONER MERRIFIELD: The bad news is that as
20 a Senate-trained lawyer I still have a few things to say.

21 [Laughter.]

22 COMMISSIONER MERRIFIELD: First off, like
23 Commissioner Dicus I would like to thank everyone,
24 particularly the folks here at the Commission who have given
25 me a very warm welcome and a tremendous amount of assistance

1 in terms of getting up to speed to the very important
2 decisions that we are having to make in these -- in these
3 opening weeks of my term as a Commissioner.

4 The second thing I think I want to talk about a
5 little bit is the stakeholder process. I think that having
6 stakeholder meetings like this are critical. We utilized
7 those when I was working up in Congress. I think they are
8 very, very helpful. I think it gives direction to the
9 Commission as to how we should move forward. I think it
10 gives greater buyer input, stakeholder input in terms of
11 what we are doing. I think it ultimately will lead to a
12 more satisfying result.

13 I agree with Jill Lipoti's comments that we should
14 try to regularize this and do this often. The Chairman has
15 also mentioned that.

16 I will say one personal comment about the
17 stakeholder meetings. Similar to my reactions to
18 Congressional hearings, I want to get to the questions. We
19 have got some interesting issues that I would like to see us
20 have a dialogue on and then the reaction.

21 Taking two hours to go into opening statements --
22 I think the next meeting we all ought to have some
23 self-imposed discipline to try to do that.

24 James Riccio had very brief comments at the
25 beginning and I thought that was the way to go, and perhaps

1 we can replicate that next time.

2 In terms of a reaction to the some of the comments
3 made, the only one -- and not to pile on to David Lochbaum,
4 but the only one I wanted to focus on was a statement that
5 he made to the extent that the true purpose of what we seem
6 to be doing is to convince the Senate to leave the NRC
7 alone. I don't feel that way.

8 When I was confirmed for my position, one of the
9 things that I made note of was that I think that strong
10 Congressional oversight is good for this agency. I think it
11 ought to happen often, and I am welcome to -- I feel very
12 open and welcome to go up to the Senate and the House
13 frequently to explain what we are doing and hopefully we
14 will have a good message to take with us when we do.

15 Finally, I do want to make note of a comment that
16 the Chairman made about the Operational Safeguards Response
17 Evaluations Program -- the OSRE program.

18 We did have some comments made about that.
19 Recently I had the privilege of sitting in a Chairman's
20 briefing that she had put together to go over that program.
21 I am in agreement that we need to put that program back into
22 place. I think there needs to be greater buy-in of our
23 stakeholders into how we should be utilizing that process.
24 Now that is not to say that that program ought to stay the
25 way it is. Given the information that we were provided, I

1 think we need to do a reanalysis. We need to make sure that
2 safety is upheld at those facilities but in a cost
3 effective, reasonable and adequate manner, and so I look
4 forward to the Staff review of that, and that is something I
5 think the Commission certainly should grapple with very
6 soon.

7 Thank you.

8 CHAIRMAN JACKSON: Thank you very much.

9 We do want to get on to the questions and in fact
10 I have a couple that I would like to throw out to the group,
11 but my only summary comments are two.

12 One is to thank the various participants, even
13 though it was a lengthy process. I, too, note Mr.
14 Riccio's -- the succinctness. Nonetheless, I think all of
15 the opening statements made some very perceptive
16 observations and assessments.

17 But one thing I will say about the plan -- okay --
18 the tasking memo response. Now the difficulty of a plan is
19 the benefit of the plan, namely that it does give a focus to
20 certain specific areas, but in having that plan and giving
21 focus to it, and we will be discussing various aspects of it
22 today, let us make no mistake. I mean the NRC is a complex
23 organization.

24 It has a day-to-day regulatory program to carry
25 on. There are any number of initiatives and activities that

1 are not captured in that plan, including some that a number
2 of the participants said were missing from the plan -- and
3 they are missing from the plan. That does not mean that
4 they are not given high priority and, as Commissioner
5 McGaffigan pointed out in some of his comments, it does not
6 mean that there is not progress made in any number of areas.

7 We have debates about whether in fact everything
8 ought to be in the plan, okay? -- and Commissioner
9 McGaffigan and I engage on that quite a bit --

10 [Laughter.]

11 CHAIRMAN JACKSON: -- but the point of the plan is
12 the benefit of the plan, namely that it does provide
13 specific focus in specific areas to try to have achievable
14 objectives that support, and that was the point, our
15 long-term goals, and so the long-term goals are still there.
16 There are any number of other activities that go on, and so
17 the action plan also --and this is not outside the normal
18 management process. In fact, the Staff was given explicit
19 instruction that whatever it did was to be incorporated into
20 what we call our planning, budgeting and performance
21 management process, which is how we manage today.

22 Mr. Collins mentioned the work with Arthur
23 Andersen, which is ongoing, that predated the plan. In
24 fact, it has helped particularly in the reactor area, NRR
25 and others involved in reactor regulation to incorporate the

1 elements of the plan into, in a comprehensive way,
2 everything that is going on.

3 The final comment is that Mr. Travers and Dr.
4 Knapp, who is our new Deputy Executive Director for
5 Regulatory Effectiveness, as of December the 1st, is that
6 it? -- as of now --

7 [Laughter.]

8 CHAIRMAN JACKSON: Yes, October the 16th, that's
9 Monday, right.

10 They have been explicitly charged with this issue
11 of developing a coherent self-assessment process and the
12 metrics, the appropriate metrics that are a part of that,
13 not just for the elements of the action plan, but in all of
14 our activities and in fact that is what the regulatory
15 effectiveness organization is about, and so they are
16 listening very carefully to us today because one thing we
17 wanted to be able to talk about was in fact what are
18 appropriate metrics -- and so that is the first question, in
19 fact, I would like to pose to the group.

20 A number of you have mentioned the need to have
21 metrics, to be able to measure progress not only on specific
22 item but in a coherent self-assessment sense and so I ask
23 the various participants what -- you know, what your
24 thoughts are in that regard.

25 Mr. McNeill.

1 MR. McNEILL: Madam Chairman, I think this is a
2 very difficult issue because I think the whole framework may
3 not support it, and I am going to go back to an often-used
4 and probably misused example of how we would measure
5 progress.

6 The one I have is that as the industry performance
7 has improved over the years, we are getting inverse measures
8 coming back of increased violations and things of that
9 nature, which tell me to some extent the context is wrong,
10 and I would only caution you to make sure that the measures
11 you use are not ones that maybe have been used in the past
12 but they are ones that are more appropriate for future
13 directions, because I think you could misinterpret some of
14 this as progress when in fact it may not be true progress in
15 the direction you might go.

16 CHAIRMAN JACKSON: Let me ask you this question.
17 Is number of violations an appropriate metric?

18 MR. McNEILL: If the standard is correct, I think
19 it is, and I do, I believe that NEI is working, and I do not
20 know the degree of which they are working, are keeping the
21 NRC informed and the development of a threshold mechanism of
22 regulatory versus non-regulatory space, if you want to call
23 it that, so that there is a space of operations that is
24 exclusive for the utility to operate in as long as we don't
25 broach or breach into the next level.

1 If that concept is appropriate, and I personally
2 believe from what I have seen to date in my experience I
3 believe it is, then if that borderline is established
4 correctly, then I think measures of violation, if you want
5 to call it that, or excedences within crossing that boundary
6 line are appropriate measures.

7 CHAIRMAN JACKSON: Okay. Mr. Riccio, did you have
8 a comment you wanted to make?

9 MR. RICCIO: Only that it's going to be very
10 difficult to use violations as a measure, since you have
11 continually altered how you are going to be issuing your
12 violations. You have wiped out Level 4 violations --

13 CHAIRMAN JACKSON: That is not true.

14 MR. RICCIO: Okay. Okay -- well, you have reduced
15 the number of Level 4 violations.

16 CHAIRMAN JACKSON: Let me back up.

17 The intent in the changes in the enforcement
18 policy, and I think I agree with the comment that was made
19 having to do with perhaps that we could have stated the
20 changes with a greater degree of succinctness and clarity,
21 the intent was to reduce the burden associated with Level 4
22 violations and so there were specific changes made having to
23 do with the burden on the licensee in terms of response to
24 violations of a certain type.

25 MR. RICCIO: I understand we are trying to reduce

1 the burden on licensees here. My problem is you have so
2 continually changed your assessment process for these
3 reactors that I see how you are going to have a lot of
4 difficulty seeing whether you have actually moved forward or
5 backward.

6 That is basically my comment.

7 CHAIRMAN JACKSON: Okay. Yes, Ms. Lipoti -- Dr.
8 Lipoti, I apologized earlier for not addressing you
9 appropriately.

10 DR. LIPOTI: It's okay. I would like to comment
11 on the enforcement initiatives because whether or not you
12 set the number of enforcement items as a performance
13 indicator the media will use that as a judgment of your
14 performance and in my experience the Governor's record on
15 the environment was based on two things -- the number of FTE
16 in the agency and the number of enforcement actions, and it
17 was an unfair metric.

18 We previously had used administrative orders to
19 order people into compliance and that gave them 90 days to
20 come into compliance, and we go a 63 percent compliance rate
21 at the end of the 90 days.

22 We changed over to more effective "field notices
23 of violation" where the people were issued a notice right
24 there. They had 30 days to come into compliance and no
25 fine. We had 76 percent compliance in 30 days. It was much

1 more effective, but on our report card in the media it
2 looked like we were becoming less effective, so I think it
3 is extremely important not only for you to choose your
4 metric but to communicate that metric and the application of
5 that metric to the public.

6 CHAIRMAN JACKSON: Mr. Collins, you were going to
7 make a comment?

8 MR. COLLINS: Yes. Thank you, Chairman.

9 If I understand the question correctly, I would
10 provide an insight to get back to what enforcement really is
11 and where enforcement fits in the process. As you stated,
12 our threshold of safety is reasonable assurance of adequate
13 protection and compliance provides your presumption
14 conclusion, presumptive conclusion that licensees are safe.

15 Noncompliance does not necessarily mean that a
16 licensee is not safe. In other words it takes an analyses
17 to understand the situation, so therefore as the sole
18 indicator, I believe that there's probably more to bring to
19 the table.

20 The new assessment or oversight process that we
21 are looking at I believe has the order in a way that
22 fashions an appropriate place for enforcement, and that is
23 we need to assess what is important to measure at a plant.

24 We need to be able to inspect that. We need to be
25 able to have an enforcement tool that reinforces those

1 values, and then we need to have a reporting scheme that is
2 consistent with that, so to say that enforcement is an
3 indicator, it is an indicator but I think in the overall
4 context of it is risk informed in its processes. Are we
5 understanding how it fits into those other attributes of an
6 oversight process is probably as important as the sole
7 indicator itself.

8 You recall the IRAP process, which focused on
9 enforcement. It was not perhaps the right tool and that is
10 why we are looking right now at the second round, if you
11 will, of those processes, so I think we need to be very
12 careful about that as an exclusive indicator.

13 CHAIRMAN JACKSON: Mr. Lochbaum and then
14 Commissioner McGaffigan.

15 MR. LOCHBAUM: I think addressing the question of
16 what is a successful metric for measuring the effectiveness
17 of the change, even though UCS has persistent problems with
18 the agency's allegation process, we think the fact that
19 there is an agency allegation advisor whose function is to
20 ensure there is consistency on how that program is
21 implemented, and also conducts periodic assessments of how
22 well NRR and the various regions are implementing that
23 process, is a mechanism to ensure safety -- or not safety --
24 ensure effectiveness of changes or processes, and things
25 like that should be considered whenever possible. They are

1 not right for every change but whenever appropriate that
2 would be good.

3 CHAIRMAN JACKSON: So what is the specific
4 recommendation?

5 MR. LOCHBAUM: That in these changes for
6 inspection process, assessment process, and whatever,
7 consider the use of something analogous to the agency
8 allegation advisor role in monitoring those programs.

9 CHAIRMAN JACKSON: Okay. Commissioner McGaffigan.

10 COMMISSIONER MCGAFFIGAN: I have two comments.

11 One, we got off on enforcement, so I will stay
12 there for a second.

13 I think we do the best with the indicators that we
14 have and the reason, addressing Mr. Riccio, we had a problem
15 with the Severity Level 4 is what Corbin McNeill referred to
16 earlier. There was cognitive dissonance between an
17 indicator which was going up by a factor of three over a
18 very short period of time after a change in 1996, so part of
19 the problem was indeed the change and the general good
20 performance of the industry in terms of other performance
21 indicators, so when you get indicators that are indicating
22 two different things, you have got to ask yourself a
23 question.

24 In that particular case Mr. Lochbaum has been
25 intimately involved in the process as a public member and

1 indeed I think has endorsed the Staff recommendation to the
2 Commission that is currently before us including the only
3 issue in dispute or one of the few issues in dispute is
4 whether we continue to write up these infractions in our
5 inspection reports or not, and he has said as the Staff has
6 said that they would like that we should.

7 The industry has suggested that it calls undue
8 attention to what may be relatively minor stuff compared to
9 everything else in their corrective action program. We'll
10 resolve that, but I think indicators -- we are going to use
11 the best indicators we have.

12 Enforcement is inevitably going to be one. We
13 have to understand what it is it is measuring and we have to
14 understand where it is that it is in dissonance with other
15 indicators.

16 More probably I think there are some of these
17 areas where we are changing it is easy to have indicators.
18 You know, either we are doing license renewal, the safety
19 evaluation report and the final environmental impact
20 statement for Calvert Cliffs are either done next November
21 or they aren't. The follow-on ones for Oconee are either
22 done on time or they aren't.

23 The goal of the Commission is established for 95
24 percent of the licensing actions being completed within one
25 year and all within two, which is a significant change from

1 past practice, a goal that we expect to achieve in the year
2 2000 -- either it is achieved or it isn't, so some
3 indicators are easy.

4 For some other processes it's much more difficult
5 and it is going to be a learning organization making --
6 doing the best we can and then the input we get from others
7 making adjustments.

8 CHAIRMAN JACKSON: You know, if I think back on
9 kind of a binning, and I have talked about it before in
10 speeches and even in the tasking memo to the Staff, if I
11 think back on the nature of the criticisms and from whatever
12 side, from licensees, from former Commissioners, from the
13 Congress, from public interest groups what I hear are
14 problems with clarity of expectation, with objectivity, with
15 predictability, with quality of product, quality of
16 interface and safety focus, so how do you go from there,
17 which have been the areas -- think about them in the
18 large -- where the criticisms have been to metrics that tell
19 you there's been any change in those areas?

20 Well, let me try something else. How do you
21 measure appropriate safety focus? Is it presumptive if we
22 develop a risk-informed framework? How do you measure
23 clarity of expectation, through the use of performance
24 indicators, with appropriate thresholds built in? How do
25 you measure predictability? Does it require a template to

1 be laid out and this is how you are going to be measured?

2 Because this is important. It is important not
3 just in terms of specific metrics for specific things and
4 whether the number of enforcement actions or number of
5 violations can or shouldn't be used, because these get to
6 the heart of where NRC has been criticized and so unless we
7 can hear something from you, relative to how do you get at
8 that, then you are leaving us hanging, and I so I am asking
9 you, Mr. Ray.

10 MR. RAY: Well, I have been pondering your
11 challenge to us here and the thing that occurs to me is that
12 in our business as it is changing we are finding that we are
13 having to engage in metrics which measure our customer
14 satisfaction. Now "customer" is a bad term to use in this
15 environment, so we should substitute "stakeholder," I
16 suppose, but I would simply offer to you, Chairman Jackson,
17 that it is possible to associate with the various areas that
18 you have just now been talking about -- clarity,
19 responsiveness and so on, a systematic and I want to call
20 capable of being repeated with some fidelity.

21 Mr. Riccio mentioned that violations are not good
22 when the basis is changing for what becomes a violation and
23 that is correct, but over time at least we are finding that
24 we need to be implementing programs to measure the extent
25 to which our stakeholders are satisfied with our performance

1 in a number of fairly soft areas like you mentioned, and I
2 would simply offer to you that those tools are available to
3 us and that the Commission give consideration to trying to
4 bend these things as you suggest to define a stakeholder
5 population and to have somebody measure the degree of
6 satisfaction or dissatisfaction that exists among that group
7 over time.

8 CHAIRMAN JACKSON: Well, in fact, I have asked Mr.
9 Travers to do that.

10 Mr. McNeill and Commissioner Dicus.

11 MR. MCNEILL: I would agree. All right, I'll give
12 you an example. My sense of this industry over the last
13 eight years or 10 years is that we get the NRC's attention
14 generally speaking after we do some validated review -- INPO
15 going out four years ago and questioning plant managers and
16 developing a database that they brought back to the NRC in
17 some form. In fact, we had a survey I believe by an outside
18 consultant.

19 I can't remember once having a stakeholder
20 satisfaction survey done by the NRC of utility personnel,
21 whether it is the industry or otherwise. I can't remember.
22 There may have been one but I can't remember, so I think
23 that there is a valid place for well-designed periodic
24 surveys -- you know, in this case clearly two years would be
25 the minimum timeframe I would have -- maybe at three year

1 intervals the NRC going out and really doing it. That can
2 appropriately be done on Congress and others. It doesn't
3 have to exclusively be people sitting at this table.

4 On the second part of this, my experience would
5 lead me to believe that there really is a fairly effective
6 safety focus, series of things that you focus on, and you
7 maintain one of them very well and that is the events,
8 significant events. I mean that is very compelling issue.

9 Likewise, I think an appropriate review of either
10 employee satisfaction, concerns, at facilities or within
11 corporations is a good review and how you do that I don't
12 know other than a database that you have where you get
13 allegations and things of that nature in looking at how many
14 of them might -- you have to separate the wheat from the
15 chaff in that kind of a performance indicator, but clearly
16 it is one that I think we look in our own company. We
17 survey our employees once a year and in fact in our nuclear
18 organization we put in specific questions around our safety
19 culture and how they view that, but we do in fact get some
20 feedback in that regard, but I think that those are the
21 things -- and then status of performance under the
22 maintenance rule -- those would be the three general areas I
23 would look at around the safety focus.

24 CHAIRMAN JACKSON: Commissioner Dicus.

25 COMMISSIONER DICUS: Well, Mr. McNeill partially

1 stole my thunder but I think I can add perhaps a little bit
2 more to what it is.

3 You know, some of the metrics, if you are talking
4 about a quantitative metric, as Commissioner McGaffigan
5 says, it is very simple. We either did it or we didn't.
6 It's a simple number and we can define the success of what
7 we are accomplishing in that way.

8 Other metrics may be somewhat more difficult, and
9 as you noted, the metric may be wrong if we have established
10 the wrong standard or it is not the right metric for what we
11 need to find out, but those are quantitative measurements
12 and I think what you are really coming to and what Mr. Ray
13 and Mr. McNeill indicated is when you have to have a
14 qualitative metric, and the numbers can be easier to deal
15 with, but the qualitative metric may be much more difficult,
16 but we shouldn't be afraid of having qualitative metrics nor
17 should we be afraid of evaluating ourselves accordingly.

18 We have heard some good suggestions about how we
19 might do that, and I tend to support those as a way for us
20 to measure qualitatively when there isn't a quantitative
21 metric how we are doing.

22 CHAIRMAN JACKSON: Dr. Travers and then Mr.
23 Colvin.

24 DR. TRAVERS: Since I am charged with what we are
25 talking about, I thought I better chime in.

1 The thing that struck me about metrics and in this
2 case in particular drawing out external and internal
3 stakeholders is this notion that while we are about the
4 identification and conduct of a set of near-term
5 initiatives, what we seek in the longer term is to continue
6 to really facilitate the kind of change based on the
7 development of new tools like PRA or anything else that may
8 come up and so a qualitative assessment periodically
9 conducted that focuses in on satisfaction or some measure of
10 stakeholder views on how our performance is going has an
11 appeal that transcends the near-term and should be one that
12 we can use usefully in the long-term, and so I think that
13 that has an advantage, and as others have pointed out, I
14 agree, there are many of the initiatives that we're about
15 that can simply be identified based on how we are doing and
16 whether or not we are meeting intent and milestones.

17 In the longer term and I think more broadly, the
18 expectations of stakeholders and their views on how we are
19 conducting our regulatory oversight program founded our own
20 significant view on how we are doing that by virtue of
21 self-assessments and so forth provide a good foundation for
22 this kind of metric.

23 CHAIRMAN JACKSON: Mr. Colvin.

24 MR. COLVIN: In thinking about the question and
25 picking up on the comment I think there were in reality two

1 surveys that were done by the NRC if you think
2 retrospectively on licensee perceptions about the
3 effectiveness of the regulatory process, one in 1989 and one
4 I believe in 1983 or 1982 -- I can't remember that far back,
5 although I participated in both of them.

6 CHAIRMAN JACKSON: We have to be careful because
7 you are the historian.

8 [Laughter.]

9 MR. COLVIN: But I think if I think about that and
10 your question, Chairman, I would say that those were not
11 effective for two principal reasons.

12 One is that they were of limited scope. As I
13 recall, whether it was 12 or 15 licensees or whatever, and
14 it really didn't cover the industry and the feedback.

15 The second issue is they were not independent.
16 Your own people went and asked the licensee what they
17 thought about what your people were doing to them --

18 [Laughter.]

19 MR. COLVIN: -- and from that standpoint the
20 results were somewhat mixed, and I would say also the
21 conclusions that were drawn by the people that did it, and I
22 am not trying to demean what they did, but in fact were not
23 objective from the standpoint of what you are looking for.

24 So as we look at customer satisfaction surveys,
25 feedback, we need to consider an effective approach in

1 setting the climate for getting the results that you desire.

2 I guess the other issue is with respect to
3 specific metrics, and when we thought about your questions
4 about the metrics one thing is I don't really know and I
5 don't think our people know what you currently measure or
6 monitor -- I mean within NEI and I think within most
7 companies everybody has their own set of metrics -- periodic
8 management reports and other things that we monitor for our
9 own business -- but in the case of your question I don't
10 know what those are, and so it is difficult to give you an
11 assessment or feedback on what those might be without having
12 at least a basis.

13 I think I would encourage the Commission as you
14 develop these metrics or as you have them perhaps the
15 communication side of that, getting them out, we could
16 provide you some feedback on our view about those or
17 certainly the stakeholders' views. That might be an
18 important way to go.

19 I guess the third point on that is that there are
20 some metrics which -- I don't know whether metric is the
21 correct term -- but some issues which have been identified
22 by the stakeholders which go back to the question of call it
23 predictability, stability -- pick your choice, your term of
24 art, but there are many issues -- confirmatory action
25 letters and other issues -- which somehow we have to get a

1 handle on where we are circumventing the processes that you,
2 ,the Commission, have put in place, whether it is with
3 arm-twisting or whether it is with the use of a CAL, or
4 whether it is the Staff not adhering to some provision of
5 the backfit rule or whatever, I think that those kinds of
6 issues which are underlying and fundamental to change the
7 Commission needs to grapple with and they may be not easily
8 measurable, something you can't graph on a chart, but they
9 are very important to the success of your change activities
10 and certainly I would be happy to discuss that further.

11 CHAIRMAN JACKSON: Thank you. Now actually it's
12 interesting because I think a number of the speakers have
13 mentioned an issue having to do with management oversight
14 and one speaker even mentioned -- one could call it
15 accountability or performance appraisal, and having these
16 things inculcated in that way, and I think that is a very
17 important point to elevate because people respond to what
18 they are asked to do and I, like any number of my
19 colleagues, including Commissioner Dicus this morning, feel
20 extremely strongly that NRC has a very competent,
21 well-educated, motivated, dedicated Staff who believe that
22 they are safety-focused.

23 Therefore, if things are going awry, then one has
24 to ask a question about whether they are getting the
25 guidance they deserve, whether they are getting the

1 management oversight they deserve, and whether within our
2 appraisal systems or whatever they are being help
3 appropriately accountable, but you cannot hold people
4 accountable if you haven't given them the guidance in the
5 first place and the tools to do their jobs and so I think it
6 is important that we don't propagate into pejorativeness, as
7 it were, about the Staff without realizing that as we make
8 change we are going to have to be sure that all of our
9 internal processes come along with that to ensure that that
10 change occurs so that it is not something where we are
11 blaming people or holding them accountable for what hasn't
12 been laid out to them.

13 Commissioner McGaffigan.

14 COMMISSIONER MCGAFFIGAN: Mr. Riccio may have had
15 his hand up first.

16 MR. RICCIO: You can go first.

17 CHAIRMAN JACKSON: Oh, I'm sorry.

18 COMMISSIONER MCGAFFIGAN: One point I am going to
19 make about the process. It picks up on something in Mr.
20 Lochbaum's prepared remarks and I think bears on it.

21 When we make these changes we are going to have
22 DPOs and DPVs and Mr. Lochbaum in his prepared remarks
23 expresses some concern about out DPO/DPV process because
24 some people from our Staff have gone to him in order to get
25 issues elevated to the Commission level.

1 I think that is still an exception. One of the
2 things that we are -- you know, the DPO/DPVs obviously
3 worked effectively in the case of OSRE in the last week or
4 so, although they may have gone to the media in order to
5 come back to the Commission, and that may speak to the speed
6 of our DPO/DPV process, but I'll tell you, there's a fair
7 number of papers now coming to the Commission with differing
8 professional opinions attached.

9 In two cases -- in one case we applauded the
10 person and agreed with them and it resulted in a change in
11 policy. In the other case the Commission unanimously
12 decided against the person but commended the person in our
13 SRM, in our Staff Requirements Memorandum for having made it
14 a better process and for raising some issues as to how one
15 calculates doses for folks and some of the art in doing
16 that.

17 I think what we are trying to do is we realize we
18 have a very competent Staff. There are differing views out
19 there. We want to hear those differing views and then we
20 are going to make decisions.

21 The Commission doesn't always agree. I mean there
22 was reference earlier to the maintenance rule being less
23 than a unanimous vote back in 1992. No Commission has fully
24 agreed, I don't think -- and some parts of us may agree with
25 some parts of the Staff and some parts not, but one of the

1 things that we are going to have to do as we go through with
2 change is deal with differing opinions coming at us from
3 differing directions, deal honorably with those, hear them,
4 and then we will either agree or we won't agree with the
5 differing view.

6 It would be interesting -- some of you all have
7 gone through massive changes and you have differing views in
8 how you have managed the change, making sure that you
9 respect the views you are hearing yet still keep moving, and
10 that is something we are going to try to do, but as I said
11 the bottom line is I think our DPO/DPV process is more
12 robust -- at least it is being utilized --

13 CHAIRMAN JACKSON: Robustly.

14 COMMISSIONER McGAFFIGAN: -- robustly at the
15 moment and yet it is also slow and we need to -- it's yet
16 another one of our processes when we look at it we may well
17 have to challenge ourselves as to how to make it more rapid
18 and resolve things more rapidly.

19 CHAIRMAN JACKSON: Right, and in a separate arena
20 but related to this general point of view, the Staff is
21 encouraged and it began with strategic assessment, on
22 particularly important and controversial policy issues, is
23 told to bring options to the Commission, not necessarily a
24 recommended position, or it can be a recommended position,
25 but what the additional options were that were considered as

1 well as getting separate legal opinion of our legal counsel,
2 so that the Commission has the full panoply of positions and
3 issues before it.

4 Mr. Riccio and then Mr. McNeill.

5 MR. RICCIO: Well, just addressing how you assess
6 whether or not this whole process has been successful, there
7 are a few things I think would be along that line.

8 First, that every licensee complies with -- knows
9 what its licensing basis is and complies with it.

10 I don't think we can make that statement at this
11 point. Actually, I know we can't make that statement at
12 this point.

13 The reason, one reason we have had a massive
14 increase in the number of low-level violations is because
15 NRC has decided that they were going actually determine
16 whether or not the licensees met their licensing basis. A
17 lot of those LERs come out of design basis issues which have
18 then reflected themselves in violations.

19 We would think that having each licensee knowing
20 what its licensing basis is is also essential for you to
21 carry out your process.

22 As Mr. Collins has indicated, the NRC cannot
23 determine that a reactor is safe to operate absent
24 compliance with the licensing basis.

25 Secondly, another way to assess whether or not

1 this process will be successful is whether or not you are
2 again surprised by things like another Millstone or another
3 Salem.

4 I am upset a little bit that the GAO wasn't here,
5 because I think they have a lot of important insights and
6 they were a good addition to the panel last go-around.

7 CHAIRMAN JACKSON: They were asked to come.

8 MR. RICCIO: I understand that.

9 CHAIRMAN JACKSON: They chose to decline.

10 MR. RICCIO: I understand that.

11 One of the findings, and I don't expect you to
12 take the findings from GAO or even people like me, but I
13 would at least expect you to follow the advice of your own
14 Staff.

15 One of the major findings to come out of your
16 assessment of the South Texas project, another
17 Millstone-like problem, was that the use of uncited
18 violations led you down the primrose path at South Texas.

19 Well, closing your eyes to Level 4 violations to a
20 certain extent will lead you down that same path again.

21 The third thing I would like to see -- how you
22 would be able to assess whether or not this whole process
23 has been successful would be hopefully that you wouldn't
24 have any what I would call post-mortem mea culpas. These
25 are the revelations that have come out about other places

1 where licensees have not met their licensing basis. This
2 only comes to light after the reactor has been shut down --
3 basically had a emergency core cooling system being
4 undersized for 28 years and not knowing whether it would
5 have been able to perform its function -- the Big Rock water
6 storage tank is another example of that.

7 I think you have had similar instances at Maine
8 Yankee as well, so it is not going to be a quantitative
9 assessment but a qualitative assessment.

10 If the NRC is again surprised by being caught
11 unawares then I think this process will not have been
12 successful.

13 CHAIRMAN JACKSON: Okay.

14 MR. RICCIO: And hopefully it will be.

15 CHAIRMAN JACKSON: Thank you. Mr. McNeill.

16 MR. MCNEILL: I would like to speak to
17 Commissioner McGaffigan's remarks because I think there's,
18 from my experience there is an interesting issue here,
19 because most of these issues similar to what I call -- refer
20 to as differing professional opinions generally in my
21 experience tend to arise out of a diversity of qualitative
22 risk management, whether it is business risk, whether it is
23 to some degree safety risk, whether it is legal risk that
24 you as a corporation or entity are trying to define, and to
25 me it has been beneficial in our organization to have a

1 healthy discussion, to accept that input, but once you make
2 a decision to try and make sure that that gets filtered back
3 into the organization so that the organization begins to
4 understand what the risk tolerance of the organization is on
5 a qualitative basis when you can't necessarily define it
6 quantitatively.

7 The better that you can do that as an
8 organization, the more you will tend to have harmony,
9 productive output and will tend not to waste effort and
10 cause some degree of divisiveness that can occur from time
11 to time.

12 CHAIRMAN JACKSON: Let me -- okay, Dr. Remick and
13 Dr. Lipoti and then we are going to move on to another
14 topic, please.

15 DR. REMICK: Several of the panelists have
16 suggested customer surveys, which is in general I think a
17 good idea, but if one just goes out every two years and
18 basically asks some general questions about how the NRC is
19 doing I think you will get back so many diverse reactions
20 from people that might not be helpful but tying that
21 together with the various activities you have underway now
22 in response to input from Congress, stakeholders, Staff and
23 so forth one of the things you might consider is as you
24 complete what you consider to be important actions in
25 response to these inputs, as I have indicated, you have done

1 some kind of assessment to make sure that in your own mind
2 you think that it's been effective in carrying out what you
3 intended.

4 You might take a couple of those and go out to
5 licensees and others and specifically ask, basically tell
6 them this is what we have done in response to input and this
7 is what we have accomplished -- do you think this resolves
8 the problem that was foreseen by the various input? In
9 other words, used focused questions on specific actions you
10 have undertaken which you think are important in response to
11 input and see if people do agree with you that from their
12 standpoint it's been effective.

13 CHAIRMAN JACKSON: Okay. Dr. Lipoti.

14 DR. LIPOTI: I am worried about a survey of
15 licensee satisfaction that it doesn't get to the margin of
16 safety question which is really what you want to get as the
17 bottom line at NRC, and so I think you are really talking
18 about two different kinds of metrics here.

19 One is a metric that measures the efficiency and
20 effectiveness of the Nuclear Regulatory Commission in
21 maintaining margin of safety.

22 The other is a metric to measure change within the
23 agency -- two different things, two different performances
24 that you are measuring.

25 I think Joe Colvin mentioned what are your metrics

1 now, because that is a baseline in determining your
2 effectiveness and efficiency. If you say that it takes you
3 60 days now to issue a tech spec change, and you change it
4 to 45 days or 30 days, then that is a metric. That is
5 measurable and it is something that you can use to measure
6 efficiency. Effectiveness is different.

7 CHAIRMAN JACKSON: Let me make a comment to that,
8 and I am expressing a personal bias.

9 I think efficiency is an appropriate metric but we
10 have to be careful in how it is applied, because people talk
11 about applying a number of days goal that should be a goal
12 to a tech spec change, but not all tech specs are created
13 equal in terms of the complexity of the change, and so we
14 need to be sure that we don't lose sight of that, that there
15 are overlying metrics that have to be applied in terms of a
16 regulatory order.

17 DR. LIPOTI: Thank you for saying that, because
18 that is absolutely true.

19 The failure reports was another metric that was
20 mentioned and by the time something gets to be a failure, it
21 should have been seen beforehand.

22 I think very important is the compilation of
23 lessons learned documents, and on page 6 of your plan you
24 have got plant-specific licensing reviews, and you have a
25 list of different safety evaluations that you are going to

1 issue, and that is good, but I think what is more important
2 is to issue the lessons learned document so that future
3 Staff reviews can be informed by what you learned here, and
4 that lessons learned document wasn't anywhere in the plan.

5 CHAIRMAN JACKSON: Thank you. That's a good idea.
6 Commissioner Merrifield.

7 COMMISSIONER MERRIFIELD: I think we just need to
8 be careful in terms of looking at metrics. I think they do
9 need to be focused more beyond simply specific measures.

10 The concern you get into, and it's standard
11 option, do you judge the safety, public safety, by the
12 number of criminals you have in jail or by the number of
13 assaults you have on the street? And depending upon what
14 you look at you get a different indicator.

15 I think we would all agree that having no one in
16 jail and a safe society is the best outcome, so I think we
17 just have to be very careful in terms of just going down the
18 road of picking specific criteria and measuring that. I
19 think it's got to be more uniform.

20 It does unfortunately mean a degree of
21 subjectivity but I think that is something we are all going
22 to have to accept.

23 CHAIRMAN JACKSON: I think I agree with you, but
24 that is what happens if the metrics focus on outputs and not
25 on outcomes --

1 COMMISSIONER MERRIFIELD: That's right.

2 CHAIRMAN JACKSON: -- and so one has to be clear
3 on what the desired outcome is and then the metrics fall
4 into line.

5 Let me move along. Let me throw another kind of
6 tough issue onto the table, because there has been a lot of
7 talk about moving to risk-informed performance-based
8 regulation. That's been something I have been a proponent
9 of since I got here, but you know, as we become more
10 risk-informed, we might, just might identify areas where
11 additional -- additional -- regulatory controls may need to
12 be applied, due to pre-existing but previously-unidentified
13 risk contributors.

14 Where do we come out on that? There has been a
15 lot of discussion of burden relief, but what you hear me
16 talk about is necessary burden, and so I am interested in
17 are we really talking that it cuts both ways or is it
18 risk-informed regulation just for burden relief? Mr. Ray?

19 MR. RAY: Chairman Jackson, it seems to me that
20 when we talk about risk-informed as if it was some optional
21 thing that might or might not seek, we surely don't want to
22 be risk-uninformed in what we do either.

23 I just don't see what the viable alternative is to
24 trying, and I think the most ardent proponent of maintaining
25 high safety margins ought to be interested in being

1 risk-informed, and I will use the example of a consequence
2 that -- I have never appealed to risk information methods as
3 a way of removing burden. I know some have.

4 To me it's simply the right thing for us to do,
5 and for instance you expressed the emergency diesel
6 generator as a relaxation of allowed outage time. I don't
7 see it that way. I see --

8 CHAIRMAN JACKSON: Actually, you should read my
9 INPO speech. It clarifies it.

10 MR. RAY: Okay.

11 [Laughter.]

12 CHAIRMAN JACKSON: Just read the whole speech.

13 MR. RAY: I try to read all of your speeches, but
14 I haven't retained that one, but anyway --

15 [Laughter.]

16 MR. RAY: -- let me just say that the point of it
17 in my mind is to move -- I mean these are big, complex
18 machines.

19 They require maintenance. The idea is to move it
20 to a time when it is less risky to do. It turns out that
21 that is when the plant is at power, not when the plant is
22 shut down.

23 Now that to my way of thinking is a good model for
24 what it is we are trying to achieve here.

25 I would say in the area of fire protection is

1 probably an area in which we have gotten some insights.

2 I don't know if they are revelations or not, but
3 anyway, have recognized that some see a risk-informed
4 process as a way of gaining relief in fire protection. I
5 understand that, but it is also true that risk insights
6 reveal weaknesses and problems in the plant design
7 potentially that we ought to try and recognize, so I guess I
8 am an ardent proponent with others here, I know, but not
9 because I think it provides an opportunity for burden relief
10 but because I just think that continuing to be
11 risk-uninformed or not seeking to be risk-informed, if that
12 is a better way of expressing it, is just not the right
13 thing to do.

14 CHAIRMAN JACKSON: Okay. I am going to go Mr.
15 Colvin, Dr. Remick, and then Mr. McNeill.

16 MR. COLVIN: Chairman, and following up on Harold
17 Ray's comments, I agree with Harold fully on this. I think
18 if you just take a step backwards, we have got an industry
19 that is about 40 years old with a tremendous amount of
20 operating experience. When we started the design and
21 developed this technology, we really did not have that
22 operating experience. Today we do, and if you take the
23 example that I used in risk-informed inservice inspection,
24 we have done over 20,000 inspections in there, and we have
25 found almost no problems identified through that process.

1 We have a base on which to make a rational
2 decision that is in fact risk-informed, and I think in that
3 context that is -- that is really the approach that we are
4 trying to do.

5 If you -- it has to be unforgiving in both
6 directions I think it's clear. We cannot expect that you go
7 in one way. It's a check-valve. We have to look at what
8 makes the most sense, and so our approach -- you take the
9 maintenance rule and the guideline that Corbin McNeill
10 talked about that. That guideline in fact was developed
11 with that in mind, that you had to conduct this analysis and
12 develop your system structures and components and analyze
13 those with risk insights, not necessarily some computer
14 model with some exotic factors and features but in fact
15 bringing to bear the experience that you have to do that, so
16 the answer to your question from my perspective is
17 absolutely yes, it has to go both ways.

18 CHAIRMAN JACKSON: Dr. Remick.

19 DR. REMICK: I fully agree. I think based on risk
20 information, it cuts both ways without question, and I can't
21 imagine that if the agency finds that through that
22 information there is a need for modifying the regulations to
23 address the increased risk that is known, if that is clearly
24 made known to licensees I just can't imagine that it would
25 not be accepted, and especially if the backfit rule is

1 properly applied and the agency doesn't use the approach
2 "We're from Government and we are going to save you averted
3 onsite costs as part of our cost benefit analysis" and
4 justifying that on a cost benefit basis, I just can't
5 imagine people not accepting it if you convince them that
6 there is a risk that has not been addressed in the past and
7 therefore the regulation must be modified to address that.

8 It definitely has to cut both ways.

9 CHAIRMAN JACKSON: Mr. McNeill.

10 MR. MCNEILL: I want to speak for myself and PECO
11 Energy, not for the rest of the industry here.

12 I have heard you ask this question several times
13 and I will tell you we are very willing to accept both sides
14 of this equation. Now I say that because it's the right
15 thing to do and I am going to summarize here a little bit.

16 It is the right thing to do. You can't ignore it,
17 as Harold has indicated.

18 But secondly, I say that with a high degree of
19 confidence based on 36 years of personal experience that we
20 are relatively mature technology. I mean this is -- we have
21 been around for, you know, close to 40 years, and I don't
22 think we are going to find -- on the equation we are going
23 to find things where we have over-imposed things where they
24 are not risk-significant as opposed to finding things where
25 we have missed risk significance, and so that the burden is

1 most likely going to be lightened or focused on risk, higher
2 risk issues, and still come out better in the equation.

3 CHAIRMAN JACKSON: Mr. Lochbaum and then Mr. Nye.

4 MR. LOCHBAUM: We have severe reservations about
5 the progress being made in risk-informed regulation. We
6 think risk information has valuable applications but it is
7 not a universal thing that it seems.

8 We are somewhat concerned in going to a lot of
9 these workshops and meetings that it seems to be an implicit
10 component of every action that is taken -- enforcement,
11 inspection, everything.

12 There are certain applications where it works and
13 certain applications it doesn't work.

14 CHAIRMAN JACKSON: Can you be explicit?

15 MR. LOCHBAUM: It shouldn't be in enforcement at
16 all. Once you determine severity, that's it. There
17 shouldn't be use of green, yellow or anybody's scheme. An
18 offense is a certain offense and that carries with it a
19 certain sanction no matter who does it, no matter under what
20 conditions, so we think other risk information should be
21 totally eliminated from that picture altogether.

22 CHAIRMAN JACKSON: Should the severity be linked
23 to risk?

24 MR. LOCHBAUM: It should be from the standpoint
25 that that determines the Severity 1, 2 or 3 level. That

1 should be based on risk. We feel in the current program one
2 of the components of risk is time, and that is totally left
3 out of the NRC's current enforcement program. A thing that
4 is -- an offending condition that lasts for two decades
5 carries the same weight as something that lasts 12 hours or
6 in some cases less weight than something that lasts 12
7 hours, and that's completely throwing risk out of the
8 picture altogether in an inappropriate way.

9 As far as cutting both ways, one of the concerns
10 we have is that a lot of this design basis information that
11 Jim referred to earlier where plants have operated for years
12 with safety systems that wouldn't have worked -- Haddam
13 Neck, Big Rock Point, D.C. Cook. There is a long list. The
14 risk is that -- probabilistic risk assessment for those
15 plants showed that these systems were highly reliable,
16 changes of failure were one in 10,000 or something like
17 that.

18 The one at Haddam Neck wouldn't have worked its
19 entire 28-year life. That is reality, but that is not
20 reflected in the PRAs, so unless the PRAs are based on
21 reality, we should not be using those as a source for making
22 risk-informed regulation.

23 CHAIRMAN JACKSON: I am going to come back because
24 I was going to segue into, you know, where do we need to be
25 on design basis issues, because to me that gets to the heart

1 of some of the longest shutdowns of plants, the most
2 expensive, and it also gets to the issue of why are we
3 surprised and it gets to a number of your issues, Mr.
4 Lochbaum, but let me hear from Mr. Nye first and then I
5 would like for us to take up this question of where we need
6 to be on design basis.

7 MR. NYE: Chairman Jackson, I'll be brief. I find
8 this whole element of the conversation the dialogue a little
9 bit surprising. And let me just express from a personal
10 standpoint where I am coming from. I feel a great
11 responsibility as the licensee for the safe operation of the
12 plant. I assumed everybody thought that when we came here
13 this morning.

14 And the idea that somehow I want to participate in
15 anything that relieves the burden because it's inconvenient
16 for me with respect to my responsibilities as licensee is
17 simply not the case.

18 My reputation and the reputation of my company to
19 some extent evolves around how well we operate this plant,
20 how we are perceived as operating this plant. And any
21 significant violation that reflects on the way we operate
22 this plant has financial and other implications which I'm
23 simply not willing to accept.

24 So I'm here to participate in a process that
25 hopefully makes the NRC a better agency, that makes this

1 industry a better industry, and that, in fact, we eliminate
2 what from a management perspective I would call form over
3 substance.

4 My experience is not as long as many at this
5 table, but it's long enough. And I will tell you that as we
6 examine the discussion about Level 4 violations, they're not
7 all the same, and that gets back to the comment you made,
8 Chairman, about the consistency and the objectivity and the
9 predictability.

10 And what I would expect is that we will arrive at
11 an understanding of what is most likely to deliver a set of
12 safe systems in this industry which serves everyone's best
13 interests. So it's more a question of not resorting to form
14 which sometimes we do and the media will or the outsiders
15 will. They're count numbers. Now whether those numbers are
16 relevant or not -- and I get back to what Mr. Riccio said,
17 if the numbers change over time, then none of us can view
18 those as valid from a statistical standpoint.

19 I think from the point of view of a licensee, I've
20 always felt that the harshest thing was to be unjustly
21 accused. And when you don't have a predictable, thoughtful,
22 objective set of standards against which people can be
23 judged, then you sometimes are unjustly accused as not being
24 a good operator and not taking care of the public safety and
25 health and so forth.

1 So from my standpoint, what I would hope is that
2 someday when someone is justly accused, they would stand
3 responsible for their failings, and those number of times
4 when you're unjustly accused will be eliminated.

5 CHAIRMAN JACKSON: Very good. Thank you. Let me
6 segue into the design basis discussion in the following way.
7 You know, risk informed regulation, to the extent that it
8 becomes heavily predicated on PRAs, implies a valid PRA.
9 That is, that the validity of plant-specific PRAs becomes
10 much more important.

11 And, therefore, the PRA in the end in modeling
12 accident sequences is modeling the plant. And there are
13 assumptions built in about the reliability of certain key
14 systems, structures and components, you know, the frequency
15 with which they will work or not work.

16 But the actual frequency becomes very plant
17 specific. And so that is to be somewhat of a good segue
18 into some of the design basis issues, although PRAs don't
19 model everything in that regard. So keeping in mind that
20 there are active systems that may get modeled in PRAs and
21 there are systems that are not as explicitly modeled but not
22 necessarily strictly focusing it on PRAs, where do we need
23 to be on the design basis issues because those are the kinds
24 of issues that in the end seem to be the hardest nut to
25 crack in terms of the regulator missing them, but they also

1 seem to be the most expensive to licensees if their plants
2 are shut down because of them, whether they're voluntary or
3 not, through formal mechanisms or not.

4 Can you give us some insights in that regard, Mr.
5 Ray.

6 MR. RAY: Not to be pedantic, but let me begin
7 with an observation that Mr. Ricco talked about licensing
8 basis. Mr. Lochbaum talked about design basis. You have
9 now referred to design basis. These are not the same thing.
10 But maybe for the purpose of this discussion, they're close
11 enough that we don't need to make the distinction. But
12 sometimes it is important. And in my written comments, I've
13 suggested that the Commission perhaps needs to address this
14 at a policy level because it's linked with other things.

15 CHAIRMAN JACKSON: Absolutely.

16 MR. RAY: Like the FSAR. I don't see how any of
17 us would be comfortable suggesting that we don't have to
18 have integrity of compliance with the design basis or the
19 licensing basis, either one. I'm going to try and not
20 discriminate between those things at this point. But the
21 plant is licensed to its licensing basis.

22 And in terms of what it is the Commission has
23 encountered in this area, I would suggest this only, and I
24 think it goes to the issue of expectations which you alluded
25 to in talking about metrics of Commission performance.

1 We haven't had consistent and clear understanding
2 and expectations among all the stakeholders as to what it is
3 constitutes the Commission policy in this area. Now I say
4 that recognizing that there'd be a lot of disagreement about
5 that, I'm sure, by various parties. But the major problems
6 that we have experienced -- not all of them, perhaps, but
7 some of them at least, I believe have arisen in large part
8 due to differing expectations and understandings as to what
9 was required.

10 Now there are always cases in which in fact
11 everybody's in agreement on what the rules are, and we just
12 failed to comply with the rules. But the biggest problems
13 have, I think, arisen from circumstances in which there are
14 over a considerable period of time a differing belief and
15 understanding as to what the rules were relative to --

16 CHAIRMAN JACKSON: For the purposes of our
17 discussion, could you give more specificity with perhaps an
18 example?

19 MR. RAY: Perhaps I can. Perhaps --

20 CHAIRMAN JACKSON: Hello, Commissioner Diaz.

21 MR. RAY: Dr. Travers would be far more qualified
22 on this than me. But in any event, let's go to the example
23 of where a significant problem was identified with -- in
24 fact, I think it was someone within the licensee
25 organization raised the issue they were not -- the plant was

1 not being operated in accordance with FSAR -- with what was
2 stated in the FSAR.

3 Not the tech specs. This, for example, is a
4 distinction that I think I'm trying to illustrate here in
5 which we, the licensees -- at least I personally -- over a
6 long period of time viewed the tech specs as sacro sanc, as
7 hallowed ground, as something not ever to be violated
8 without terrible things happening.

9 The content of the FSAR was viewed differently,
10 and I spent a lot of my life writing stuff and putting it in
11 the FSAR and dealing with people here at the agency over
12 what was in the FSAR.

13 I think we're coming to a different understanding
14 about that now, which is not necessarily wrong, but it needs
15 to be consistent and made clear. So without digressing any
16 further than I already have, Chairman, I would say that I
17 think that where we need to go is to come together on an
18 understanding that in the first instance has to stem from
19 policy decisions that you here at the Commission endorse or
20 make yourself relative to what these requirements are.

21 You have been engaged, I think, in the past in
22 debates over definition of the licensing basis and to what
23 extent it should be elevated in terms of the importance that
24 it plays in the overall regulatory process, and I understand
25 that. You and I have talked about that before.

1 Design basis is one of the action items in this
2 thing here which is terribly important. It runs to other
3 issues as well. And, again, I apologize for wondering here
4 a little bit in my comments.

5 But I just believe that the answer to your
6 question is that the Commission needs to set the definition
7 of design and licensing basis as important policy objectives
8 and to work through to a resolution of that which all of us
9 can understand and abide by because there's no way of
10 concluding that it isn't important in my judgment.

11 CHAIRMAN JACKSON: Thank you.

12 MR. MCNEILL: Madam Chairman?

13 CHAIRMAN JACKSON: I'll just go around the table,
14 Mr. McNeill.

15 MR. MCNEILL: I would only add one other thing,
16 Madam Chairman, and that is I think you need to be very
17 careful here. Make sure that you take into consideration
18 the regulations that were in effect at the time of the
19 licensing of the facility.

20 Of all of the issues which I think would cause
21 great turmoil in this industry would be to go and try and
22 revise those to some standard and then tell everybody to
23 come into compliance with that standard.

24 CHAIRMAN JACKSON: Let me ask you for specific --

25 MR. MCNEILL: It would -- I mean --

1 CHAIRMAN JACKSON: Right. And I understand what
2 you're saying. And let me ask you a specific question
3 relative to that.

4 You know, the Commission has issued guidance
5 relative to the updating of the FSAR and "risk informed."
6 Is there any problem with that?

7 MR. MCNEILL: I'm not knowledgeable enough to
8 speak to that personally.

9 CHAIRMAN JACKSON: Okay. Let me go around the
10 table here. Commissioner Merrifield?

11 COMMISSIONER MERRIFIELD: I just want to go back
12 to a comment that Mr. Ray made because I think there's
13 something interesting here.

14 Part of it goes to the design basis and what
15 you're using as a baseline. It seems to me the other
16 problem is we move forward, and we change the way we're
17 doing things.

18 One of the key issues beyond making sure we have
19 the rules straight is implementation. It has always been a
20 big concern to me that the way in which we apply that set of
21 rules needs to be -- there needs to be some consistency.

22 Now Mr. McNeill has sort of put a little bit of a
23 spin on that. But I think we need to think a little bit in
24 the longer term in terms of training. To the extent we are
25 changing the way we're doing business, we need to make sure

1 that our folks in the field are sufficiently trained so that
2 we're treating all of the plant operators equally, and
3 there's not a degree of inconsistency in the way we're
4 applying that. I think that's something we need to think
5 about as well.

6 CHAIRMAN JACKSON: Thank you. I think Mr. Colvin
7 indicated he wanted to make a comment, and then Commissioner
8 McGaffigan.

9 MR. COLVIN: Chairman, I guess first of all on
10 design basis, I had a couple comments. First is this is not
11 a new issue. As the historian of the meeting, as you
12 appropriately deemed me earlier, as NUMARC, we developed
13 with the NRC Staff review and approval a design basis
14 reconstitution guideline which in fact recognized the
15 problem that there would be design documentation that was
16 not available, had not been ever created, might be missing
17 and so on, and in fact allocated that within the context of
18 risk as it tied to both core damage frequency and public
19 health and safety.

20 So you made a decision -- I mean, when would I
21 have to develop or go back and recreate this design
22 documentation. Now that was in 1989 time frame.

23 Unfortunately, now time has gone by, and in fact
24 that effort and work which I think is very sound and
25 fundamental, we have gone in and, for a lot of reasons which

1 we don't need to go into, have now gone into look at design
2 basis in different ways.

3 And I guess I'd say that it is still a tremendous
4 area of uncertainty in the field. And what we have learned
5 from the reviews that have been conducted by the agency, not
6 concluding the AE inspections, is it's really in the eye of
7 the beholder, and it's changing over time. I think we need
8 to get our handle on that as to really what's important.

9 If you look at it from a risk standpoint, there re
10 very few, although there are a few, as has been pointed out,
11 situations where there is a safety risk as a result of the
12 design basis information that was missing.

13 It's the second point on PRA -- and I want to make
14 sure I comment on that. We have a perception that the PRA
15 is the end all, and clearly that's not correct. Certainly I
16 want to make sure we don't have that perception. It is a
17 tool --

18 CHAIRMAN JACKSON: I don't have that perception.
19 Hence, risk informed regulation.

20 MR. COLVIN: Yes, I understand, Chairman. You and
21 I have had that discussion. I just want to make sure that
22 others in the room certainly don't hold that opinion either.

23 But I think we have to look at the robustness of
24 the design. And we had a meeting with the staff recently,
25 and I know I'll get quoted. I'll quote these numbers, and

1 I'll be way off. But -- so give me a little leeway if you
2 would.

3 But, for example, if you talk about core damage
4 frequency and you look at the sensitivity in an assumption
5 case to the number of unplanned SCRAMs, for example, or the
6 diesel generator reliability, you can measure a factor of
7 core damage frequency and, really, I mean, if you look at
8 the analysis, for example, in an emergency diesel generator
9 reliability, where you're looking at 99.7 percent
10 reliability factors for diesels, if you run that number down
11 to 30 percent, you really haven't increased the risk -- core
12 damage frequency risk by more than one-tenth of the
13 original.

14 I mean, I think we have to look at how the
15 sensitivity of these various tools that we're using, and
16 where the factors apply. The same thing is true if we look
17 at the safety case on the loss of offsite power challenges
18 and the concern about electric distribution system
19 reliability. We'd have to have, if I ever get 35 or 40 loss
20 of offsite powers a year, it's a challenge to generic safety
21 threshold of one of the minus 5.

22 So we do have a robust set of designs, and we have
23 to use these tools. And I think we have a lot of space to
24 explore in how we bring these tools to benefit the decision
25 making process both for the utilities and for the NRC.

1 CHAIRMAN JACKSON: Dr. Remick?

2 DR. REMICK: I thought Mr. McGaffigan was going.

3 CHAIRMAN JACKSON: Okay.

4 COMMISSION MCGAFFIGAN: If you'll allow me a
5 minute to divert to something that Mr. Ray inspired me to
6 say, and then I will come back to your question. And
7 although Mr. Colvin is older than I am, I also claim to be a
8 historian on this matter.

9 But the issue of the safety analysis report. As a
10 licensee, I participated in the discussions, if I remember
11 correctly, in the early 1960's when it was realized that
12 safety analysis reports which at that time I remember were
13 called hazards analysis were too diverse and so forth. They
14 were not specific enough for licensing of a plant.

15 So the concept of technical specifications arose.
16 And I remember participating in those discussions, and the
17 views at that time were that the technical specifications
18 for a power plant should probably be five or six pages and,
19 for an non-power reactor, maybe one or two pages, and they
20 should consist only of things that were directly measurable
21 or observable.

22 But the idea was that these safety analysis report
23 was not specific enough. And so you needed these things so
24 licensees knew exactly what was important. And I don't if
25 you recall, at the first stakeholders meeting, I referred

1 kind of complaining about strict adherence to the
2 regulations and documents never intended for that purpose.

3 And when I said documents not intended for that
4 purpose, I was thinking of final safety analysis reports.
5 The tech specs were to be very specific where final safety
6 analysis reports were not.

7 Now to get to your question, design basis are
8 extremely important, and design basis events. And they
9 served a purpose back in the day when knowledgeable people
10 really didn't have risk perspectives and so forth, so on
11 their best engineering and scientific judgment came up with
12 certain hypothetical type of accidents and situations in
13 transience that they thought should be addressed.

14 And certainly the ACRS at that time, the
15 regulatory staff and others participated in developing those
16 hypothetical events that I think they served a very useful
17 purpose. But we do now have better analytical techniques,
18 and we do have risk insights from competent PRAs which does
19 call into question some of those design basis events.

20 So I think with that information -- and one comes
21 to mind is the double-ended yellow team break of the larger
22 system which drives so many other things in the plant either
23 in the design or the operational plants. So I think we
24 arrived at that time that we can really go back and adjust
25 some of those because perhaps some of the things that at

1 that time were thought to be the most significant type of
2 events and transience we now have better insights.

3 And some of those things, I think, can be revised
4 and relaxed probably as a way of providing alternative
5 approaches. Now I like the way, although I haven't seen the
6 specifics of the new source term regulation, but as a
7 commissioner participated in the early discussions of those
8 where people have an alternative of using another source
9 term makes sense to me.

10 So design basis events are extremely important.
11 Design bases are extremely important. But I think we're at
12 a point in knowledge in this industry that some of those
13 things could be revised carefully.

14 CHAIRMAN JACKSON: Commissioner McGaffigan.

15 COMMISSIONER MCGAFFIGAN: Two points. Number one,
16 I hope one metric of success will be whether we can finally
17 after decades or whatever define these terms so that
18 everybody at least acknowledges that we have common
19 definitions. I think this Commission really before my time
20 getting to it, taking on the 5059 and trying to define some
21 of these issues, what has happened in the past, I think,
22 reading the histories, not having participated in it, is the
23 process is gone through, and at the end of the process, the
24 industry and the staff are not in agreement.

25 And it's a time bomb waiting to come off the next

1 time something comes along. So I hope the metric of success
2 is that we do indeed get these things resolved.

3 The second point I was going to make really in
4 response somewhat off topic to Commissioner Merrifield's, I
5 think it's inevitable that we have proliferating standards.
6 But we really do treat folks differently. I mean, risk
7 informed regulations -- some people are going to want to
8 participate in it, and some aren't.

9 The ACRS sent us a letter recently making that
10 point. People late in their life aren't going to do license
11 renewal, just aren't going to incur a bunch of costs for
12 returns that are somewhat distant. And so there's going to
13 be some plants that take advantage of risk informed
14 regulation.

15 The source term that rule making that Commissioner
16 Remick just referred to, that is going to be optional. It
17 is not mandatory. There's no bad fit issue with it. But
18 some licensees are going to take advantage of it. Some
19 aren't, Appendix R programs.

20 We have a very, very complex regulatory scheme at
21 the current time. It is very different, say, from France
22 where there's a single company running a bunch of fairly
23 uniform plants all the same type.

24 And depending on the time they were licensed,
25 depending on taking advantage of rules, Option B to Appendix

1 J or not, source term or not, you have different regulatory
2 schemes. And it's a massive undertaking, I mean, to
3 understand who's under which scheme at the moment. And I
4 think it's only going to get worse in terms of -- and,
5 therefore, there's an information issue or management issue.

6 But the consistency, then, is consistency within
7 the rules that apply to that plant that were consistent, and
8 maybe consistent for that group of people who were taking
9 advantage of the source term, or that group of people that
10 are moving to risk-informed regulation.

11 But we're not going to have consistency across the
12 whole industry because it's almost impossible.

13 COMMISSIONER MERRIFIELD: No, that's true. And I
14 recognize that and the differences. I think the point I was
15 trying to make inartfully as I did was that we should be
16 trying to treat -- I think we need to make sure that our
17 training is consistent, that what we're doing here in these
18 changes gets down to the regions, and the folks at the very
19 front line -- our front line folks have a clear message from
20 us.

21 And we should be treating equally situated folks
22 equally. And where you have two different facilities of the
23 same profile, they shouldn't -- you should try to avoid
24 their having different outcomes.

25 CHAIRMAN JACKSON: Mr. Lochbaum.

1 MR. LOCHBAUM: I have hopefully three examples of
2 where we're concerned that this large database of reactor
3 experiences not being used consistently or properly.
4 There's no real order to these -- just the way I remember
5 them.

6 In March of last year, the Pilgrim Plant
7 experienced an event where some transformer oil got backed
8 up in through the duct work into the plant. It didn't catch
9 on fire, but it could have because it was flammable. It
10 would have wiped out both divisions of power of AC and DC.

11 We went and looked at the risk assessment for that
12 plant, and there was no fire risk at all for those areas
13 because there were no combustibles in those areas. But the
14 combustibles found there were in that area through an actual
15 event, not through any weird postulated event. It actually
16 occurred. It's just fortunate it didn't catch on fire. So
17 that's example of what we think were risks inside were
18 somewhat not bonding.

19 The second example was D.C. Cook -- the event that
20 initially brought the plant down, not some of the events
21 that were later identified was the staff's feeling that
22 under certain situations there wasn't enough water to handle
23 post-local loads.

24 That risk or that concern is the same as it was
25 affecting boiling water reactors with the section strainer

1 issues. To this day, we can't figure out why the staff
2 required D.C. Cook to be shut down for an issue that didn't
3 require the B.W. owners to shut down their plants. The risk
4 seems identical to us.

5 The big difference seemed to be that the NRC found
6 the problem at D.C. Cook, and the B.W. owners found the
7 problem at their plant. That seemed to be the only
8 difference in how the NRC handled those events. And since I
9 didn't write it down -- no, I didn't.

10 The third event was there's some talk today about
11 diesel generators and greater risk during shutdown as
12 opposed to plant operation. We would agree with that. The
13 chances of station blackout or the chances of losing normal
14 power is greater during shutdown than it is during when the
15 plant's up and running.

16 Unfortunately, I've looked at every station black
17 out response procedure I've looked at, and I haven't looked
18 at all of them. But I have looked at enough to see that
19 it's somewhat consistent anyway. It only considers the
20 event occurring from the plant running.

21 It talks about starting up the diesel-driven
22 auxiliary free water pump to put water into the steam
23 generator or something like that. But the plant is shut
24 down, and those actions may not be the right actions. And
25 the operators are not given the right guidance to handle the

1 event even though it's recognized that's when it's most
2 likely to occur.

3 So there's a disconnect between what we know to be
4 the greatest concern and the guidance we give to operators
5 on how to handle or respond to that event. So those are the
6 areas that we feel are problematic in terms of design and
7 risk assessment.

8 CHAIRMAN JACKSON: Mr. Colvin?

9 MR. COLVIN: Well, I was just going to comment on
10 the loss of offsite power procedures and station blackout if
11 just for clarification. I think that the guideline which
12 was designed which is embraced by NRC through our regulatory
13 guide really talks about the transition, the challenge when
14 the plant is operating to put the plant in a safe condition
15 because that period -- I think we need to look at the
16 difference between the plant operating or the plant shut
17 down, but more importantly, we need to look at the condition
18 of how to get the operating plant when it has a loss of
19 offsite power which means it will trip. The plant is in a
20 shutdown condition and make that transition to safe
21 shutdown. And that's the way the procedures are designed,
22 and that's where the risk profiles were looked at.

23 CHAIRMAN JACKSON: Mr. Ray?

24 MR. RAY: I just wanted to intervene here in
25 response to what Mr. Lochbaum had said, much of which I

1 agree with. But it seems to me like it all argues in favor
2 of greater use of risk insights and risk information in the
3 regulation of the plants, not less.

4 And I think most of the criticisms that are levied
5 are in terms of what exists today, not necessarily what
6 could exist by way of risk insight. And insofar as the
7 nexus that you made, Chairman Jackson, between design and
8 use of risk insights, I've already acknowledged that and
9 others have as well that that is very, very important.

10 But these conditions that we're talking about
11 would have existed whether or not we applied PRA. The
12 chance that we have of finding out what's important and
13 going and verifying that in fact it is as it should be is
14 greatly enhanced by using risk insights.

15 Perhaps at Big Rock Point, had it been seen how
16 important the section line integrity was, attention might
17 have been drawn to that. There's no chance of that
18 happening absent the use of risk insights.

19 CHAIRMAN JACKSON: Thank you. We've been talking
20 for a long time, and we advertised that the meeting would
21 end at twelve o'clock. It is after twelve. But I would
22 like to then propose the following that I'm going to offer
23 my colleague, Commissioner Diaz, an opportunity to speak
24 because he was -- didn't have the opportunity earlier.

25 Then I'm going to suggest that we take a 15 minute

1 break. What we will then do is have a greenlight session to
2 see if anyone has any final comments he or she wishes to
3 make. We will in fact take a few comments from the floor.
4 And then I will attempt to summarize, and we will close. So
5 we will begin with Commissioner Diaz. We will take a
6 15-minute break after that. Then we will come back, have a
7 greenlight session which will include comments from the
8 floor. I will then summarize, and we will close. Okay.
9 Mr. Diaz.

10 COMMISSIONER DIAZ: Thank you, Madam Chairman.
11 You know, I'm kind of dropping in and kind of not knowing
12 where the lights are. But I have a reasonable idea of what
13 has been going on. At least my staff gave me all the
14 information.

15 It seems to me like, you know, a lot of the things
16 that we're talking really goes and zeroes in on what is the
17 techno-legal framework in which the NRC works, and that
18 isn't the obvious question. Which way do we work, which way
19 do we want to work, and what do we do in between is not a
20 minor issue.

21 Obviously, I am fascinated by the idea of the
22 design basis and risk information. I would just like to
23 bring a little bit of historical perspective of that. I was
24 six years ago when I designed my first reactor, as you
25 probably know some 40 years ago.

1 And it's an interesting thing. We actually, you
2 know, require to have the design basis because we needed
3 something to hang our hat on. There was no other way in
4 which legally we can say this is what we have to comply
5 with, and that's the way it happened.

6 It's not that we really knew all that much about
7 it. But it was a good thing to do. It was a good way of
8 saying here is a focal point. Here is how we're going to be
9 guided by it. This is why this is important. And then we
10 created a techno-legal framework around it.

11 I think all we hear is that that served us well,
12 but it might not serve us well in even the near future and
13 definitely not in the long term because we know better. And
14 so when we look at how do we change that techno-legal
15 framework, all kinds of things become apparent. What do we
16 use instead.

17 And I think that we can come to the conclusion
18 that fundamentally the only thing that can fill the void of
19 something you can hang your hat on is something that is a
20 little more objective, something that has developed,
21 something that has risk information in it, and something
22 that ties to the legal framework.

23 We really are at odds frequently when we want to
24 get something done and then we cannot get it done. We want
25 to do it. We want to do rulemaking, and then it takes us

1 two years because the rules aren't there. Even if there is
2 obvious benefit for health and safety, or if we want to get
3 rid of one that has no obvious health and benefit, we still
4 tie in. And when we look at the tie in, we'll find that it
5 is the design basis or there is something that is really
6 creating a no pass, you know, condition in which we can no
7 longer work. I think one of the things that we need to do
8 is after we get a little bit of time is look at what the
9 things we have discussed, okay, and do the specifics that we
10 need to do now including what do we change now and how do we
11 implement it.

12 But we need to look at the techno-legal framework
13 and say this served us well, this doesn't serve us well.
14 And I think that the obvious thing is that we will find out
15 is that risk insights will serve us better in the new times,
16 that the design basis is actually going out and it's
17 becoming as obsolete as some of us become with time. I'm
18 talking about myself, okay.

19 And then the issue is how do we make this into a
20 reasonable, working framework that licensees will see the
21 advantage, the NRC will see the advantage, the public
22 interest above all will be well served, okay. We will be
23 able to do our work.

24 This goes into, you know, simple things as license
25 amendments. Do we need to get hearings on the license

1 amendments to change steam generators? I mean, is that
2 something that is really, you know, that substantial hazard,
3 or is it something that in reality, you know, we have
4 analyzed, we know it's going to be better, and we need to
5 actually go ahead and establish a techno-legal framework
6 that would allow us to make those things in a simple manner.
7 If we want to take critical demonitors out, do we need to
8 spend two years doing that when the Commission can decide
9 that this has no health and benefit consequences.

10 So in the big scene, I might suggest that once we
11 go from this very important short term specifics, we need to
12 look at the overall techno-legal framework in which we work,
13 and we need to change those things that need to be changed.
14 We need to keep and enhance those that we have. And since I
15 came late, I'm going to finish with that.

16 CHAIRMAN JACKSON: Thank you very much. I would
17 like to say, however, that steam generator replacements have
18 been done, if I'm not mistaken, under 5059.

19 COMMISSIONER DIAZ: Some of them have been done.
20 But then some of them has been challenged.

21 CHAIRMAN JACKSON: [Laughing.]

22 COMMISSIONER DIAZ: And the question is which
23 ones, you know, are we going to have.

24 CHAIRMAN JACKSON: We will take a 15-minute break.
25 But let me just remind you for the greenlight session that

1 there were three additional questions that went out with the
2 invitations to the stakeholder meeting that I've not heard
3 anyone speak to.

4 And they are what legislative changes might be
5 useful or necessary. What are the potential costs of the
6 plan. And in particular, an example was, for instance, the
7 need for higher investment in risk information
8 infrastructure and/or potentially less forgiving regulatory
9 process because of reliance on a more objective set of
10 performance indicators and other measures.

11 And then the third is wither to now. While the
12 plan -- Mr. Colvin, I might say, did speak to the longer
13 term. But either in response to what he said or relative to
14 your own thoughts, what are your views with respect to where
15 NRC should be in the longer term.

16 So we'll take a 15-minute break, have the
17 greenlight, then we will summarize. Thank you.

18 [Recess.]

19 CHAIRMAN JACKSON: We will now have a greenlight
20 session meaning we're going to open the floor to any
21 comments. But we will do it in a somewhat structured way.
22 I'm going to begin to my left and just go around the table
23 for any final comments that any of the participants wish to
24 make, and then I will open the floor for about ten minutes
25 for any commentary from the floor, and then we will close.

1 Mr. Collins.

2 MR. COLLINS: Chairman, I have just two remarks to
3 add, and one is just to acknowledge two areas where the
4 staff has ongoing actions, and one is to define rather the
5 design bases which is contained in the tasking memorandum.
6 We're working amongst the staff for that, and NEI has a
7 proposal also in that area. So I think stakeholders are
8 involved in that process, and hopefully shortly after the
9 first of the year we'll have a product.

10 The other is the revised source term package which
11 was proposed. The package has been completed the first part
12 of October. That was referred to earlier as an initiative.
13 Other than that, I appreciate the comments and will take
14 them under advisement.

15 CHAIRMAN JACKSON: Thank you. Mr. Colvin.

16 MR. COLVIN: Chairman, you asked three questions
17 at the beginning, and I'd only like to address one and make
18 one other comment.

19 With respect to legislative changes, I think we
20 have already provided the Commission a list of those
21 changes. And I would say that in areas where you may seek
22 other legislative changes, we -- in a dialogue with the
23 industry, with the stakeholders and others would be
24 important so that we can try to provide appropriate support.

25 I mean, for example, if the Sunshine Act comment

1 that Forrest Remick made requires some change or support, I
2 think that certainly I would encourage the Commission to
3 seek that to improve the efficiency and the effectiveness of
4 the agency.

5 The one issue that we haven't covered and I don't
6 want to steal Harold Ray's thunder, but I may, but he's at
7 the end of the table. So I'll take the opportunity. And
8 that's really in Harold's comments that he provided to the
9 Commission earlier.

10 We have a number of issues in the action plan that
11 are being dealt with. And there are a number of policy
12 issues that will be dealt with individually within the
13 issues or may better be addressed as policy issues by the
14 Commission and the senior staff once instead of each and
15 every time there's an issue.

16 Now I think if I would encourage the Commission to
17 look at some of the policy aspects of the various pieces of
18 the plan, identify those, and try to come to grips with
19 those early, that would make the process more effective and
20 also get out the guidance earlier.

21 CHAIRMAN JACKSON: So an earlier more holistic
22 approach --

23 MR. COLVIN: A holistic review of the plan. And
24 really the policy issues that must come before the
25 Commission that if otherwise were not dealt with would delay

1 the implementation of the plan might be an issue to look at.

2 CHAIRMAN JACKSON: Thank you. Commissioner
3 Merrifield.

4 COMMISSIONER MERRIFIELD: Yeah, the only thing I
5 want to say is right now I think this has been a wonderful
6 meeting, very instructive, and I think the participants
7 should be thanked for their participation.

8 CHAIRMAN JACKSON: Thank you. Dr. Remick.

9 DR. REMICK: Just a closing comment. Many years
10 ago when I was stressing the need to treat operations as a
11 profession and nuclear reactor operators as a professional,
12 somebody gave me a little card. It was entitled a
13 professional and must be 25 or 30 words, and there have been
14 times when I have mentioned that in speeches, and it always
15 chokes me to read it.

16 But the important point is I've kept that on my
17 desk ever since that time, even during the time I was a
18 commissioner, and it's still on my desk at home. And what I
19 would like to see of this agency, I guess, is from top to
20 bottom you have a set of principles of good regulation which
21 developed which stimulated the initiatives by Commissioner
22 Ken Rodgers, but a number of us participated in it.

23 I think it's an excellent statement. I'd like to
24 see the day that everyone in this agency has that on their
25 desk. And when they're interacting with the various

1 licensees and one another that they carefully read the words
2 in that principles of good regulation. I think there's some
3 very good words there to guide this agency.

4 CHAIRMAN JACKSON: Thank you. Dr. Lipoti.

5 DR. LIPOTI: There were a couple of things that I
6 wanted to address. First of all, I wanted to compliment you
7 on the way that KI was handled in the paper. I think that's
8 a very good process. It involves all the partners that are
9 relevant, the states that are issuing KI like Alabama and
10 Tennessee and Arizona, the CRCPD Committee E-6, and the FDA
11 and EPA and FEMA. And I think that that might be a model
12 for how you might involve stakeholders in specific issues
13 where it's important.

14 The second thing I'd like to mention is the use of
15 performance indicators. That really is the bottom line
16 here, and I'm very anxious to see what your performance
17 assessment, performance indicators might be.

18 And I understand from the work plan that the
19 contractor is supposed to develop indicators starting in
20 November of 1998, and the industry's going to propose
21 indicators in June of 1999. And it's confusing to me about
22 how these indicators will be integrated and which ones will
23 actually be used.

24 And I think that this group's comments on those
25 indicators could be very valuable. So I was going to

1 suggest that if you're considering these stakeholders
2 meetings to be repeated that another one between, say, 3/99
3 and 6/99 might be a very good time.

4 CHAIRMAN JACKSON: I'm going to speak to that.
5 Thank you

6 DR. LIPOTI: Because that really is a critical
7 point when comments should be received. On the three
8 questions that you asked, legislative changes? I think
9 there is an interesting legislative change that I would like
10 to see, and it is to remove the 100 percent fee funded from
11 the NRC's budget process.

12 I think there are some NRC projects which are
13 appropriately funded through a general appropriation rather
14 than through a 100 percent fee funded. My examples are on
15 the material side, but I would think if we focused on the
16 reactor side that there would be additional appropriate
17 things.

18 So I would like to see that as consideration.

19 MR. MCNEILL: Madam Chairman, I second that issue.

20 CHAIRMAN JACKSON: Madam Lipoti, Monsieur McNeill,
21 your colleagues said you're out of order. But I would just
22 for the record like to because Commissioner McGaffigan's
23 going to speak to it anyway. We have in fact those who know
24 worked hard in that arena, and we have put a commission made
25 a decision, and we put up a legislative proposal before the

1 Congress. So we've not been asleep on this issue.

2 And so if you all wish to help us, we're more than
3 happy to have your help.

4 DR. LIPOTI: That's why I wanted it on the record
5 here.

6 CHAIRMAN JACKSON: Thank you.

7
8 DR. LIPOTI: In terms of the cost of the plant, I
9 can't really speak to the costs of the licensees. But I
10 know that states will have costs in trying to oversee how
11 the plan is working. And that's why I'm so interested in
12 these performance indicators because I think that's the way
13 we can tell if things are working or where we need to jump
14 in and get involved.

15 CHAIRMAN JACKSON: Thank you. Commissioner
16 McGaffigan.

17 COMMISSIONER MCGAFFIGAN: I'd like to focus on the
18 first of the questions -- the third on the list, but the
19 first you mentioned. The legislative opportunity next year.
20 One problem this agency has had historically is that it
21 hasn't had a lot of attention from Congress. We now have
22 that attention. And I think there's an opportunity to
23 actually get some authorizing legislation and to get some
24 things done and some issues resolved that are long festered.

25 I have not seen Mr. Colvin's -- if he sent us

1 something recently in the way of legislative proposals, I
2 guess I haven't seen it. And I need to find it. Let me
3 list what I know of it at the moment, and you can add.

4 CHAIRMAN JACKSON: It's here.

5 COMMISSIONER MCGAFFIGAN: It's here? Okay.

6 CHAIRMAN JACKSON: So it will come through SECY.

7 COMMISSIONER MCGAFFIGAN: Okay. Foreign ownership
8 and control is an issue that Mr. Ray mentioned particularly.
9 The fee issue is one that we've heard frequently. The
10 antitrust issue which the Commission is already on record on
11 in the context of restructuring legislation.

12 Tax treatment of decommissioning funds is an issue
13 I've heard about. The hearing process the Commission has
14 already in an SRM said that we would like to clarify Section
15 189 -- our interpretation of Section 189 allows informal
16 hearings for license amendments. And we're currently
17 considering things like the one place in the law that
18 absolutely requires a full blown adjudicatory hearing is
19 Section 193 with regard to enrichment facilities.

20 There are other issues. High level waste is
21 clearly an issue that clearly goes beyond this Commission.
22 Senator Murkowski has asked GAO to comment about the
23 adequacy of the low level waste statutes at the moment.

24 In the materials area, there may well be issues --
25 the definition of 11(e)(2) byproduct material comes to mind.

1 But I'd encourage people -- I mean, the way Congress works,
2 we really have to have this legislative package by early
3 next year, and there may well be other things that come out
4 of implementing the full plan. But if we can get on with
5 having a good comprehensive legislative package that may or
6 may not be endorsed by the Congress as a whole and on which
7 this group may or may not have unanimity -- probably won't,
8 then we need to get on with it. And so I look forward to
9 seeing what NEI has apparently just very recently sent to us
10 and see if there's some things on the list that I haven't
11 mentioned already. Is there additional things?

12 MR. COLVIN: They are all on the list.

13 COMMISSIONER MCGAFFIGAN: Okay. I was hoping
14 there would be. And I also encourage people in the
15 materials area that just as this group has been --
16 legislation is not just focused on the reactor issues.
17 There may well be long festering issues in materials space
18 that CRCPD or the agreement states should be calling to our
19 attention.

20 When I came to the agency, there was great, you
21 know, every year we'd put together our authorizing
22 legislation. And I can tell you the degree of enthusiasm in
23 doing that was not high because everybody knew it would not
24 be read once it was received.

25 And so, you know, this time I think it will be

1 read. And I think there's a chance it may actually get
2 enacted in some form or another. So we should really take
3 the opportunity seriously. One reason nothing was enacted
4 in the past, we didn't deal with these big issues. They
5 tended to be fairly trivial things that we sent forward to
6 the Congress. So, therefore, you get into a Catch-22. Why
7 should the Congress read it when we're not sending anything
8 with any umph to it. This time we may well be, and we need
9 to have a process to put that together where we're very open
10 as to what we're doing.

11 CHAIRMAN JACKSON: Thank you. Mr. Lochbaum.

12 MR. LOCHBAUM: I think the shareholders meetings
13 like this are important. But I think an annual survey of
14 shareholders that could not attend these meetings would be
15 helpful to get a broader consensus or a broader perspective
16 on some of these issues.

17 As far as legislative changes, we can recommend
18 two that might be on NEI's list, although I doubt it. One
19 would be in the area of the 2.206 process. That process is
20 bent --- or not bent. It's broke. And perhaps a
21 legislative change to make it effective would be a useful
22 thing at this point.

23 The second change would be in the area of
24 increasing the authorization for the Inspector General's
25 Office that would allow the Office of Investigations to be

1 eliminated. We would think both of those things would be
2 necessary.

3 CHAIRMAN JACKSON: Okay. Thank you. Mr. Nye.

4 MR. NYE: Yes, thank you, Chairman. As to the
5 three questions, I would defer to NEI's list. I've looked
6 at it, and it seems pretty comprehensive from my
7 perspective. On the potential cost, I think we could spend
8 a lot of time considering what additional costs may be
9 involved. Certainly there would be some associated with
10 investment in additional risk based information.

11 It's clear to me, however, that the benefits fall
12 outweigh the burden, and I think that relatively small cost
13 ought not to be an impediment at all.

14 With respect to the wither to now, the long term
15 goal, it seems to me that we need to remember that this is
16 hopefully a process and not a task, that we ought not be too
17 quick to try to draw some loop around the conclusion.

18 Cultural changes are difficult. They're difficult
19 for the industry. They're difficult for the agency. And I
20 think we all ought to be about it in a fashion which I sort
21 of noted my three hopeful objectives here -- purity of
22 purpose, consistency in the process, and openness to all
23 constituencies.

24 I guess my final comment would be in the form of a
25 question. The question ought to be are we making progress

1 towards a strong, effective and credible regulatory
2 authority that will ensure safety and a fashion that will
3 permit efficiency, innovation and performance by the
4 industry. Thank you.

5 CHAIRMAN JACKSON: Thank you. Dr. Rhodes.

6 DR. RHODES: Well, Chairman Jackson, as you well
7 know, the mission of the organization I represent, INPO, is
8 the focus on the excellence in the day-to-day operation of
9 nuclear plants, and we do not normally get involved in
10 regulatory and certainly not legislative matters. So our
11 comments here today have not been extensive.

12 But I would just say we certainly will continue to
13 cooperate with the NRC in certain areas where we think we
14 can add value. Performance indicators may be one. And as a
15 final comment, you talked about metrics measuring the
16 success of the endeavor you're undertaking, certainly
17 meetings like this -- periodic regular meetings like this
18 are to me a very important measure of success, or you'll get
19 a good indication of the feelings of the stakeholders on
20 your success. And that may be very important to you. Thank
21 you for asking me to be here.

22 CHAIRMAN JACKSON: Thank you very much.
23 Commissioner Dicus.

24 COMMISSIONER DICUS: Thank you again. It's good
25 to be back, and that includes being at a stakeholders

1 meeting on Friday the 13th. But I think we've had a very
2 good one.

3 And I also agree that one of the measures of our
4 success are the feedback we get at these stakeholder
5 meetings, but also the feedback we get in between the
6 stakeholder meetings. And so we need to hear from all of
7 our stakeholders along those things.

8 One thing I do want to bring up the Commission,
9 the policy issues that were raised by Mr. Ray. I think
10 they're important, and we need to address those in a timely
11 fashion.

12 And I'd also agree with Commissioner McGaffigan
13 that I don't think the NRC is acting with the
14 characteristics of a bad plant, and that we are in fact
15 trying to do this to appease not only stakeholders, but the
16 Senate.

17 I think what we have done are identifying the
18 issues and challenges that we face, and we must address.
19 And I think we have, as I mentioned earlier, the capability
20 to do that effectively and with a great deal of quality as
21 well.

22 Certainly, at least one of those challenges is to
23 ensure that the understanding internally with our
24 stakeholders and certainly with the public on what the NRC's
25 culture is. Rapidly, we fill in that blank sheet that Dr.

1 Lipoti gave us. So I think we're well on our way to doing
2 those sort of things, and I'm really glad to be back and to
3 be part of the resolution.

4 CHAIRMAN JACKSON: Thank you. Mr. McNeill.

5 MR. MCNEILL: Thank you, Madam Chairman. I again
6 appreciate the opportunity to be back and participate for a
7 second time. I'm not going to comment on the individual
8 questions you have. But I would like to make one
9 observation and maybe issue a longer term challenge.

10 As you look through the table of contents of the
11 tasking memorandum, with the exception of the first topic
12 area on the risk informed, most of them are very focused on
13 specific issues that have plagued the Commission for a
14 number of years.

15 And I'm very pleased to see that there has been a
16 lot of momentum of them. But I also would draw a conclusion
17 after having been here twice that while our existing
18 framework of regulation is not broken, it certainly may be
19 outmoded to a certain extent. And that if the challenge is
20 really to head in a different direction on a longer term
21 basis, I think we need a comprehensive vision or framework
22 to establish that of which risk informed regulation is one
23 element.

24 And that I personally criticized the NEI here for
25 a number of years of telling you all the things they don't

1 like but never telling you what is the appropriate framework
2 in a mature industry now. I see that NEI is in fact, as you
3 saw from Mr. Colvin's recent outline the number of steps
4 that I think are also parts of that advanced framework. And
5 I would suggest that sometime maybe in the second quarter of
6 next year because that's a point in which I think you're by
7 a lot of the activities in here to begin to consider how to
8 develop a framework, a different framework, if that's
9 appropriate, solicit input in meetings such as this, decide
10 on that which is appropriate, lay out a plan, a long term
11 plan of five plus years and begin to chip away at that.

12 I think that will benefit all of the stakeholders,
13 that they'll get a chance to really summarize what their
14 issues are and be forced to think about what is the
15 appropriate thing and make those. Thank you.

16 CHAIRMAN JACKSON: Thank you. Dr. Travers.

17 DR. TRAVERS: Thank you, Chairman. In my view,
18 this has been an excellent session even though I haven't
19 heard any suggestions for things we ought not to be
20 including on our list. In that regard, I would make note of
21 the fact that this is a challenging time for the NRC staff
22 and certainly the management team. We are addressing a
23 number of issues. We've identified those in our tasking
24 memo response, and I'm glad that Commissioner McGaffigan
25 pointed out a number of other issues really that are ongoing

1 and of import as we proceed.

2 I'm also glad to see Mr. Colvin's suggestion about
3 the need to identify near term, intermediate and longer
4 range goals. Certainly from our perspective, we need to
5 make sure that what we are doing is done well, and that we
6 do it in a way that doesn't necessitate a significant
7 visiting once we've made the progress that we can.

8 We have many milestones and deliverables due
9 within the next several months. So in this period of time
10 in particular, I think we are going to have the advantage
11 and continuing advantage of interactions with our
12 stakeholders. This we view again as a fundamental element
13 in our thinking, in our planning. So we certainly
14 appreciate this meeting, and we look forward to those
15 somewhat more detailed stakeholder meetings to address the
16 specifics of those issues at these meetings. Thank you.

17 CHAIRMAN JACKSON: Thank you. Commissioner Diaz.

18 COMMISSIONER DIAZ: Thank you, Madam Chairman. I
19 think that most of my thunder somebody has already taken.
20 But I'll go ahead and make a strike anyhow.

21 Obviously, we must realize that progress has been
22 made, that just the fact that we are here is a very good
23 sign. And in fact, things have been happening in the time
24 that we first met now is also a very good indication.

25 I've been traveling around a little bit, and all I

1 can hear is that things are happening. That is very good.
2 I mean, that's something that we should not lose sight of.
3 I think it's important to continue the change we're doing
4 that.

5 I think it has to be open. I think that what I
6 see more and more is that our stakeholders, both industries
7 and licensees and all the stakeholders are now coming and
8 saying we can actually provide information. We can access
9 the NRC. We are going to be listened. And I think the
10 ability to be listened to is a fundamental change that has
11 happened. I think one that we should keep.

12 I think, like everybody said, there is a lot of
13 specific issues at hand. I think it's critical that we
14 concentrate in resolving those issues and avoid
15 proliferation during the next six months. We need to be
16 able to get those things that we said we're going to do and
17 do them well.

18 However, I caution you that -- and this is an old
19 thing of mine that, you know, the enemy of the good is the
20 better, and that the enemy of the better is the best. And
21 that we need to be able to come up with solutions that might
22 not be the most ideal or comprehensive but will get us to
23 the next stage.

24 And in getting to the next stage, I think that I'm
25 going to borrow a little bit from the principles of

1 regulation. The principles are great. What we need to do
2 is actually focus on two areas. What are the obstacles to
3 having those principles being achieved, and can those
4 obstacles be removed, and can they be removed timely.

5 And second, what are the enabling factors that
6 will allow us to do the things that we want to do. Look at
7 the things that are fundamental to get things done. And I
8 think what I would personally like to hear in the next few
9 months when we resolve these things is an answer to those
10 two things. Thank you.

11 CHAIRMAN JACKSON: Thank you. Mr. Ray.

12 MR. RAY: Thank you, Chairman Jackson. Let me
13 pick up on the first thing that Commissioner Diaz just said.
14 I've been remiss in not acknowledging, as others have had
15 the grace to do, the many positive things that are going on,
16 and probably it's the result of my long experience, I guess,
17 in focusing on the opportunities for improvement at the
18 expense of acknowledging what's positive going on. I don't
19 want to do that.

20 And I really meant what I said about not
21 complaining about things as they are, and particularly I
22 want to underscore that it's not complaining with regard to
23 the motives or the ability which has been commented on here
24 a number of times of the agency and its staff which is
25 outstanding.

1 Finally, I guess I would say that as regards the
2 future stakeholder meetings, I too think that they are
3 important. And I just would suggest maybe as inferred by
4 something Dr. Travers just said that as helpful as the five
5 questions were for this stakeholders meeting, maybe
6 something even more narrow would be fruitful next time to
7 explore within some bounds one or more of these policy
8 issues that there seems to be agreement that it would be
9 helpful to grapple with.

10 CHAIRMAN JACKSON: Very good. Thank you. Mr.
11 Ricco.

12 MR. RICCIO: Well, I'll try to be as close as
13 succinctly as I opened it. First I want to acknowledge the
14 fact that I realize there are very good individuals in this
15 agency. We're trying to do a good regulatory job.

16 I had to confront this issue a while ago after
17 we'd done our Lemons reports, and we were able, by using
18 your information and your data, to determine that Millstone
19 and Salem were in trouble.

20 Now to me, I don't understand why it was that if
21 we could figure it out using your data, you couldn't figure
22 it using your own data which brings me back to supporting
23 Dr. Lipoti's emphasis upon performance assessment and
24 performance indicators.

25 I realize that in this agency you start out as a

1 regulatory agency. But as you move up the ladder, it
2 becomes very much a political agency as well. And at a
3 certain level, the decisions stop being regulatory decisions
4 and are political decisions.

5 And I think I'd be remiss not to really recognize
6 that we're here today because of politics and because of the
7 industry's ability to influence the Congress and have them
8 put pressure on the manner that this agency is able to use
9 in regulating this industry.

10 The reason they're doing that is because nearly
11 half of the reactors in this country are no longer
12 competitive. To answer some of your more direct questions,
13 I do believe there's a need for legislation to address the
14 2.206 issue. Almost a decade ago, we participated in
15 hearings on 2.206, and very little has changed.

16 I would also echo David's assessment that OI needs
17 to be done away with and move those resources over into the
18 Inspector General's Office. That being said, it's been very
19 much a pleasure to participate on this panel and to be
20 considered, in my opinion, my opinion being considered with
21 such esteemed individuals.

22 CHAIRMAN JACKSON: Thank you very much. In
23 closing, let me thank -- well, I guess I didn't do what I
24 said I was going to do, and that is to open it to the floor.
25 Are there any comments anyone wishes to make. Please.

1 Please go to one of the microphones and, if you don't mind,
2 identifying yourself.

3 MS. KRUSLICKY: Madam Chairman, members of the
4 Commission, I'm Mary Ann Kruslicky. I'm an assistant
5 director with the Resources Community and Economic
6 Development Division through the General Accounting Office.

7 We were very pleased to be invited to participate
8 today. And when we sent our regrets that we could not
9 participate, we did ask to be considered for in the future.
10 So I do not want to leave the impression that GAO did not
11 want to participate today.

12 The reason we declined the invitation that was
13 extended to us is because we're in the middle of a review
14 that in fact is covering a lot of the issues that were
15 discussed here today.

16 It is GAO's policy not to make a public
17 presentation until we have a GAO position about that
18 position. And we have not done that yet because we have not
19 completed our work.

20 But we would like you to keep us in mind for any
21 subsequent stakeholders meeting that you may have. Thank
22 you.

23 CHAIRMAN JACKSON: Thank you. Are there other
24 comments? Please.

25 MR. PIETRANGELO: Tony Pietrangelo, NEI. As

1 someone who deals very frequently with the staff and has
2 complained about maybe trying to get some office space over
3 here lately, I just want to give --

4 CHAIRMAN JACKSON: Not going to happen.

5 (Laughter)

6 MR. PIETRANGELO: I'd just like to give the
7 Commissioner some feedback about the interactions we've had
8 with the staff over the past several months. And it's like
9 night and day, and I think picking on what Commissioner
10 McGaffigan said, the communications process is so essential
11 to making the entire process better and more responsive.
12 And from the senior management on down, we've worked with
13 people in the Office of Research, AEOD, NRR, OGC. To a
14 person, we found their conduct to be very professional and
15 constructive in trying to solve and resolve a lot of the
16 problems and issues that are in the tasking memorandum. So
17 for us, we see this as just tremendous improvement in terms
18 of the atmosphere in which we try to interact with all the
19 stakeholders and the agency.

20 I just wanted to give the Commission that
21 feedback.

22 CHAIRMAN JACKSON: Thank you very much. Anyone
23 else?

24 MR. CANNON: I'm Jim Cannon. I'm from Senator
25 Domenici's office, legislative fellow. I would like to

1 respectfully disagree with those people that say that all
2 these activities are just in response to the Senate.

3 I've spoken with, I don't know, it's got to be on
4 the order of 200 people in the agency. I'm very impressed.
5 The best part of all is that they say they appreciate the
6 interest of the Congress. They appreciate the chance to
7 talk to us, and that they feel it's been long overdue. And
8 for too long, there wasn't any interest, and that doesn't do
9 the NRC any good. So I don't think the tasking memo -- I
10 think it's great. I don't think it's just in response to us
11 because a lot of the activities clearly did not start just
12 from the summer months. And I've been meeting with
13 licensing people, assessment people. I've attended stuff
14 with NEI, and I follow what was said that there's a lot of
15 interest, a lot of dedication and such a pronounced interest
16 by individuals at the lower levels which is really where it
17 counts to make changes and to improve the process and the
18 metrics. Thank you, Chairman.

19 CHAIRMAN JACKSON: Thank you. Anyone else?

20 MR. MAINGI: I'm Stan Maingi from the Commonwealth
21 of Pennsylvania, Bureau of Radiation Protection. It is a
22 great pleasure to see this meeting to go in such a forum.

23 Sometimes we used to wonder why it is taking --
24 why there are not meetings. Finally, I guess you saw the
25 wisdom and did it. And in the second meeting itself, we can

1 see good exchanges and good interaction and hopefully
2 leading to some good results.

3 Actually, the adversarial things are gone, and a
4 cooperative mode should be the way to go. And I think that
5 will bring a lot of -- make the plants more safer, and the
6 public will have better confidence in you.

7 I think one aspect which you can emphasize is when
8 you change some of the things like policy decisions to
9 advertise to the public and try to educate them through your
10 communication wheels, that is the utilities realize as well
11 as NRC. Actually, I also want to compliment that you do
12 have all the ingredients. NRC has a very competent staff,
13 and the utilities are committed to safe operation.

14 The guys who are sitting at the bottom who shut
15 down the plants are there in the process of finding new
16 buyers to take over the plants so that we can run them more
17 efficiently for them. And I think in this environment, the
18 culture is such that it will be conducive to have safe
19 operations if both of you join together and pull your
20 resources to make the plants more safe.

21 The only thing we want is that when you have these
22 meetings, the self-assessment parameters that are developed
23 would like to be the states as interested parties would like
24 to be part of that when those meetings take place, and the
25 process of validation of those assessment, that is, those

1 indicators when those are done, we would like to be a part
2 of it. Thank you.

3 CHAIRMAN JACKSON: Thank you very much. Any other
4 comments? Well -- yes, please.

5 COMMISSIONER MCGAFFIGAN: Could I perhaps make one
6 brief comment. The reference to communication. I think one
7 thing I get complimented on a lot and didn't come up today
8 is our home page. I mean, if you want to know what this
9 agency is about, that there's a vast amount of information
10 that we are trying to put out including papers oftentimes
11 that we're not yet voting on. The West Valley paper I
12 mentioned earlier that we put out yesterday. So there's
13 lots of opportunity to engage this agency, and the staff
14 just does an outstanding job of putting information out that
15 I hope everybody utilizes.

16 I mean, sometimes I'm disappointed that the
17 information's been out for some time, and it's news to
18 someone

19 CHAIRMAN JACKSON: Absolutely. Thank you. Well,
20 let me in closing thank each of you and all of you for your
21 participation today, for your comments and insights. I was
22 impressed actually.

23 This is a time of fundamental change for the NRC.
24 I believe that change is necessary and healthy for any
25 organization. And to the extent and to a great extent, you

1 have helped us to identify areas for NRC improvement. You
2 have our gratitude.

3 And while the Commission intends to take the
4 actions we can to address all stakeholders' concerns, I ask
5 and I think the comments today reflect that that you
6 understand that we are first and foremost a health and
7 safety regulator. It is our intention to take those actions
8 that are required and necessary and, yes, no more than is
9 necessary, to satisfy our legislative mandate.

10 I think as you've heard, change must be managed.
11 They're going to take on change to the extent that it can be
12 absorbed, and inculcated by all of us, by the staff in
13 particular, but in a way that doesn't break them or break
14 their spirit because we do have an excellent staff, and we
15 don't have a regulatory program without them.

16 I believe the Commission's in agreement with many
17 of the statements made today out of which I have distilled
18 the following. This is not meant to be comprehensive, but a
19 distillation.

20 We further identified the need for further
21 clarification of definitions and/or the dissemination of old
22 definitions in ways that are consistently implemented. We
23 talked about the importance of a plant assessment process
24 that is based on objective performance indicators. That was
25 reinforced, and with appropriate inspection input.

1 An enforcement process that does not unjustly
2 accuse coupled with a regulatory process that justly acts
3 when called for. An NRC corrective action process that
4 works effectively over time for us, that deals not only with
5 the plan in question for all aspects of our regulatory
6 program.

7 In addition, we've talked about and reinforced the
8 need for a timely and appropriate resolution of issues,
9 whether it has to do with endorsement or non-endorsement of
10 guidance that has been around for a long time as well as one
11 I threw in -- generic safety issues. Resolution, DPOs and
12 DPVs, 2.206 and other even higher level policy issues.

13 We talked about the need for clear metrics,
14 understanding that they can be qualitative as well as
15 quantitative, that survey instruments properly structured
16 may have a role, that scope, independence and a public
17 airing of metrics are important considerations.

18 And that compilation of lessons learned through
19 this and propagation into the improvements of our regulatory
20 process is important.

21 With regard to stakeholders, I think the point has
22 been made of the need for continued and constant
23 communication. I think the case has also been made that
24 there are many stakeholders, and there are stakeholders
25 beyond our licensees. I think there was a strong statement

1 from a number of quarters with respect to keeping in mind
2 the role of the states, but in addition -- and this is why
3 they are here, the role of public interest groups as well as
4 others.

5 The point was made that our own staff are
6 important stakeholders, particularly vis-a-vis the regions.
7 And this understanding that there are other stakeholders are
8 not only important to the success of what we do, they are
9 the key to our credibility.

10 We talked about licensing and design basis issues,
11 the need, again, for clear definition and need for a
12 consistent clear understanding of what constitutes
13 Commission policy in this area.

14 With respect to the plan, I think there's a
15 recognition that it does not include everything, that it
16 needs to be a living plan, but that self-assessment needs to
17 be built into that.

18 That change management needs to occur, that
19 discussion comes about and focuses on not only the
20 cumbersomeness of our existing processes, but as
21 Commissioner Diaz so eloquently explained, that we need to
22 look at the overall technical legal framework.

23 And that in general, we need an earlier and
24 holistic approach to dealing with policy issues.

25 Let me close the meeting, if you will indulge me,

1 by reiterating a comment that I used at the INPO CEO
2 Conference that had been made by Mr. Nye at our previous
3 stakeholder meeting in July. And he said strong, effective
4 and credible regulatory oversight is essential and not
5 subject to compromise. But safety is not inconsistent with
6 efficiency, nor is regulatory assurance inconsistent with
7 innovation and flexibility.

8 I like that. I'm plagiarizing. It is our
9 intention to be true to this sentiment. The Commission
10 desires to regularize these meetings, and I've talked to
11 many of you about appropriate time frames and meeting and
12 what meeting participants there should be.

13 I think it is fruitful is there is a core or,
14 shall I say, in popular parlance today, a cornerstone group
15 to ensure continuity. But I expect that we can and we will
16 vary meeting participants.

17 As for the timing, I'm going to throw out a straw
18 man that I'm going to try, and that is that we have perhaps
19 four to five-month interval which would make our next
20 meeting in the March to April time frame.

21 So I thank you again for your participation, and
22 in the meantime our staff will continue to work its plan as
23 well as all of the other many things that have to be done.
24 The Commission will continue to assess and act upon the
25 policy issues. And I ask that we all stay energized and

1 stay engaged.

2 And since I won't see you -- some of you before
3 then, I wish you an enjoyable and safe set of holidays. And
4 if there are no further comments, we're adjourned.

5 [Whereupon, at 1:25 p.m., the public meeting was
6 concluded.]

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CERTIFICATE

This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: MEETING ON NRC RESPONSE
TO STAKEHOLDERS' CONCERNS --
PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Friday, November 13, 1998

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company

Transcriber: Mama Brazul

Reporter: Mark Mahoney

From: Harold B. Ray, Harold
To: Annette L. Vietti-Cook
Date: Tue, Nov 10, 1998 4:16 PM
Subject: November 13 Commission Meeting

The following is in response to the October 26, 1998, letter from Ms. Annette L. Vietti-Cook, Acting Secretary of the Commission, to Mr. Harold B. Ray, Executive Vice President, Southern California Edison Company, concerning the subject meeting. We were unable to meet the November 5 requested date for advanced submittal of written material, and we trust that this late submittal will be of some benefit to the commissioners. We believe periodic meetings of this sort are extremely important and appreciate the effort the agency is making to involve all stakeholders during this period of rapid change.

The five issues identified in the October 26 letter are repeated below, followed by our response.

Issue 1

Is the content and implementation of the (NRC action plan, as updated October 30, 1998) sufficient, too much or too little? Are the tasks being taken up in the right order, and are they directed toward the issues and insights you find significant?

Response to Issue 1

The plan is comprehensive and reflects a thoughtful approach to change management by the commission and staff. The following comments are offered for consideration in its further improvement.

1.a. The plan is organized by topic areas, with specific issues grouped within each topic area. We recommend that consideration be given to separately identifying potentially transcendent, regulatory policy issues which may be necessary bases for resolution of the specific issues listed.

1.b. For example, the terms "important to safety" and "risk significant" are increasingly used to qualify the scope of regulatory requirements and to establish criteria for compliance with requirements. (e.g., The proposed revision of the Maintenance Rule, 10 CFR 50.65(a) and (b).) These terms reflect an intention to focus and prioritize regulatory attention, based on safety. This is both needed and welcome. However, it is vital that the process of change to a more risk-informed paradigm proceed with clarity and consideration of unintended consequences. A potential regulatory policy issue would involve the need to define what is "important to safety" and "risk significant" and how they are to be defined. (Note: In its September 30, 1998, letter to Chairman Jackson, the ACRS noted that, "The principal weakness (of the current regulatory system) is its inability to quantify the risk significance of Structures Systems and Components.") Of course, as

with all other issues, stakeholders will need to participate with the commission in resolving this issue.

1.c. As another example, Action Plan Specific Issue IV.C. has as its objective, "To provide consistent guidance on information to be contained in (the) FSAR". Nowhere in the Action Plan is the issue of what is the Licensing Basis discussed, and an underlying cause of confusion in the regulatory process is the status and function of the FSAR. (Note: In the ACRS letter referenced above, the phrase appears, "...the Final Safety Analysis Report, which is the basis for licensing the facility.") While the objective to provide "consistent guidance" on the content of the FSAR is unexceptionable, the lack of a definitive determination as to its regulatory function is a regulatory policy issue which should be addressed. Misunderstanding on this point has already had serious consequences for the industry and the NRC. In the background is the danger that the FSAR will become a de-facto, mega-Technical Specification, as an unintended consequence of the simple intention that it be maintained accurate and complete.

1.d. The ACRS letter referenced above also recommends that "the NRC should be prepared to accomodate a two-tier system" of power reactor regulation. This recommendation is addressed in the important context of the "Transition to Risk-Informed Regulation". Again, we believe it reflects the need for a regulatory policy issue to be identified which we cannot find among the specific issues of the Action Plan.

1.e. Action Plan Specific Issue IV.D. has the objective, "To provide a clear definition of what constitutes design bases information." This important issue is related also to the definition of Licensing Basis, to the concept of Margin of Safety and potentially to how the content of the FSAR is defined. While the industry recognizes these linkages, and struggles to propose a reasonable framework that will allow them to consistently be risk-informed, it would be helpful if the Action Plan included the linkages as a separate regulatory policy issue as well.

1.f. Action Plan Specific Issues I.A.9 and 13 relate to the "NEI Whole Plant Study". The status of this issue is now shown as being "subsumed" in a public meeting that was held on short notice on October 27-28 concerning "options for modifying Part 50 to be risk-informed". We are concerned that the initiative to allow selected pilot projects to proceed on a so-called "whole plant" basis will not be recommended as part of the Specific Issue I.A.10b issue paper due to the commission later this month. This is a critical policy matter that warrants careful consideration by the commission, as it will significantly affect the direction and pace of this major initiative. The underlying strategy for risk-informing Part 50 is recommended to be a separate regulatory policy issue, similar to the others identified above.

1.g. Action Plan Specific Issue VI.A. has the objective, "To ensure that

license transfers are conducted in a timely and technically correct manner and that review and submittal guidance is appropriately disseminated." This is an extremely important issue which is essential to support industry restructuring in many areas, and perhaps nationally. In this regard, the experience of the airline industry in the wake of similar restructuring, while anecdotal, needs to be considered in terms of regulatory policy. That is, the existing body of power reactor regulatory requirements has been developed over a long period on the basis that licensees would be "electric utilities", as defined. The commission should affirm that a change from cost-based to market-based revenues for individual, merchant plant licensees does not introduce new issues not yet included in the Action Plan. (e.g., Price-Anderson retrospective premium assessments.)

1.h. Finally, with regard to overall Action Plan schedules, while they may appear reasonable when each issue is considered in isolation, we believe they will have to be reconsidered and lengthened as a result of the time required to address the regulatory policy issues identified above, and that this will be the case, whether or not these policy issues are separately identified. (i.e., The identification of the policy issues will not itself result in delay. Rather, it should expedite final resolution of affected issues.)

Issue 2

What should be measured to determine successful completion of this plan (being mindful that it cannot be everything for all stakeholders)?

Response to Issue 2

In the first place, successful completion of the plan should be measured in terms of the extent to which stakeholders participate with the NRC in establishing achievable schedules for deliverable results, and in arriving at those results. This does not mean that the stakeholders will all agree with either the schedules or the results, but participation is essential to success. Secondly, successful completion of the plan should be measured by the extent to which fundamental regulatory policy issues, such as those suggested above, are defined and addressed. Often this will require decision and direction by the commission itself. However, this commission has demonstrated its willingness to take the initiative required.

Issue 3

What legislative changes might be useful or necessary?

Response to Issue 3

The restriction on foreign ownership of power reactor facilities is inconsistent with the increasing development of international companies providing generating services in competitive markets and is not warranted by

any reasonable security consideration. It threatens the commercial viability of some facilities in this changing marketplace. We recommend the commission support removal of the restriction, while maintaining other provisions of the AEA which adequately assure safety and security. Also, we recommend that the commission seek removal of the AEA requirement that it make findings with respect to anti-trust implications of plant ownership. Again, the changing marketplace, and the active oversight in this area for all generating facilities by other agencies of government, make findings by the NRC with respect to anti-trust redundant and inefficient.

A consequence of electric industry restructuring may be that former plant owners will continue to be responsible for funding decommissioning costs. The NRC should consider whether and how it will provide oversight for the collection and continuing availability of these funds, such as by contractual arrangements between the former owner with the new owner and licensee, or by retaining limited licensed status of the former owner, or by some other means. Also, the need for added statutory protection of decommissioning trust funds in the event of bankruptcy should be considered.

Issue 4

What are the potential costs of this plan? Are they justifiable? For example, consider the need for higher investments in risk information and infrastructure, and/or a potentially much less forgiving regulatory process as a result of reliance on more objective performance indicators?

Response to Issue 4

With respect to the prospect of a less forgiving regulatory process as a result of reliance on more objective performance indicators, we do not believe any of the performance indicators considered to date, or the process for their use in the regulation of plant safety, need to be problematic. Nevertheless, there is a danger that they will result in perverse incentives and unintended consequences, relative to plant safety, if they are not carefully selected or are improperly applied.

With respect to the potential costs of the plan, and specifically considering investments in risk information and infrastructure, if we assume an annual average O&M cost per power reactor of about \$80 million, and we assume that 0.5% of this amount, or \$400,000 were devoted to implementation of this plan each year for 5 years, then our experience would indicate that this would be more than ample to achieve success. (Actually, far less than this, on a per-unit basis, should be sufficient.) In contrast, savings of at least 1% of annual O&M should certainly be achievable over the long term, and far more than this would be a reasonable goal. On another basis, only a few hours of avoided, market-based revenue loss per year, as a result of fully risk-informed regulation, would offset the assumed cost of plan implementation by any one unit. In our experience, this should certainly be achievable.

Finally, even if there were no O&M savings, but only added cost, and even if there were no increased production, the increase in public confidence, and the reduction in owner risk due to reduced regulatory uncertainty, that should result from implementing the plan would, in our opinion, make it fully worthwhile.

Issue 5

While the plan reflects some long-term actions, what are your views with respect to where the NRC should be in the longer term?

Response to Issue 5

We believe the NRC should seek to be a learning organization focused on continuous improvement of regulatory processes to meet its mandate under the AEA. In contrast to this vision, it should seek to eliminate the extent to which it feels obligated to, defacto, co-manage the facilities which it attempts to regulate. This means that increased resources need to be devoted to producing scrutable, transparent, regulatory requirements which are sufficient both to ensure adequate margins of safety are maintained and to provide adequate warning of licensee performance which threatens to erode these margins. Development and implementation of such requirements is difficult and will probably require longer schedules than are presented in the current Action Plan.

Thank you for the opportunity to provide these thoughts for your consideration in advance of the subject meeting.

Harold B. Ray
Executive Vice President
Southern California Edison Company

CHAIRMAN SHIRLEY ANN JACKSON

**OPENING COMMENTS
FOR
"STAKEHOLDERS" COMMISSION MEETING**

November 13, 1998

GOOD MORNING ALL AND WELCOME. TODAY, THE COMMISSION MEETS WITH A NUMBER OF STAKEHOLDERS IN A REPRISÉ OF A MEETING HELD ON JULY 17. AGAIN, WE MEET IN A ROUND TABLE FORMAT (HALF ROUND ANYWAY!) IN AN ATTEMPT TO PROMOTE OPEN DIALOG. OUR GOAL TODAY IS TO ASSESS WHERE WE ARE RELATIVE TO THE OPINIONS AND FEEDBACK OF THOSE WHO HAVE OBSERVED NRC OVER TIME, AND TO OBTAIN COMMENTS TO FINE TUNE OUR PROGRAMS AND PROCESSES FURTHER, AS NECESSARY .

WE VALUE YOUR EXPERIENCE AND INSIGHTS IN ASSISTING NRC AS WE BETTER DEVELOP AND ALIGN OUR PROCESSES TO CARRY OUT THE FUNDAMENTAL NRC MISSION OF PROTECTING THE PUBLIC HEALTH AND SAFETY. AS I NOTED IN THE LAST STAKEHOLDERS MEETING, THE COMMISSION IS FULLY AWARE THAT THOSE PRESENT AT THE TABLE THIS MORNING ARE NOT OUR ONLY STAKEHOLDERS. ALTHOUGH OUR LAST MEETING OF THIS TYPE WAS IN THE ACRS MEETING ROOM, WE FOUND THE HIGH LEVEL OF INTEREST REQUIRED A LARGER FORUM, SO WE ARE USING OUR AUDITORIUM. WE ARE PLEASED THAT ALL OF YOU WERE ABLE TO JOIN US IN THIS FORUM. YOU REPRESENT DIVERSE ORGANIZATIONS WITH A STAKE IN NRC ACTIVITIES. THE LAST STAKEHOLDERS MEETING WAS VERY CONSTRUCTIVE. I WAS ENCOURAGED BY THE LEVEL OF CANDOR; AND, I WOULD LIKE TO INVITE A SIMILAR LEVEL OF INTERACTION AT THIS MEETING.

BEFORE WE BEGIN, I WOULD LIKE TO PROVIDE A SHORT SUMMARY OF WHAT HAS TRANSPIRED SINCE WE LAST MET. AS YOU KNOW, ON JULY 30, THE COMMISSION APPEARED BEFORE THE SENATE SUBCOMMITTEE ON CLEAN AIR, WETLANDS, PRIVATE PROPERTY, AND NUCLEAR SAFETY. IN CONSIDERING THE FEEDBACK RECEIVED FROM BOTH THIS CONGRESSIONAL HEARING, AND OUR LAST STAKEHOLDER MEETING, I TASKED THE EXECUTIVE DIRECTOR FOR OPERATIONS (EDO) WITH IDENTIFYING, DEFINING, AND PRIORITIZING THOSE AREAS WHICH SUPPORT NRC LONG-TERM PERFORMANCE GOALS AND WHICH NEED NEAR-TERM ATTENTION. I IDENTIFIED A NUMBER OF CANDIDATE ISSUES FOR CONSIDERATION: INSPECTION AND PERFORMANCE ASSESSMENT, ENFORCEMENT,

LICENSE RENEWAL, LICENSE TRANSFERS, TRANSITION TO A RISK-INFORMED, PERFORMANCE-BASED FRAMEWORK, NRC ORGANIZATIONAL STRUCTURE AND RESOURCES, AND OTHER SPECIFIC AREAS REQUIRING TIMELY DECISIONS.

THIS IDENTIFICATION, DEFINITION AND PRIORITIZATION HAS OCCURRED. IT IS CAPTURED IN A "LIVING PLAN", MAINTAINED BY THE EDO, THAT HAS BEEN CONCURRED IN BY THE COMMISSION. WE ARE NOW IN THE PROCESS OF EXECUTING THIS PLAN -- WHICH ADDRESSES THE VARIOUS CONCERNS AND WHICH SUPPORTS OUR PERFORMANCE GOALS. THE NRC HAS WORKED TO THE MILESTONES ESTABLISHED, MODIFYING THE PLAN AS APPROPRIATE, AND HAS MADE, I THINK, GOOD PROGRESS IN EXECUTION.

THROUGH ACTIONS ON SPECIFIC ISSUES, INCLUDING THE CANDIDATE ISSUES IDENTIFIED IN MY TASKING MEMORANDUM (AND OTHERS ADDED TO IT), OUR INITIATIVES ADDRESS:

THE CLARITY OF NRC REQUIREMENTS AND NRC EXPECTATIONS;
NRC PREDICTABILITY, OBJECTIVITY, AND TIMELINESS;
DIRECTION OF FOCUS;
QUALITY OF NRC-LICENSEE INTERACTIONS;
IMPLEMENTATION OF NRC PROGRAMS; AND,
THE SIZE OF THE NRC.

WHILE STAKEHOLDER INPUT DEFINITELY OPENED OUR EYES TO A NUMBER OF CONCERNS (FOR EXAMPLE, THE UNNECESSARY BURDEN ASSOCIATED WITH SEVERITY LEVEL IV VIOLATIONS), IT HAD A CONCURRENT BENEFIT IN THAT IT ALLOWED US TO PRIORITIZE CERTAIN ACTIVITIES IN WAYS THAT PROVIDED THE BEST MUTUAL BENEFITS TO OURSELVES, LICENSEES, AND THE PUBIC. THIS, IN MY ESTIMATION, UNDERSCORES THE IMPORTANCE OF FREQUENT AND CANDID COMMUNICATIONS ACROSS EVERY LEVEL OF OUR RESPECTIVE ORGANIZATIONS.

I AM CONFIDENT THAT, AS A RESULT OF OUR INTERACTIONS WITH OUR STAKEHOLDERS, WE HAVE DEVELOPED A SERIES OF ACTIONS WHICH WILL RESULT IN EFFICIENCIES FOR BOTH THE NRC, AND ITS LICENSEES, IN A WAY THAT DOES NOT DIMINISH (AND WHICH, IN FACT,

SHOULD ENHANCE) THE LEVEL OF SAFETY AFFORDED THE PUBLIC. WE PROVIDED THE LATEST UPDATE OF THIS DOCUMENT TO YOU IN PREPARATION FOR THIS MEETING.

AS I SUGGESTED AT THE INPO CEO CONFERENCE LAST WEEK IN ATLANTA, I HAVE CHARACTERIZED WHAT WE HAVE UNDERTAKEN AS "RESPONSIBLE RESPONSIVENESS". THIS IS AN EXCELLENT OPPORTUNITY TO TAKE STOCK OF WHAT WE HAVE BEEN DOING, OF WHERE WE ARE, AND OF THE CHALLENGES BEFORE US IN THE NEAR TERM.

OUR FOCUS IN ALL OF THIS IS ON OUTCOMES, NOT OUTPUTS. TO TOUCH ON SOME OF THE PROGRESS WE HAVE MADE SINCE THE LAST MEETING OF JULY 17, I WILL LIST A FEW OF THOSE OUTCOMES.

- OUR TWO LICENSE RENEWAL REVIEWS ARE ON SCHEDULE AND, BY ALL REPORTS, THE REVIEWS ARE BEING CONDUCTED IN A DISCIPLINED AND RESPONSIBLE MANNER.
- OUR ADJUDICATORY SCHEDULES ARE AIMED AT COMPLETING LICENSE RENEWAL IN 30-36 MONTHS.
- THE COMMISSION HAS PROMULGATED AN EXPEDITED RULE, WHICH ALLOWS MORE INFORMAL HEARINGS FOR LICENSE TRANSFERS. WE ANTICIPATE THAT THIS RULE WILL BECOME FINAL BY DECEMBER 1998.
- CONCURRENT WITH THIS MEETING, ANOTHER MEETING IS TAKING PLACE TO FURTHER CLARIFY REPORTING REQUIREMENTS FOR POWER REACTORS.
- WE HAVE IMPLEMENTED A STRONGER FOCUS ON RISK, THAT CAN BE SEEN IN NRC STAFF ACTIVITIES IN THE AREA OF RISK-INFORMED DECISION MAKING (FOR EXAMPLE, THE DIESEL GENERATOR ALLOWED OUTAGE TIME EXTENSIONS)
- WE ARE ADDRESSING OTHER APPROPRIATE BURDEN RELIEF OPPORTUNITIES. THE GOAL OF THE EFFORTS IS TO "LET GO" OF THAT WHICH IS NOT RISK SIGNIFICANT AS WE

CONDUCT INSPECTIONS, REVIEW LICENSING ACTIONS, ASSESS LICENSEE PERFORMANCE, AND TAKE ENFORCEMENT ACTIONS.

- REGARDING THE NRC PERFORMANCE ASSESSMENT PROCESS, WE MADE REAL PROGRESS AND ACHIEVED SIGNIFICANT BUY-IN AT THE RECENT NRC WORKSHOP.
- OUTSIDE EXPERTISE (ARTHUR ANDERSEN) HAS BEEN USED TO STRENGTHEN NRC SKILLS IN MAPPING CERTAIN KEY PROCESSES AND IDENTIFYING OPPORTUNITIES FOR EFFICIENCY, AND EFFECTIVENESS IMPROVEMENTS.
- ADDITIONALLY, WE HAVE LOOKED INTO THE ORGANIZATIONAL STRUCTURE OF THE NRC AND DETERMINED THAT CERTAIN CHANGES ARE NECESSARY. AS A RESULT, NRC HAS EXTENDED BUYOUT OFFERS TO CERTAIN GROUPS OF MANAGERS AND SUPERVISORS WITH THE INTENT TO ACHIEVE AN OVERALL MANAGER-TO-EMPLOYEE RATIO OF 1:8.

NOW, REGARDING TODAY'S MEETING --

ONE OF THE PURPOSES OF THIS MEETING IS TO SOLICIT FEEDBACK FROM THE ASSEMBLED STAKEHOLDERS ON THE PLAN, ITS SCOPE, AND ITS SCHEDULE. AS WE ARE, ULTIMATELY, INTERESTED IN THE EFFICACY OF OUR ACTIONS, WE WOULD ALSO APPRECIATE ANY FEEDBACK ON WHETHER EFFECTS ARE BEING FELT IN THE FIELD. ADDITIONALLY, WE WOULD APPRECIATE INPUT ON THE QUESTION OF HOW TO MEASURE OUR SUCCESS GOING FORWARD. WHILE WE AGREE THAT IMPROVEMENT IS A CONTINUING PROCESS, WE MUST ADDRESS THE QUESTION OF HOW TO MEASURE THAT IMPROVEMENT IF WE ARE TO ASCRIBE THE PROPER WORTH TO OUR ACTIONS.

AS THOSE OF YOU WHO WERE INVOLVED IN THE LAST STAKEHOLDERS MEETING, EITHER AS PARTICIPANTS OR OBSERVERS, ARE PROBABLY AWARE, OUR NUMBERS HERE AT THE COMMISSION TABLE HAVE GROWN SINCE THE LAST MEETING, BOTH ON THE NRC SIDE AND THE STAKEHOLDER SIDE. I WILL RECOGNIZE EACH OF OUR PARTICIPANTS IN A MOMENT, BUT LET ME REITERATE AGAIN THAT THE COMMISSION APPRECIATES THE ATTENTION THAT THESE MEETINGS HAVE GARNERED AND THE WILLINGNESS TO PARTICIPATE THAT HAS BEEN EXPRESSED, BOTH BY OUR ASSEMBLED GUESTS, AND OTHERS WHO ARE NOT HERE

AT THE TABLE. ENDEAVORS SUCH AS THESE ARE KEY TO THE NRC CONTINUING TO IMPROVE THE LEVEL OF OVERSIGHT PROVIDED TO ALL OUR LICENSEES, WHILE REDUCING UNNECESSARY BURDEN IN REGULATION.

BEFORE INTRODUCING THE PARTICIPANTS, LET ME BRIEFLY DISCUSS A RECENT ISSUE THAT HAS ARISEN RELATING TO "NECESSARY BURDEN," AND "UNNECESSARY BURDEN". AFTER A SERIES OF INTERNAL BRIEFINGS AND DISCUSSIONS, EARLIER THIS WEEK THE NRC STAFF WAS DIRECTED TO REINSTATE ITS PROGRAM FOR OPERATIONAL SAFEGUARDS RESPONSE EVALUATIONS (OSREs) AT NUCLEAR POWER PLANTS. THIS PROGRAM RECENTLY HAD BEEN STOPPED FOLLOWING BUDGET DELIBERATIONS.

THE OSRE INSPECTIONS HAVE RECEIVED SOME STAKEHOLDER CRITICISM FOR BEING "BEYOND" THE REGULATORY BASIS. THE COMMISSION PREVIOUSLY HAS STATED ITS INTENT TO MOVE AWAY, TO THE EXTENT POSSIBLE, FROM PRESCRIPTIVE TYPE INSPECTIONS, TO A MORE RISK-INFORMED AND PERFORMANCE-BASED FORMAT. HOWEVER, IN THIS CASE, THE NECESSARY INSPECTION REQUIREMENTS THAT ARE REQUIRED TO MEET A RISK-INFORMED SECURITY PROGRAM HAVE NOT BEEN SUFFICIENTLY DOCUMENTED. IN SUMMARY, WE MUST MIGRATE TO THESE INSPECTIONS IN A DISCIPLINED AND DELIBERATE MANNER.

THEREFORE, THE OSRE INSPECTIONS WILL CONTINUE IN A MORE FOCUSED WAY AT THE 11 REMAINING FACILITIES, WHICH HAVE NOT PREVIOUSLY BEEN REVIEWED THIS WAY. ADDITIONALLY, THE NRC STAFF IS ACCELERATING AN ONGOING STUDY TO DETERMINE THE BASELINE LEVEL OF PERFORMANCE TESTING APPROPRIATE TO ENSURE THAT NUCLEAR PLANTS ARE PROTECTED AGAINST RADIOLOGICAL SABOTAGE AND THEFT OR DIVERSION OF RADIOACTIVE MATERIALS. I HAVE ASKED THAT THE RESULTS OF THIS STUDY, AND INSIGHTS FROM OSRE FINDINGS, BE BROUGHT TO THE COMMISSION FOR ITS CONSIDERATION AS PART OF THE RISK-INFORMED BASELINE INSPECTION PROGRAM CURRENTLY UNDER DEVELOPMENT. WE WILL ALSO BE LOOKING AT OUR REQUIREMENTS AND REGULATORY GUIDANCE IN THIS AREA TO ENSURE THEY ARE ADEQUATE AND APPROPRIATE.

I HAVE HEARD CONFLICTING THOUGHTS ON INSPECTIONS LIKE THE OSRES FROM STAKEHOLDERS. WHAT IS IMPORTANT TO THE NRC IS THAT WE HAVE A SOUND, WELL-STUDIED, REASON FOR ANY PROGRAM/PROCESS CHANGES THAT WE UNDERTAKE.

I WOULD NOW LIKE TO INTRODUCE THE INDIVIDUALS ASSEMBLED FOR THIS MEETING.

LET ME BEGIN BY NOTING THAT, WITH THE CONFIRMATION OF GRETA JOY DICUS AND JEFFREY S. MERRIFIELD AS NRC COMMISSIONERS, WE NOW ARE AT FULL COMPLEMENT TO DELIBERATE AND TO ACT UPON THE IMPORTANT DECISIONS THE COMMISSION MUST MAKE. I AM PLEASED TO WELCOME THEM TO THE COMMISSION, AND TO REINTRODUCE COMMISSIONER DICUS, AND TO INTRODUCE COMMISSIONER MERRIFIELD TO YOU.

OF COURSE, WITH US AGAIN, COMMISSIONER DIAZ {WHO IS RUNNING LATE...I TOLD HIM I WOULD EXTEND MY OPENING COMMENTS TO "BUY TIME" FOR HIM TO GET HERE}... AND COMMISSIONER MCGAFFIGAN {WHO, AS YOU CAN SEE, IS NOT AS NIMBLE A SOCCER PLAYER AS HE ONCE WAS}.

THE COMMISSION ALSO WELCOMES, STARTING FROM MY RIGHT...

MR. JAMES RICCIO, PUBLIC CITIZEN'S CRITICAL MASS ENERGY PROJECT;

MR. HAROLD RAY, EXECUTIVE VICE PRESIDENT, SOUTHERN CALIFORNIA EDISON COMPANY. IN ADDITION TO BEING AN NRC LICENSEE, HE HAS BEEN VERY ACTIVE IN THE NUCLEAR ENERGY INSTITUTE'S WORKING GROUP ON REGULATORY PROCESS;

COMMISSIONER DIAZ;

DR. WILLIAM TRAVERS, EXECUTIVE DIRECTOR FOR OPERATIONS;

MR. CORBIN MCNEILL, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE PECO ENERGY COMPANY. HIS EXPERIENCE FROM PLANT MANAGER TO CEO;

COMMISSIONER DICUS;

MR. JIM RHODES, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, INSTITUTE OF NUCLEAR POWER OPERATORS;

MR. EARL NYE, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OF TEXAS UTILITIES COMPANY. HE ALSO IS THE CHAIRMAN OF THE BOARD FOR THE NUCLEAR ENERGY INSTITUTE, A WASHINGTON-BASED POLICY ORGANIZATION REPRESENTING OVER 250 ORGANIZATIONS IN THE NUCLEAR INDUSTRY;

MR. DAVID LOCHBAUM, NUCLEAR SAFETY ENGINEER WITH THE UNION OF CONCERNED SCIENTISTS (UCS). UCS IS DEDICATED TO ADVANCING RESPONSIBLE PUBLIC POLICIES IN AREAS WHERE SCIENCE AND TECHNOLOGY PLAY A CRITICAL ROLE;

COMMISSIONER MCGAFFIGAN;

MS. JILL LIPOTI, REPRESENTING THE STATE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION RADIATION PROTECTION PROGRAMS;

DR. FORREST REMICK, FORMER CHAIR OF THE NRC ADVISORY COMMITTEE ON REACTOR SAFEGUARDS, FORMER COMMISSIONER OF THE NRC, AND NOW AN ENGINEERING CONSULTANT;

COMMISSIONER MERRIFIELD;

MR. JOE COLVIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE NUCLEAR ENERGY INSTITUTE;

MR. SAMUEL COLLINS, DIRECTOR, NUCLEAR REACTOR REGULATION.

ALSO PRESENT WITH US TODAY ARE KAREN CYR, GENERAL COUNSEL, AND JOHN HOYLE, SECRETARY TO THE COMMISSION.

ON BEHALF OF THE COMMISSION, I THANK NOT ONLY THOSE HERE AT THE TABLE, BUT ALSO MEMBERS OF THE NRC STAFF, CONGRESSIONAL STAFF MEMBERS, AND THOSE OF YOU IN THE PUBLIC AND PRESS, PRESENT TODAY, OR READING THIS TRANSCRIPT AT A LATER DATE, FOR YOUR INTEREST AND PARTICIPATION IN ENSURING THE NRC HAS PROCESSES THAT MAINTAIN SAFETY IN A FAIR AND CONSISTENT MANNER. THE COMMISSION IS INTERESTED IN COMMENTS, EVALUATIONS, AND PROPOSED SOLUTIONS FROM ALL PARTICIPANTS. WE LOOK FORWARD TO AN INFORMATIVE MEETING.

WE WILL BEGIN BY INVITING OPENING STATEMENTS FROM PARTICIPANTS. I ASK THAT QUESTIONS AND COMMENTS BE WITHHELD UNTIL WE BEGIN OUR OPEN DISCUSSIONS. WE WILL, IN THE COURSE OF DISCUSSIONS, BE ABLE TO RETURN TO COVER ANY INFORMATION/IDEAS PRESENTED IN THESE OPENING COMMENTS.

I WOULD LIKE TO NOTE THAT WE HAVE MADE AVAILABLE THE LOBBY OF TWO WHITE FLINT, JUST UPSTAIRS FROM THIS ROOM, AS AN "OVERFLOW" ROOM, WHERE YOU CAN OBSERVE THIS MEETING IF YOU DESIRE. ADDITIONALLY, THIS MEETING IS BEING BROADCAST TO BOTH BUILDINGS AND THE REGIONAL OFFICES.

YOU WILL NOTE THAT THERE ARE OPEN MICROPHONES IN THE AUDIENCE. IF TIME PERMITS, AND WE CAN WORK IT OUT, I MAY TRY TO RECOGNIZE COMMENTS FROM THE AUDIENCE ON APPROPRIATE TOPICS.

AT THIS TIME WE WILL HEAR OPENING STATEMENTS FROM OUR INVITED GUESTS...AND THE COMMISSIONERS AND NRC PARTICIPANTS, IF THEY DESIRE.

MR. RHODES ...WOULD YOU BEGIN...

**NRC Stakeholder Meeting
November 13, 1998**

Comments by

**James T. Rhodes
Chairman and Chief Executive Officer
Institute of Nuclear Power Operations**

First, let me say that I appreciate the opportunity to represent the Institute of Nuclear Power Operations at this meeting. We continue to be encouraged by the openness being displayed by the NRC in communicating with stakeholders. This process, an open exchange of information and ideas, can help ensure the safe and reliable operation of our nation's nuclear power plants.

Let me also add that we are very pleased to see the Commission at full strength again. This will help the Commission more efficiently carry out its work in the changing industry environment.

As you're aware, we at INPO have underway a series of initiatives geared towards improving how we meet our mission of promoting the highest levels of safety and reliability in the operation of nuclear electric power plants. Therefore, we can certainly understand the challenges the NRC faces as you strive to effectively meet your regulatory responsibilities and at the same time make needed changes in the way you carry out those responsibilities.

At INPO, we've seen many utilities challenged with managing change. Some have had success, others have struggled. Based on our observations and experience, and certainly on my previous experience at Virginia Power, it is clear that change requires clarity of purpose, constant communication, training, and most of all, persistence and hard work.

First, a clarity of purpose. A clearly defined, simple goal is necessary. With clarity and simplicity, change leaders throughout the organization can help ensure that strong support exists at all levels.

Second, constant communication is crucial for success. Communication must be two-way, involving both sending information and receiving feedback. External communications with stakeholders, through processes such as today's meeting, are to be applauded and need to continue. Being flexible enough to incorporate relevant feedback from stakeholders throughout the change process will be important to your success.

Internal communications are just as important. First, the intentions of the Commissioners and the senior staff should be repeatedly communicated throughout all levels of your organization. But then – just as importantly – employees must be engaged in dialog to assure that the messages are being received and understood.

Third, preparing and training your employees for change, and helping them succeed, is another fundamental ingredient. Our experience shows that organizations often

underestimate the effort required to engage and train the workforce on significant changes. We encourage you to look hard at the ability of your workforce to digest the changes being made. Also, as your organization changes, particularly in light of new assignments, additional skills training may be needed. Further, it is important that the NRC's award and recognition system support the successful implementation of the change process.

Finally, persistence and hard work. As you've said, what you're undertaking includes a change in culture. Cultural change takes time, tremendous energy, and most of all, significantly more persistence and hard work than often expected. However, we're encouraged by what we see happening thus far.

But Chairman Jackson, to use one of your quotes, "Performance is what performance does." We've seen many organizations with great intentions have their change programs fall short because of poor implementation. Given the far-reaching effects of the changes you are initiating, persistent and consistent execution of your change process is crucial to success. This – as I said and as you well know - will take an immense amount of hard work.

In the meantime, we encourage you to continue improving your responsiveness to industry needs, such as timely license amendments, transfers and renewals; and reducing administrative burdens, such as minor level IV violations. Additionally, while

maintaining appropriate data propriety, increased information sharing may also be appropriate to reduce duplication and administrative burdens.

In conclusion, we believe that the industry – and indeed the public – wants and needs a more predictable, objective, and responsive nuclear regulator. We are encouraged by what you are attempting to do in this regard, that is, becoming a more risk-informed, performance-based regulator with your inspection, enforcement, and assessment processes focusing on items directly related to your mission – the protection of public health and safety. We at INPO will continue to work in cooperation with you to help ensure the safe operation of our nation's nuclear power plants.

Thank you very much.



PERCEPTIONS OF THE NRC TODAY: AN UPDATE

Presented At
SECOND NRC STAKEHOLDERS' MEETING

In
Rockville, Maryland

By
Dr. Forrest J. Remick

13 November 1998

Good morning Commissioners, NRC Staff and fellow stakeholders. I appreciate the invitation to participate in this the second roundtable stakeholders discussion of the nuclear regulatory process. As before, I will strive to be direct and to the point.

Like others, I'm pleased to acknowledge the number of changes that are underway and decisions that are being made in the Agency. I'm both pleased and impressed by the breadth of the activities underway.

The Commission appears to be more engaged in the issues that confront the Agency and its licensees. Many important issues are being managed by the senior managers with increased guidance from the Commission and with apparent renewed energy and enthusiasm. For example, the Staff's Response to the Tasking Memorandum and Stakeholders Concerns, which I consider to be the Agency's Corrective Action Plan, is serving to focus attention and hopefully developing consensus within the Agency. There appears to be improved alignment of the Commission and the Staff on issues. As a result, Staff managers appear to be more involved in the activities of the Staff. An example is the decision to issue relief for some plant designs on the time to initiate the monitoring of hydrogen concentrations following ECCS initiation. This was one of the pilot programs to which I referred in July as languishing for a lack of a timely decision and unending Requests for Additional Information. It is now time to make decisions on other risk-informed pilot program submittals which are also before the Staff and propose risk-neutral or risk-positive changes.

As is the case in any major change in direction or paradigm shift in large organizations, there is the question of how those in the depths of the organization have accepted the change. Thus, leadership and commitment for change must be demonstrated down the line, and continuous and consistent communication must be sustained, because we all know that Congressional attention and interest, as well as Commissioners, come and go. It is important that the communication be consistent and clear. To that point, I hope that the recent interim enforcement guidance is more scrutable to those in the field who must implement the guidance, than I can claim as an interested and somewhat knowledgeable reader. To me the guidance, issued I'm sure with the best of intent, is replete with - - on the one hand do this, but on the other hand do that.

There are several aspects of your Corrective Action Plan which appear to be missing. For example, what is your vision in constructing and approving your Corrective Action Plan; i.e., what will the NRC look like when the plan is completed? Without such a vision, clearly defined and communicated to the Staff, how will you know when you have achieved your vision? Further, consistent with how the Agency asks its licensees about their corrective action plans, what self assessments are planned in the course of conducting the corrective actions, or after the actions are completed, so you can determine whether the actions have been effective?

I'm pleased to see veteran Commissioner Dicus back on the job and to see Commissioner Merrifield completing the complement of Commissioners. In the past I've

proclaimed the benefits of a multi-disciplined commission structure for handling complex, technical policy issues important to public safety. Incidentally, I've also touted the benefits of a multi-disciplined "science court" process for resolving complex technical issues in contention, such as you have with the Atomic Safety and Licensing Board; admittedly, assuming that it is functioning efficiently.

However now that all seats are filled, if the Commission is to be effective, it cannot be a bifurcated body. It must be a collegial body which works together for a common purpose; i.e., providing adequate protection to the public, the environment and national security in an efficient and cost effective manner. To be successful in carrying out your important responsibilities you must communicate with each other as equals. Further, you must communicate clearly and frequently with the Staff, which in my view is one of the most professional staffs of any agency in town.

In seeking ways to improve the performance of this Agency, the Commission should search for methods to improve the efficiency and effectiveness of your own *modus operandi*. For example, I, like many others believe that the Commission's practice in implementing the Government in the Sunshine Act inhibits a healthy, open, free wheeling exchange of perspectives on issues pending before the Commission. Specifically, the current practice wherein no more than two Commissioners may meet informally to discuss their perspectives on an issue curtails meaningful collegial dialogue and precludes the synergistic opportunity which I believe was envisioned when the concept of a multi-disciplined, five-person Commission was adopted. The current practice of having to have four separate discussions to seek other Commissioner's perspectives is inefficient, ineffective and nonsensical in my view. Decisions on issues pending before the Commission can not and should not be made in such discussion meetings, but a healthy airing of individual perspectives would be beneficial to eventually deciding policy issues. I believe the Commission has the authority to revise its current practice without violating the commendable intent of the Government in the Sunshine Act.

Returning to a matter I discussed at our last meeting, I believe that there is nothing in the Atomic Energy Act which defines Confirmatory Action Letters (CALs) or Confirmatory Orders (in contrast to Orders), or is there anything in the regulations which defines such instruments and their intended use. I do not question the Commission's authority to establish such instruments because the Atomic Energy Act gives the Commission broad powers, but I do question their bases in the regulations; and thus, their fairness in use. If there is a legitimate regulatory need for them, the responsible action would be to revise the regulations through rulemaking in accordance with the Administrative Procedures Act and consistent with the Commission's Principles of Good Regulation. If promulgated, their use should be closely prescribed, controlled and monitored to prevent their misuse as a means of bypassing the Commission's regulations, including its Backfit Rule.

I understand the staff's liking for Confirmatory Action Letters and Confirmatory Orders, inasmuch as they preclude the opportunity for a licensee to exercise its right to request a hearing on the matter, wherein the regulatory basis of the action could be challenged and Commission review should and presumably would be triggered.

I'm pleased to note that it appears that Staff composed Confirmatory Action Letters have come under closer scrutiny since the last Stakeholders Meeting and to see that some impending CALs have not been issued. However, I'm displeased to report that some in the regions have already found a way around the closer scrutiny. For example, the Staff is able to arm twist a licensee, under the threat of the issuance of a CAL or a Confirmatory Order, to make formal, detailed, prescriptive commitments that the Staff wants, which then become part of the licensee's licensing basis. Thus, the Staff gets around the Backfit Rule and other regulatory requirements without issuance of a CAL. I express my disdain for such practice by stating that it is a flagrant violation of the Backfit Rule. Some might refer to this as regulatory extortion, admittedly an extreme and contentious term; however, a term which does have a ring to it as a means of drawing attention to regulatory methods used to force licensees to commit to actions which otherwise they are not obligated to do by the regulations. It has caused me to define a new CAL acronym as "Commitments by Armtwisting and Leverage". I am surprised that the Office of the General Counsel has not raised a red flag about this practice, if it has not.

Finally, I think you as Commissioners have some of the best Executive Service positions in this town. As Commissioners appointed by the President, you neither serve at the pleasure of the President nor must follow the dictates from the White House. You are free to make important public policy decisions based on the dictates of your conscience as to what you consider to be right in the best interest of the public, and you are largely free from partisan politics, although correctly subject to Congressional oversight. You are free to fulfill your responsibilities using your best judgment. In doing so, you must be willing and be prepared to shoulder criticism from the media and others, willing to face and resolve in a fair manner Differing Professional Opinions from the Staff as well as questions from Congress, and willing to stand up to the challenges from those opposed to maintaining nuclear energy as an energy option for this country as has been decided by Congress. As has been said, "If you are right, you will prevail". And you will be right more often if you improve your ability to come together as a collegial Commission and thoroughly discuss your individual perspectives on issues before deciding those issues.

In closing, again I say that I am pleased and impressed with the changes that are underway for which you are to be congratulated. Properly managing the changes, assessing their effectiveness, and sustaining your efforts to their conclusion will be essential and critical elements to your success.

NRC Stakeholder Meeting

Joe Colvin
NEI President & CEO

November 13, 1998



NUCLEAR ENERGY INSTITUTE

The Regulatory Objective

To achieve a safety-focused, results-oriented and accountable Nuclear Regulatory Commission whose regulations objectively define adequate protection of public health and safety and are administered effectively and efficiently for the benefit of its licensees and the public.

2



Regulatory Attributes

- Safety-based regulatory processes focused on adequate protection of public health and safety
- Objective, clear, regulatory thresholds
- Accountable, responsible, and results-oriented regulator

3



Near Term Priorities

- New Regulatory Oversight Process
 - Assessment -- clear safety basis
 - Inspection levels based on performance
 - Enforcement -- safety-significant violations
- License Administration
 - Renewal
 - Transfer

4



Near Term Priorities (continued)

- Risk-informed/performance-based regulation
 - Risk-informed ISI, IST, T/S AOTs
 - Maintenance Rule (ITS, risk-significant)
 - Whole plant study
 - Foundation for risk-informed Part 50

5



Near Term Priorities (continued)

- 50.59
 - Need for closure on threshold criteria
 - Address scope in 1999
- 50.54 (a) rulemakings
- Application of the Backfit Rule
- Used fuel storage
 - Dry cask
 - Part 63

6



Intermediate Priorities (2000-2002)

- Risk-informed regulation
 - T/S continued progress
 - Transition to selected Part 50 regulations
- Design basis reform
- NRC staff size and cost containment
 - Task analysis of NRC work processes
- Safeguards reform



Long Term Priorities (2003-2004)

- COL issues
- Redefined advanced reactor licensing
- Risk-informed Part 50 (Holistic)
- Risk-informed balance of 10 CFR



Opening Statement

During the July 17th stakeholder meeting, I stated that the NRC does not conform to the same high standards that it requires of its licensees. The staff's October 30, 1998 response to the tasking memorandum is further evidence to me that my position is correct.

During my 14 years as a consultant, I had several assignments at both top performing nuclear plants and problem plants. I observed that one of the few consistent indicators of management effectiveness is in the response to an announcement of an upcoming NRC inspection. At the good plants, management develops a presentation to do some bragging. They have all kinds of charts and tables and examples to explain to the NRC the positive results they are obtaining from strong, effective programs. At the bad plants, management panics. They rush to develop action plans to address all of the problems that they have been ignoring. They hope to convince the NRC that they are aware of the problems and have a blueprint for fixing them.

The NRC's response to the Senate's marching orders, or more specifically its preparations for the next oversight hearing, reminds me more of the reaction of a bad plant than a good plant. The true purpose seems to be to convince the Senate to leave the NRC alone, just as the bad plant's management only wants to trick your inspectors into giving them some more time. The NRC's plan is comprehensive and will probably satisfy the Senate. But, the NRC does not have mechanisms to ensure that processes described in the plan are consistently implemented. Nor does the NRC have mechanisms to evaluate revised processes to gauge whether they fulfilled the goals. Without such mechanisms, the best plan in the world is unlikely to produce a successful outcome. And as the written comments that accompany these remarks suggest, the NRC currently does not have the best plan in the world.

The NRC demands that reactor licensees have aggressive self-assessment programs complemented by effective corrective action programs. The staff's October 30, 1998 response to the tasking memorandum covers the majority of the key elements of the NRC's reactor oversight program. Its large scope and the high level of effort required to address its many items suggests either that the NRC was not aware of all these problems until the Senate, the GAO, and other external entities called attention to them, or that the NRC knew about these problems but was unable to correct them in a timely manner. The staff's response to the tasking memorandum is essentially identical to the restart plans developed by reactor licensees. The glaring exception is that reactor licensees are required to prove to the NRC that they have fixed their self-assessment and corrective action programs. The staff is not proposing to do so. We think that the NRC's initiatives will not be successful until they are complemented by substantial improvements to the staff's self-assessment and corrective action programs.

Comments on the NRC Staff's 10/30/98 Response to the Tasking Memorandum

Elements Missing from the NRC's Plan

- The NRC's interactions with the public need substantial improvements. Progress has been made, but there is still a long way to go. This area warrants NRC attention comparable to that afforded the issues contained within the tasking memorandum.
- The NRC's allegation process is still inadequate. Allegations are not handled in a timely manner. Allegations are often closed without the issue being addressed. For this reason, when workers ask me for advice, I do not encourage them to use the NRC's allegation process. Instead, I recommend that they get their concerns to their Congressmen or the media. The NRC must fully fix its allegation program.
- The NRC's process for handling differing professional views/opinions is suspect. In the past six months, UCS has received information from NRC employees relating to four separate safety issues. While UCS will continue to help anyone with a nuclear safety concern when we can, the NRC must examine its DPV/DPO program.
- The NRC is failing to protect nuclear workers who raise safety issues. The NRC has the regulatory tools to do so – it apparently lacks the will to do so. The NRC's "neglect" of licensee's abuse of nuclear workers raising safety concerns must stop. The NRC must include 50.7 considerations during its changes to the inspection, enforcement, and assessment programs.

UCS is concerned about the case of Mr. Neil Aiken at the Diablo Canyon plant. We have reason to believe his safety concerns have not been properly handled by the licensee or by the NRC and that he is suffering retaliation for having voiced his concerns. We are evaluating various options for assisting Mr. Aiken.

- The majority of nuclear power plants continue to operate in this country despite their not being in compliance with federal safety regulations implemented following the Browns Ferry fire in March 1975. The NRC staff's "promises" of a rulemaking fix to the fire protection problems are too old and too voluminous to be believed any more. Specifically, extended reliance on fire watches must be ended sooner rather than later and the fire barrier penetration seal issue must be resolved or the offending plants shut down.
- The NRC has problems with inconsistent implementation of processes. The NRC's initiatives do not contain provisions to monitor consistency of process implementation. The NRC has recent positive experience with such provisions. The Agency Allegation Advisor serves to promote consistency among regions and NRR on implementation of the allegation process. The review board established for the Maintenance Rule inspections served to promote consistency in classifying findings and subsequent enforcement actions. These or comparable features should be explicitly detailed in each of the staff's initiatives.

Comments on the NRC Staff's 10/30/98 Response to the Tasking Memorandum

Plant-Specific Licensing Reviews

- Licensees have unlimited time to prepare a license amendment request. The NRC staff has unlimited time – albeit with some defined goals – to review and approve license amendment requests. The public, on the other hand, has but 30 days – *sometimes* 60 days – to review a license amendment request and submit the technical basis for intervention. This one-sided time constraint is blatantly unfair. In addition, the public's clock runs out 30 or 60 days after the *Federal Register* notice is published and is not reset when the NRC staff issues requests for additional information that can, and often will, prompt the licensee to submit substantial changes to the original license amendment request. The NRC must provide the public equal opportunities, not just cameo appearances, in all licensing actions.

Risk-Informed Regulation

- I attended the 07/22/98 NRC workshop on risk-informed regulation and submitted a letter dated 07/23/98 to Mr. Gary Holahan expressing concerns with the NRC's plans. Mr. Holahan called me shortly thereafter indicating a desire to arrange a meeting to explore my concerns. There have been no further contacts. Rather than waiting by the phone or the mailbox, UCS is preparing a series of reports detailing the very real hazards with risk-informed regulation.

Enforcement Program Initiatives

- The NRC's current enforcement policy allows a proposed civil penalty to be set aside if the licensee has not had a civil penalty within the prior two years. How then does a wayward licensee get the first civil penalty?
- Regulations provide for a civil penalty of up to \$110,000 per violation per day. Yet, violations are all-too-often grouped together to provide licensees with a volume discount. In addition, the per day component is very, very, very seldom invoked even when the NRC knows that violations existed for weeks, months, years, and sometimes decades. The NRC staff should explain why it seldom applies the per day component to civil penalty assessments.

License Renewal

- Prior changes to the NRC's license renewal rule and regulatory policies have virtually guaranteed that all applications will be approved. These changes totally eliminated meaningful public involvement in the process and have narrowed the scope of the staff's review to render it useless.

The NRC should do the following for all license renewal applications:

1. Compare the plant's licensing bases to current safety regulations and justify all shortfalls.
2. Permit the public to have meaningful – not token – involvement in the process.

Comments on the NRC Staff's 10/30/98 Response to the Tasking Memorandum

Improved Standard Technical Specifications

- Many plants have already adopted the Improved Standard Technical Specifications, which reduced the number of Limiting Conditions of Operations by $\approx 40\%$. It would seem logical that these plants would therefore submit $\approx 40\%$ fewer license amendment requests, all other things being equal. Yet, the volume of license amendment requests, and resulting burden on the NRC staff, seems to have remained the same, if not slightly higher than before. The NRC staff should determine why the change to Improved Standard Technical Specifications has not reduced their burden in handling license amendment requests.

Generic Communications

- The NRC has two routes for addressing generic safety problems. One route is a wide, paved superhighway that the NRC uses in response to actual industry events (e.g., the Dresden 1 service water pipe rupture and the Surry erosion/corrosion fatality event). The NRC reviews the event and issues appropriate generic communications outlining necessary actions to be taken by licensees. This process is relatively swift and efficient. The other route is a narrow, winding, bumpy, dirt lane that the NRC uses for potential problems (e.g., Thermo-lag, Rosemont and condensate pot level transmitters, and the Susquehanna spent fuel pool issues). The NRC brings in the National Labs and industry owners groups to study, explore, examine, benchmark, classify, ponder, and everything else except resolve the concerns.

The pace, depth, and scope of the NRC's actions related to generic safety issues should not be so dependent on whether it has already happened. Instead, risk should dictate the response.

2.206 Petition Process

- The staff's 10/30/98 update to the tasking memorandum indicates that stakeholder feedback on the process will be obtained by 12/98. To help the staff meet that goal, I'll submit my feedback now – the current 2.206 process is badly broken and needs massive repairs, not mere band-aid fixes. The current process does not meet the needs of the staff, its licensees, or the public.

Application of the Backfit Rule

- Each of the 103 currently operating nuclear power plants (104 if Browns Ferry Unit 1 counts) has a unique design and licensing bases. According to both NRC staffers and NEI representatives, the Individual Plant Examinations submitted by licensees were performed to different criteria and guidance with wide ranging sophistication. It thus appears a strong possibility, if not an outright certainty, that movement to risk-informed regulation could further diffuse the regulatory oversight picture. If so, it would complicate the NRC staff's ability to apply generic backfits. Plant-specific backfits would not be affected, but it would be a huge burden for the staff to accurately assess the impact of a proposed backfit on 103(4) uniquely licensed facilities which have made varied progress towards risk-informed regulation using wide ranging PRA methods. The NRC should determine how to meaningfully conduct generic backfits before moving too far towards risk-informed regulations.

Comments on the NRC Staff's 10/30/98 Response to the Tasking Memorandum

Reorganization – Restructuring Line Organization

- ❑ The Office of Investigations should be eliminated as soon as possible and its functions relocated to the Office of the Inspector General.
- ❑ The NRC appears to be in a constant state of reorganization. A high percentage of NRC supervisors and managers are Acting. In our dealings with the agency, we almost always encounter staff turn-over on issues about every six months. The NRC should examine whether "musical chairs," while a fun game, is an effective management process.
- ❑ The NRC has problems with inconsistent implementation of processes. It appears that the NRC organization promotes, rather than minimizes, inconsistency. For example, it is not clear why the Office of Nuclear Reactor Regulation is organized to essentially match the geographical divisions of the regional offices. It would seem to make more sense to align the NRR Project Managers by reactor type (e.g., all the BWR/6 or ice condenser plants being in the same directorate) than by region.

Increased Employee Involvement

- ❑ Nuclear utilities are required to have operational experience review programs to ensure that lessons learned at other facilities are reviewed for applicability at their plants. Those programs contain features which disseminate relevant information to plant workers.

It is my impression that the NRC lacks a comparable program to inform staffers about relevant information. NRC staffers appear to be so compartmentalized that they have very little awareness of problems and events outside of their assigned plant or issue. "Tunnel vision" within the NRC must be reduced for the same reason that it was reduced by the industry back in the early 1980s. The NRC must improve the dissemination of nuclear industry information to its regulatory staff.

License Transfers

- ❑ During the Senate oversight hearing, the 4½-year period it took the NRC to review and approve the Vogtle license transfer was questioned. The more than 5-year period it took the NRC to review the employee concerns issues that were indivisibly linked to that license transfer was overlooked. The NRC took too long in both cases.
- ❑ The NRC's evaluation for license transfers must be broadened to consider any financial incentives which might put electricity generation ahead of safety. For example, there are rumors that Pilgrim's new owners could receive a performance award greater than their purchase price of the facility if the plant operates at or about two-thirds capacity for three years. The NRC has formally discouraged such performance incentives and should examine license transfer applications carefully to ensure that any such provisions do not represent an undue challenge to safety.

Comments on the NRC Staff's 10/30/98 Response to the Tasking Memorandum

Use of Informal Adjudicatory Procedures

- In June 1998, UCS formally acknowledged that the Commission had been fair and open in its consideration of public views on the Millstone Unit 3 restart process. That acknowledgement does not in any way imply that UCS felt that the entire Millstone Unit 3 restart process was adequate. In fact, UCS feels that process was an injustice which the NRC should never again impose on the American public. The NRC's Special Projects Office for Millstone did an extremely poor job of verifying that the facility was ready for restart. In addition, the Millstone SPO's interfaces with the public left much to be desired.

The ongoing restart process for D C Cook is at the other end of the spectrum. The NRC staff is doing an extremely good job of ensuring that the facility will not be restarted until it is ready to do so safely. The NRC staff 's interfaces with the public could hardly be better.

Informal adjudicatory procedures are only beneficial when they permit injustices, such as that perpetuated by the Millstone SPO, to be remedied before the subject decision is made.

Comments on the NRC's tasking memorandum on regulatory reform

Jill Lipoti, Ph.D.,
Assistant Director
New Jersey Department of
Environmental Protection

State Perspective

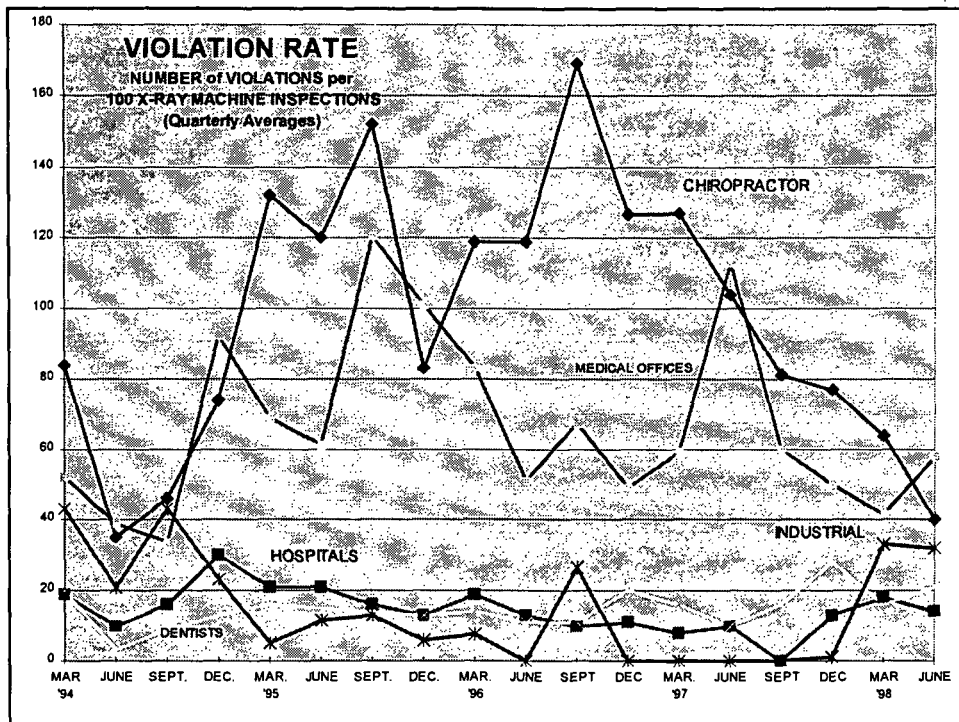
- Emergency Planning
 - emphasis on responding to things that went wrong
 - prefer prevention
 - need to examine licensee processes
 - comment on NRC regulatory control
- Limited resources at federal and state level
 - Use of PRA and IPE essential for prioritization

Regulator's Perspective

- State has inspection/ enforcement programs
 - x-ray machines, NARM facilities, radon businesses, RF sources
- State has limited resources
- How do we cope?

Prioritize

- According to PRA, priority inspections are:
 - High exposure potential (fluoroscopy)
 - High population exposure (hospital)
- Reality - hospitals have QA programs, identify and correct problems before the inspection
- Reality - small medical and chiropractor offices have the most violations
- Inspect where the inspection will do the most good



State Performance Indicators

- State priorities are off site
 - Exercise assessments (from FEMA or self-assessment)
 - Non-degradation of environment
 - 1400 samples - air, water, biota,
 - TLDs
 - real-time Reuter-Stokes
- NRC has emphasis on partnering, but they terminated the cooperative agreements with states due to resource constraints
- What are your off-site environmental indicators?

Guiding Principles for NJ

- Continuous quality improvements
- Effective partnerships
- Innovative management strategies
- Enhanced scientific assessments of data by using indicators to reflect conditions, trends, and results
- Linkages among causes, conditions, and effectiveness of management strategies

Plant-specific licensing issues

- Where is the report on lessons learned so that future staff reviews can be faster, more predictable?
- Where are your performance indicators?
- Emphasis on objective performance indicators
 - allows creativity in the review process so that the bottom line becomes important, not the process checklist

Risk Informed Baseline Inspection Program

- Lacks outside comment after draft developed
- Fast track implementation
 - Can you identify if a facility is in a downward trend and needs additional inspection resources?
 - Not easy to detect - requires creativity - does the process allow for that?
- Good emphasis on team approach
 - Need to continue to involve outside comments
 - Involve the State Liaison Officers

Inspection Program (continued)

- Examples of power plant systems that are not high on the risk ranking, but which are extremely important to states due to off-site responsibilities
 - Radiation Monitoring System
 - Emergency Preparedness
- Training very important
 - Have to influence inspectors to wake up and do something different than they did before

Enforcement Program Initiatives

- Whether or not you set the number of enforcement actions as a performance indicator - you will be judged by that number.
- NJ experience - Governor's record on the environment was based on # FTE in the agency and # enforcement actions
- More effective Field Notice of Violation
 - 30 days to compliance and no fine - 76% compliance
- Old Administrative orders
 - 90 days to compliance - 63% compliance
- Your report card will be in the media

Performance Assessment - Performance indicators

- Contractor develop indicators - 11/98
- Industry propose indicators - 6/99
 - Whose indicators will be used?
 - Comments will be valuable on the draft
- Performance indicator should be a predictor of long term performance
- Periodicity of these Stakeholder meetings - suggest between 3/99 and 6/99 need another meeting

Generic communications

- Parochial input
- Industry view and NRC self-assessment
- Who else reads these and uses the generic letters?
 - States - SLOs
 - Where is their input?

CAL

- Needs standardization
 - CAL for Salem restart
 - CAL for TMI Emergency planning
- Different levels of seriousness
- Should not trivialize the use of the CAL

NRC organization and structure

- Misses the current trend in management
 - Trend toward postmodern management
 - Deconstruction of the bureaucracy
 - Emphasis on creativity
- Reliance on partnerships (limited)
- Indicators to reflect conditions, trends, and results
 - How do you propose to improve public understanding of issues?

What does your new culture look like?

Decommissioning

- Largest gap in your plan
 - Need critical shift in thinking - clean up issue
 - Need stakeholders for just this issue
 - State - EPA - NRC
- Example: shutdown emergency preparedness rule
 - private meetings of NRC and NEI
- MARSSIM is a good product based on collaboration
- Continuum -
 - operations - shutdown - decommissioning
- Proactive assignment of project manager to Oyster Creek

Event Reporting

- Tabletop exercise, involving who?
- Emphasis should not be on reporting less
 - report things that matter
 - report to the people who need to know
 - if missed surveillance is not reportable - how does a state know that the emergency equipment will be functional if needed
 - RMS included on maintenance rule - people outside the fence want to know about the ability to monitor a release to the environment
- Failure report is too late

KI

- good process - involve partners
- States, AL, TN, AZ
- CRCPD Committee E-6
- FDA
- EPA
- FEMA

Plan Sufficient?

- Accountability good - dates, people
- Responsive to Congressional requests
- Is it at the expense of a thoughtful process
 - Are you too busy with the checklist to think of the agency as a whole?
- Why is it outside the normal management process?
- Missed some good issues like EP and RMS

Successful Completion of plan?

- Should be no completion
- Should be part of a continual improvement process
- Should be a living document

NRC in the long term


- The plan responded to the Congressional hearings
- Missed the big issues, e.g.,
 - So you approve 6 types of Multipurpose Canisters
 - That doesn't solve the problem of spent fuel stored at 100 locations and no permanent waste disposal facility
- Time to revisit the Direction Setting Issue papers - reconsider involvement in big picture issues
- Didn't anticipate the quantity of plants that are shutting down and decommissioning early
- Time to revisit your trending data - place more emphasis on the transition to decommissioning



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 30, 1998

MEMORANDUM TO: Chairman Jackson

FROM: William D. Travers 
Executive Director for Operations

SUBJECT: UPDATE TO STAFF RESPONSE TO TASKING MEMORANDUM
AND STAKEHOLDER CONCERNS

Attached for your information is the staff's second update to the plan of short- and long-term actions to respond to selected issues raised during the July 30, 1998 hearing before the Senate Subcommittee on Clean Air and Wetlands, Private Property, and Nuclear Safety and the July 17, 1998 Commission meeting with stakeholders.

The plan's organization continues to follow the outline previously utilized. Explanations for the changes are provided in the associated remarks. Additions and changes to the October 7, 1998 update are marked in redline and strike out.

Overall, the staff continues to meet scheduled milestones. Since the initial response to the tasking memorandum there has been considerable progress towards completion of program milestones and initiatives as evidenced by the issuance of improved standard Technical Specifications for McGuire and Catawba, completion of several plant-specific risk informed licensing actions, issuance of the final design approval for AP-600, and publication of the proposed 10 CFR 50.59 rule change for public comment.

Most importantly, the agency has conducted numerous public meetings and workshops with stakeholders to obtain their views and refine the plans for accomplishing the assigned tasks. Although the progress in many areas has been promising, close management oversight continues to be required to ensure that potential obstacles to achieving the desired changes are identified and resolved in an efficient and timely manner.

The staff intends to schedule a Commission meeting through the agenda planning process to discuss selected tasking memorandum items. The next update will be provided to the Commission the first week of December 1998.

Attachment: As stated

cc: Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield
OGC
CFO
CIO
SECY

Distribution: via e-mail

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 EDO Staff
 EDO R/F
 DEDR R/F

October 30, 1998

MEMORANDUM TO: Chairman Jackson

FROM: William D. Travers **Original Signed by William D. Travers**
Executive Director for Operations

SUBJECT: UPDATE TO STAFF RESPONSE TO TASKING MEMORANDUM
AND STAKEHOLDER CONCERNS

Attached for your information is the staff's second update to the plan of short- and long-term actions to respond to selected issues raised during the July 30, 1998 hearing before the Senate Subcommittee on Clean Air and Wetlands, Private Property, and Nuclear Safety and the July 17, 1998 Commission meeting with stakeholders.

The plan's organization continues to follow the outline previously utilized. Explanations for the changes are provided in the associated remarks. Additions and changes to the October 7, 1998 update are marked in redline and strike out.

Overall, the staff continues to meet scheduled milestones. Since the initial response to the tasking memorandum there has been considerable progress towards completion of program milestones and initiatives as evidenced by the issuance of improved standard Technical Specifications for McGuire and Catawba, completion of several plant-specific risk informed licensing actions, issuance of the final design approval for AP-600, and publication of the proposed 10 CFR 50.59 rule change for public comment.

Most importantly, the agency has conducted numerous public meetings and workshops with stakeholders to obtain their views and refine the plans for accomplishing the assigned tasks. Although the progress in many areas has been promising, close management oversight continues to be required to ensure that potential obstacles to achieving the desired changes are identified and resolved in an efficient and timely manner.

The staff intends to schedule a Commission meeting through the agenda planning process to discuss selected tasking memorandum items. The next update will be provided to the Commission the first week of December 1998.

Attachment: As stated

cc: Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield
OGC
CFO
CIO
SECY

Distribution:
See page 2

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STAFF RESPONSE TO TASKING MEMORANDUM AND STAKEHOLDER CONCERNS

as of October 30, 1998

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I. TOPIC AREA: Risk-Informed and Performance-Based Regulation

SES Managers: Gary Holahan, Director, DSSA/NRR and Thomas King, Director, DST/RES

A. Specific Issue: Evaluation of Industry Proposals and Rulemaking

Objective: The objectives are enhancing safety decisions, efficiently utilizing NRC resources, reducing unnecessary conservatism, as well as soliciting industry insights.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Conduct Licensing workshop to discuss streamlining the review process for risk-informed (RI) applications	7/22/98C	G. Kelly, DSSA
2. Conduct Periodic PRA Steering Committee Meetings	8/20/98C (Monthly)	T. King, RES/DSSA
3. Establish agreement with industry on formation of industry PRA steering committee to interface with NRC Steering Committee and an industry licensing panel to interface with the NRC RI Licensing Panel.	8/98C	T. King, RES
4. Meet w/South Texas Project on industry perspective to develop lessons learned	9/15/98C	G. Kelly, DSSA
5. Follow-up to licensing workshop w/UCS/NEI to discuss review process for RI applications	TBD 11/98	M. Caruso, DSSA
6. Conduct discussions with ACRS on risk-informed, performance-based Regulation initiatives	8/26/98C 9/24/98C 9/30/98C 10/29/98C 11/19/98 12/3/98	R. Barrett, DSSA/ M. Cunningham, RES
7. Meet with ACRS Subcommittee and request ACRS letter on views and recommendations for staff options paper	9/24/98C	R. Barrett, DSSA
8. DSI-13 Role of Industry stakeholder meeting	9/1/98 C	J. Craig, RES
9. Reach agreement with NEI on scope, schedule, approach and groundrules for NEI Whole Plant Study (tasks 1-6)	Sub- sumed in 10 (see note)	M. Drouin, RES
10a. Conduct public meeting to discuss options for modifying Part 50 to be risk-informed.	10/27- 28/98C	G. Holahan, DSSA T. King, RES

PRIOR TO JANUARY 28, 1999		
10b. Issue paper to Commission identifying options on modifying Part 50 to be risk-informed (including the use of the term-"safety" and backfitting implications) (9800152) (NRR)	11/98	R. Barrett, DSSA/ M. Cunningham, RES
11. Issue safety evaluation on WOG ISI topical report	01/99	S. Ali, DE NRR
12. Meeting on NEI pilot plant preliminary risk results	Sub- sumed in 10 (see note)	M. Drouin, RES

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
13. Workshop on insights from NEI Whole plant study risk results and options for using them to enhance risk-informed regulation	Sub- sumed in 10 (see note)	M. Drouin, RES
14. Develop Rulemaking Commission paper based on Commission response to options paper (9800154) (NRR)	TBD	R. Barrett, DSSA/ M. Cunningham, RES
15. Issue safety evaluation on EPRI ISI topical report	TBD	S. Ali, DE NRR

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
16. Endorse ASME RI-ISI code cases via Regulatory Guide 1.147, contingent upon ASME completing code case by 6/31/99. 12/31/99.	3/00 9/00	D. Jackson, RES S. Ali, DE, NRR

Comments

2. Committee meets approximately monthly. Last meeting 10/1/98. Charter includes:

- Coordination of inter-office PRA Implementation Plan activities
- Resolution of key issues
- Identification of new activities
- Interaction with public and industry

9, 12, 13. Pilots being treated as part of NEI option to be addressed in Milestone 10. Verbal agreement on this reached with NEI and pilot licensees at 9/15/98 public meeting.

10. Staff has developed new plan and schedule for identifying and evaluating options. Plan provides for interaction with the public, the nuclear industry, the ACRS, and the CRGR in the development and evaluation of options.

14. Schedule depends upon Commission response to options paper at Milestone 10.

10 and 14. Some items budgeted in DSSA, such as support for SMMs, use of PRA in generic issue resolution, events assessment (except for high risk events) participation in planned or reactive inspections, quarterly updating of PRA plan (9500047, RES) (move to annually), and IPE follow-up, may be deferred in order to meet the above schedules in developing an options paper. Work suggested to be dropped to support these milestones is the modification of Part 52 regarding use of PRAs beyond Design Certification. RES work on proposed revision to Safety Goal Policy will be deferred from 3/99 to 7/99. Status report on this effort will be deferred from 12/98 to 3/99. (9700262) (RES)

11 and 15. Risk-informed licensing panel (RILP) meetings are required.

15. Work has been delayed due to need for additional information from EPRI (RAI issued in June 1997). Staff continues to interact periodically with EPRI and will resume its efforts after staff receives responses to RAIs from EPRI. EPRI submitted topical prior to issuance of ISI Reg Guide and Standard Review Plan and as a result did not address certain risk issues or how the changes in program would impact risk.

16. The staff schedule to endorse ASME RI-ISI Code Cases via RG 1.147 was contingent upon ASME completing Code Cases by 6/31/99. The staff had a meeting with NEI and industry representatives on October 8, 1998. In that meeting, the ASME representatives informed the staff that the ASME plans to complete revisions of the RI-ISI Code by 12/99. Based on this, the staff schedule to endorse ASME RI-ISI Code Cases via RG 1.147 has been revised to 9/00.

Additional Activities: The Center for Strategic and International Studies (CSIS) is conducting a study of the NRC regulatory process. Chairman Jackson and Commissioner McGaffigan are members of the Steering Committee. Ashok Thadani is on the working group. This activity will involve several meetings over the next several months and the CSIS schedule calls for a final report by 4/15/99.

I. TOPIC AREA: Risk-Informed and Performance-Based Regulation

SES Manager: Gary Holahan, Director, DSSA/NRR

B. Specific Issue: Pilot Applications

Objective: The goal of the pilot programs is to complete first of a kind risk-informed licensing reviews such that lessons learned may be utilized for future staff reviews. The pilot applications have provided a forum for developing guidance documents for both the staff and the industry.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Risk-Informed Licensing Panel (RILP) Meetings - assists in focusing management attention, as necessary, to identify other pilots and ensure lessons learned are developed from pilots	Ongoing	G. Holahan, DSSA
2. Issue safety evaluation on Comanche Peak IST pilot	8/14/98C	D. Fischer, DE DSSA support
3. Issue safety evaluation for ANO-2 H ₂ monitoring	9/28/98 C	M. Snodderly, DSSA
4. Issue safety evaluation on Vermont Yankee ISI pilot	11/30/98	S. Ali, DE DSSA support
5. Issue safety evaluation on Surry ISI pilot	12/31/98	S. Ali, DE DSSA support
6. Issue safety evaluation on ANO-2 ISI pilot	12/31/98	S. Ali, DE DSSA support

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
7. Issue safety evaluation on SONGS H ₂ Recombiner	TBD	M. Snodderly, DSSA

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
78. Issue safety evaluation on ANO-1 ISI pilot	07/99	S. Ali, DE

Comments

All licensing actions dates are contingent upon timely, technically acceptable industry responses to staff inquiries.

3 The staff intends to follow up with the generic aspects of this issue (see I.C.12).
4, 5 and 6. Risk-informed Licensing Panel (RILP) meetings required.

I. TOPIC AREA: Risk-Informed and Performance-Based Regulation

SES Manager: Gary Holahan, Director, DSSA, NRR

C. Specific Issue: Plant-Specific Licensing Reviews

Objective: The use of probabilistic risk assessment in risk-informed decision making for changes to plant-specific licensing basis is intended to enhance safety decisions, efficiently utilize NRC resources and reduce unnecessary conservatism. The goal is to complete first of a kind risk-informed licensing reviews such that lessons learned may be utilized for future staff reviews.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Establish Lead PM for risk-informed licensing actions	Complete	R. Hall, DRPE
2. Risk-Informed Licensing Panel (RILP) Meetings - assists in focusing management attention, as necessary, on risk-informed licensing actions.	Ongoing	G. Holahan, DSSA
3. Issue safety evaluation on North Anna 1/2 EDG AOT extension	8/26/98 C	O. Chopra, DE DSSA support
4. Issue safety evaluation on Oyster Creek proposal on EDG online testing	9/8/98 C	O. Chopra, DE DSSA support
5. Issue safety evaluation on San Onofre 2/3 EDG AOT extension	9/9/98 C	O. Chopra, DE DSSA support
6. Issue Commission paper related to staff's evaluation of probabilistic assessment of "BWR Reactor Pressure Vessel Shell Weld Inspection Recommendations" (9700209) (NRR)	9/21/98 C	G. Carpenter, DE DSSA support
7. Issue safety evaluation for ANO-2 H ₂ monitoring	9/28/98 C	M. Snodderly, DSSA
8. Create special reporting mechanism in WISP for risk-informed licensing actions to facilitate monitoring and tracking	10/2/98 C	R. Hall, DRPE
9. Issue safety evaluation on safety injection tank AOT extension for 6 CEOG facilities	11/98 10/22/98C	E. Weiss, DSSA
10. Issue safety evaluation on Comanche Peak charging pump AOT extension	11/98	E. Weiss, DSSA
11. Issue safety evaluation on Pilgrim EDG AOT extension	12/98	O. Chopra, DE DSSA support

PRIOR TO JANUARY 28, 1999		
12. Issue relaxation on H₂ monitoring for other plants Notify licensees of the opportunity for confirmatory order on H ₂ monitoring.	12/98	R. Hall, ADPR/ DSSA

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
13. Issue safety evaluation on Sequoyah proposal on EDG AOT extension	06/99	O. Chopra, DE DSSA support
14. Issue reliefs from augmented examination requirements for various licensees on BWR reactor pressure vessel circumferential welds	06/99	G. Carpenter, DE
15. Issue safety evaluation on Browns Ferry 2/3 proposal on EDG AOT extension	06/99	O. Chopra, DE DSSA support

Comments

12. The issuance of a confirmatory order will be offered to licensees on a voluntary basis due to the varied hydrogen monitoring requirements placed on individual plants.

14. Contingent upon receipt of relief requests from licensees

14-15. Dates to be evaluated during prioritization of risk-informed licensing actions.

I. TOPIC AREA: Risk-Informed and Performance-Based Regulation

SES Manager: Gary Holahan, Director, DSSA, NRR and Thomas King, Director, DST/RES

D. Specific Issue: Guidance Documents

Objective: To provide guidance for the staff and the industry which will enhance consistency and provide a infrastructure for use in risk-informed regulation.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. NRC/Utility Workshop on Risk-Informed (RI) Regulation	07/22/98C	G. Kelly, DSSA
2. Communicate about process with Licensing counterparts from industry (NRC/Utility Licensing Workshop - memo issued summarizing items discussed at workshop)	08/17/98C	R. Barrett, DSSA
3. Issue ISI trial use RI RG/SRP to Commission (SECY 98-139)	06/11/98C	RES S. Ali, DE
4a Complete review of second draft of Phase 1 PRA standard	8/31/98C	M. Drouin, RES
4b. Paper to Commission on status of PRA standards development effort (9800041) (RES)	10/27/98C	M. Drouin, RES
4c. Phase 1 draft PRA standard submitted for ASME review and comment	11/98	M. Drouin, RES
4d. Phase 1 draft PRA standard issued for public comment	1/99	M. Drouin, RES
5. Revise NRR internal guidance to raise the priority of risk-informed licensing actions	10/1/98 C	D. Dorman, ADPR
6. Communicate revised priority to industry via PM/Licensing interaction	10/1/98C	R. Hall, ADPR
7. Communicate revised priority to industry via Administrative Letter	10/30/98 10/29/98C	R. Hall, ADPR
8. Issue interim NRR Technical Guidance on Implementation of Risk-Informed Regulation	10/30/98	G. Kelly, DSSA
9. Issue final GQA inspection procedure for use following implementation of South Texas GQA program	12/98	R. Gramm, DRCH

PRIOR TO JANUARY 28, 1999		
10. Integrate risk attributes into revised licensee performance assessment process (9700238) (NRR)	01/99	DISP P. Wilson G. Parry, DSSA

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
11. Initiate work on Phase 2 PRA draft standard	1/99	M. Drouin, RES

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
12. Phase 1 PRA standard comments received and final draft developed	4/99	M. Drouin, RES
13. Phase 1 PRA standard issued as final by ASME	6/99	M. Drouin, RES
14. Develop risk attributes for revising enforcement policies. Input to II.C.5. (9800155) (OE)	early CY99	OE G. Kelly, DSSA

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
15. First Phase 2 PRA standard developed	TBD	M. Drouin, RES
16. Completion of Phase 2 PRA standard	TBD	M. Drouin, RES

Comments

6. Originally due 9/98. PMs received internal guidance on 10/1/98 and are informing licensees accordingly.

9. Draft inspection procedure issued for comment by Regions 9/29/98. CRGR meeting scheduled for 12/9/98. RILP meeting required.

10. ACRS & Commission review and PRA Steering Committee meeting required. Public workshop completed 9/30/98.

14. ACRS & Commission review, a public workshop, and PRA Steering Committee meeting required.

4a-d, 11-13, 15,16. Phase 1 is a standard for full power operation, internal events only. Phase 2 is for external events and shutdown. Dates are tentative due to uncertainty associated with the number and nature of comments that may be received, the ASME review and approval process and the success of the working group in writing the Phase 2 standard. This is an ASME initiative and; therefore, the schedules are set by ASME.

II. Topic Area: Reactor Inspection and Enforcement

SES Manager: M. Johnson, Acting Chief, PIPB/DISP/NRR and J. Lieberman, Director, OE

A. Specific Issue: Risk Informed Baseline Inspection Program

Program Manager - ~~Jeffrey Jacobson~~ Cornelius Holden, NRR and John Flack, RES

Objective: To develop and implement a more risk informed, efficient, and effective baseline inspection program. By risk informed, it is meant that the inspection program's scope will be defined primarily by those areas that are significant from a risk perspective and that the inspection methods used to assess these areas will take advantage of both generic and plant specific risk insights.

Coordination: Issues II.A. "Risk Informed Baseline Inspection Program," II.B. "Enforcement Program Initiatives," II.C. "Escalated Enforcement Program," III.A. "Performance Assessment Process Improvements," and VI.G "Event Reporting Rulemaking," require close coordination and the integration of specific tasks by the NRC staff. Responsible project managers are coordinating these activities by assessing the impact of proposed program changes with the other ongoing activities and ensuring that the overall objectives for each project are achieved. Examples include, intra-project task force participation, workshop attendance, concurrent review of projects and periodic senior management briefings. In addition, industry-developed initiatives such as the NEI New Regulatory Oversight Process are being reviewed by all project groups and evaluated for impact.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Establish management oversight panel (performance assessment and risk informed inspection program)	9/24/98 C	C. Holden, DISP
2. Issue detailed plan and team charter	9/30/98 C	J. Jacobson, DISP
3. Brief Commission TA's	9/24/98 C	J. Jacobson, DISP
4. Select improvement team members	9/30/98 C	C. Holden, DISP J. Jacobson, DISP
5. Support NRR public workshop on soliciting input on approaches to risk-informed inspection (RES to present options at workshop).	9/28/98C	J. Flack, RES
6. Solicit input from stakeholders on scope of inspection at regulatory assessment public workshop, coordinating with issue III.A.	9/28-10/1/98C	J. Jacobson, DISP
7. Re-define core inspection program objectives based upon oversight concept	10/98	J. Jacobson, B. Mallett, DISP

PRIOR TO JANUARY 28, 1999		
7. Meet with ACRS to discuss workshop results	10/2/98 C	J. Jacobson, DISP
8. Prepare draft recommendations on core baseline inspection based on review of BWR and PWR PRA.	10/30/98	J. Flack, RES
9. Brief Commission on progress to date	11/2/98	B. Mallett, DISP
10. Discuss with ACRS subcommittee proposed scope and approach	11/98	J. Flack, RES J. Jacobson B. Mallett, DISP
11. Develop draft inspection program objectives	11/98	J. Flack, RES J. Jacobson B. Mallett, DISP
12. Develop Commission Paper proposing a risk-informed baseline inspection program (9800156) (NRR)	12/98	J. Jacobson , B. Mallett, DISP
13. Brief Commission TA's	12/98	J. Jacobson C. Holden, DISP
14. Communicate proposed changes to staff to obtain internal stakeholder feedback	12/98	C. Holden, DISP
15. Develop transition strategy	1/99	J. Jacobson, DISP C. Holden, DISP
16. Brief Commission on recommended program changes (9800156) (NRR)	1/99	J. Jacobson C. Holden, DISP

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
17. Begin drafting program changes and conduct training of staff	2/99	J. Jacobson C. Holden, DISP
18. Begin implementation of new core inspection program	3/99	J. Jacobson C. Holden, DISP

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
19. Complete transition to risk informed core inspection program	10/99	J. Jacobson C. Holden, DISP

Comments:

Status: All milestones are on track, there are no schedule changes, and no expected delays.

1. The establishment of a management oversight panel will ensure timely guidance on policy issues both prior to and during the development of the process. The oversight panel will also help to ensure organizational alignment and buy-in on the new process. The panel ~~should~~ includes representatives from key stakeholder groups within the agency, primarily NRR and the Regions.

3 and 13. ~~Briefings of the Commission TA's will be conducted~~ briefed at key milestones to help ensure organizational buy-in of the completed process. ~~Formal briefings of the full Commission will be briefed conducted~~ as part of a comprehensive briefing on the overall assessment process. These full Commission briefings are indicated on the action plan for Performance Assessment Process Improvements.

4. Improvement team members ~~should~~ include representatives from key internal stakeholder groups, primarily regional and resident inspectors.

6. The scope of the inspection program ~~is scheduled to be~~ was discussed during at the assessment process public workshop. During this workshop, the staff received feedback ~~will be solicited~~ from industry representatives as well as members of the general public. Also, the workshop results will be published and used to communicate to the staff the issues currently being considered in developing the new inspection program.

7. Original milestone 7 was deleted and subsumed in milestone 11 in order to develop objectives simultaneously. The inspection program objectives will be re-defined after agreement is reached on a redefined assessment process framework.

11-12. A team approach will be ~~utilized in assessing the current program and proposing changes~~ used to develop new inspection program objectives and draft the accompanying SECY paper. Included within the team will be a representative from the Office of Research, who will help in ensuring the new inspection program is risk informed.

14. An important part of the change management strategy for implementing the new inspection and assessment programs will be communication with the staff both during and after development.

15. "Change management" concerns should be addressed as part of developing the transition strategy.

17. Training of staff will include an overview of specific program changes as well as restatement of selected inspection fundamentals regarding interfaces with licensees.

Deferrals and Suspensions: SALP Program.

~~Upon Commission approval, the staff suspended SALP in a structured manner. Plant performance continues to be addressed by Plant Performance Reviews (PPRs). The resources to accommodate the accelerated efforts of the Tasking Memorandum pertaining to performance assessment, inspection, and enforcement will be derived from a combination of those efforts planned previously in these areas, staff redirection over the next year, and the resources derived from suspension of the SALP process. The expectation is that by January 1999 progress on the enhanced assessment process will be sufficient to determine whether the SALP process will be conducted in the future.~~

RES work assessing the effectiveness of the station blackout and anticipated transient without scram rules and generic safety issue A-45 (decay heat removal) will be deferred from 12/98 to 4/99. (9700346) (NRR)

II. Reactor Inspection and Enforcement

SES Manager: James Lieberman, Director, Office of Enforcement

B. Enforcement Program Initiatives

Issues/Lead Individual:

- 1) NRC-licensee documentation and disposition of non-risk significant violations
Mark Satorius
- 2) Severity Level IV violations
Mark Satorius
- 3) Industry Enforcement Process Proposals
Mark Satorius

Due to the manner that these three issues are linked, all are being considered under one Plan of Action.

Objective: Reduce unnecessary licensee burdens associated with responding to non-risk significant violations (Issues Nos. 1 and 2) utilizing initial stakeholder inputs and proposals and soliciting stakeholder feedback following implementation of Enforcement Program changes (Issue No.3), without losing the NRC's ability to detect licensee problems in a timely manner.

Coordination: Issues II.A. "Risk Informed Baseline Core Inspection Program," II.B. "Enforcement Program Initiatives," II.C. "Escalated Enforcement Program," III.A. "Performance Assessment Process Improvements," and VI.G "Event Reporting Rulemaking," require close coordination and the integration of specific tasks by the NRC staff. Responsible project managers are coordinating these activities by assessing the impact of proposed program changes with the other ongoing activities and ensuring that the overall objectives for each project are achieved. Examples include, intra-project task force participation, workshop attendance, concurrent review of projects and periodic senior management briefings. In addition, industry-developed initiatives such as the NEI New Regulatory Oversight Process are being reviewed by all project groups and evaluated for impact.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Implement an Enforcement Guidance Memorandum (EGM) to clarify guidance under the existing Enforcement Policy that provides licensees incentives to self-identify and correct problems in order to avoid the issuance of notices of violations.	EGM issued on 7/27/98C	M. Satorius
2. Monitor the success of EGM 98-006 on lessening the unnecessary burden to licensees by reducing the volume of Severity Level IV violations, including violations not cited and both those requiring and not requiring a response.	Begin 9/1/98 and continue	M. Satorius

PRIOR TO JANUARY 28, 1999		
3. Conduct a public meeting with stakeholders to solicit input on the manner that the Enforcement Policy may be revised.	9/3/98C	M. Satorius
4. Utilize previously received written inputs from external stakeholders that provides positions on the manner that the objectives should be accomplished.	9/18/98C	M. Satorius
5. Submit a Commission Paper incorporating the views of internal and external stakeholders that provides the Commission several options (and the staff's recommendation on the manner to achieve the objectives by proposing an Enforcement Policy change. (9800174) (OE)	10/23/98 11/2/98	M. Satorius
6. Commission approves staff Enforcement Policy revision and the Revised Policy is published in the Federal Register, with the message to stakeholders that six months after implementation of the Revised Policy, public meeting/workshops will be held for stakeholder feedback.	11/16/98	M. Satorius
7. Conduct Regional Enforcement Coordinator meeting/training on the Revised Enforcement Policy.	12/1/98	M. Satorius
8. Conduct video conferencing with Regional managers to outline the changes to the Enforcement Policy and provide agency expectations.	Week of 12/7/98	M. Satorius
9. Conduct training in the Regional offices, with a focus on agency expectations for the Revised Enforcement Policy. EDO/DEDE/DEDR provides senior management's expectations at the scheduled counterpart meetings attended by those individuals.	Late November- Early December 1998	M. Satorius
10. Implement revised Enforcement Policy.	30-days after the Policy is published in the Federal Register (assume 12/16/98)	M. Satorius

PRIOR TO JANUARY 28, 1999		
11. Evaluate inspection data to determine the extent of success that EGM 98-006 had in reducing burden to licensees. Provide this information to the Chairman for the Senate Hearing. (9800158) (OE)	12/16/98, and update until the time of the hearing	M. Satorius
12. Collect enforcement data following the implementation of the Revised Enforcement Policy, for later use in determining the success of the changes in accomplishing the objectives.	Begin 12/16/98, and continue	M. Satorius

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
13. Solicit feedback from regional management, the inspection staff, and headquarters staff on the successes or failures of the Revised Enforcement Policy.	Spring 1999	M. Satorius
14. Conduct public meetings/workshops with stakeholders, one in the Washington area and one in an area around a Region, to solicit feedback on the successes and shortcomings of the Revised Enforcement Policy.	6/16/99	M. Satorius

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
15. Assemble the collective views of the staff and stakeholders to determine whether the Revised Enforcement Policy has accomplished the objectives, or whether further staff action is needed. Submit Commission paper. (9800159) (OE)	9/1/99	M. Satorius

5. ~~Reflects SRM guidance.~~

6.-12. These dates may change, based on the date of final Commission approval of the staff's proposed changes to the Enforcement Policy.

II. Reactor Inspection and Enforcement

SES Manager: James Lieberman, Director, Office of Enforcement

C. Escalated Enforcement Program Initiatives - "Regulatory Significance"/Risk

Objective: Incorporate clearer risk-informed enforcement guidance in the treatment of escalated violations.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Conduct a public meeting with stakeholders to solicit input on the manner that risk should be incorporated into the Enforcement Policy	9/3/98C	M. Satorius, OE
2. Publish EGM to define interim enforcement process enhancements to enforcement involving "regulatory significance" through increased oversight and greater focus on safety	11/98	M. Satorius, OE
2. 3. Submit a Commission Paper that addresses the use of "regulatory significance." (9800069) (OE)	10/30/98 1/99	M. Satorius, OE

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
3 4. Develop risk-informed examples for inclusion in the supplements of the Enforcement Policy.	3/15/99	M. Satorius, OE
4 5. Discuss examples with stakeholders and solicit feedback	3/29/99	M. Satorius, OE
5 6. Submit a Commission Paper utilizing the input from issue I.D.14 and the examples developed above to revise the Enforcement Policy. (9800155) (OE)	5/1/99	M. Satorius, OE

Comments:

2. Added milestone for publishing EGM.

~~3.~~ ~~2.~~ Following Commission action on Milestone 2 the staff will proceed with the implementation actions discussed in Specific Issue II.B. This effort has been integrated into the performance assessment process improvements. It will be rescheduled following further development of the assessment model.

~~3-5~~ 4-6. Input will be provided by NRR and RES.

III. Topic Area: Reactor Licensee Performance Assessment

SES Manager: M. Johnson, Acting Chief, PIPB/DISP/NRR

A. Specific Issue: Performance Assessment Process Improvements (IRAP, Industry's Proposal, and Performance Indicators)

Program Manager: David Gamberoni

Objective: The objective of this task is to develop and implement improvements to the NRC plant performance assessment process to make it more risk-informed, efficient, and effective while combining the best attributes of the IRAP effort, the regulatory oversight approach proposed by NEI, and the staff efforts designed to develop risk-informed performance indicators.

Coordination: Issues II.A. "Risk Informed Baseline Inspection Program," II.B. "Enforcement Program Initiatives," II.C. "Escalated Enforcement Program," III.A. "Performance Assessment Process Improvements," and VI.G "Event Reporting Rulemaking," require close coordination and the integration of specific tasks by the NRC staff. Responsible project managers are coordinating these activities by assessing the impact of proposed program changes with the other ongoing activities and ensuring that the overall objectives for each project are achieved. Examples include, intra-project task force participation, workshop attendance, concurrent review of projects and periodic senior management briefings. In addition, industry-developed initiatives such as the NEI New Regulatory Oversight Process are being reviewed by all project groups and evaluated for impact.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Transition to an annual senior management meeting	6/30/98C	J. Isom, DISP
2. Review and discuss with NEI their proposed assessment process	8/14/98C	D. Gamberoni, DISP
3. Suspend SALP upon Commission approval	9/15/98C	T. Boyce, DISP
4. Hold public workshop to obtain external stakeholder input	9/98 10/1/98C	T. Frye, DISP D. Gamberoni, DISP
5. Research to provide risk insights on oversight framework (corner stones)	9/98 10/1/98C	M. Cunningham, RES
6. End of public comment period for performance assessment process improvement which began on 8/7/98.	10/6/98C	T. Frye, DISP
7. Brief ACRS to obtain their input	10/2/98C	M. Johnson, DISP

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
8. Brief Commission on results of public comments	10/98 11/98	M. Johnson, DISP
9. AEOD Awards contract for risk-based performance indicator development.	11/98	T. Wolf, AEOD
10. Hold regional and headquarters meetings to obtain internal stakeholder input	11/98	M. Johnson, DISP
11. Brief ACRS to obtain their input	11/98 12/98	M. Johnson, DISP
12. Research to provide recommendations on formulation of a risk-informed assessment and inspection concept.	Ongoing 12/98	M. Cunningham, RES
13. Brief Commission TAs	12/98	M. Johnson, DISP
14. Provide results of review of public comments and recommendation for changes to the assessment process to the Commission. Submit Commission paper. (9700238) (NRR)	1/99	M. Johnson, DISP
15. Brief Commission on recommendations (9700238) (NRR)	1/99	M. Johnson, DISP

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
16. Obtain Commission approval for implementation of recommended changes	3/99	M. Johnson, DISP
17. Obtain Industry approval to make public the data used in Industry's proposed Indicators for monitoring plant performance. Begin phase out of current Performance Indicator Program.	6/99	T. Wolf, AEOD
18. Complete development of implementation plan. Start phase-in of the revised assessment process.	6/99	M. Johnson, DISP
19. Begin trial application of risk-based performance indicators.	6/99	T. Wolf, AEOD

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
20. Complete trial application, brief Commission, and publish candidate risk-based indicators for public comment. (9800160) (AEOD)	11/99	T. Wolf, AEOD
21. Publish last Performance Indicator Report using current PIs	1/00	T. Wolf, AEOD
22. Hold public workshop on candidate risk-based performance indicators.	2/00	T. Wolf, AEOD
23. Complete phase-in of the revised assessment process	6/00	M. Johnson, DISP
24. Brief commission on proposed risk-based performance indicators developed cooperatively by NRC and industry (9800161) (AEOD)	10/00	T. Wolf, AEOD
25. Implement Commission approved risk-based performance indicators developed cooperatively by NRC and industry	1/01	T. Wolf, AEOD M. Johnson, DISP
26. Complete evaluation of implementation and effectiveness of the revised assessment process	6/01	M. Johnson, DISP

Comments:

Status: All milestones are on track, there are no schedule changes, and there are no expected delays.

9. Responsibility would shift to RES upon reorganization.

11. An ACRS subcommittee brief will be conducted in November; however, the entire ACRS will not be briefed until December.

Deferrals and Suspensions: SALP Program

~~Upon Commission approval, the staff suspended SALP in a structured manner. Plant performance continues to be addressed by plant performance reviews (PPRs). The resources to accommodate the accelerated efforts of the Tasking Memorandum pertaining to inspection, enforcement and performance assessment will be derived from a combination of those efforts planned previously in these areas, staff redirection over the next year, and the resources derived from suspension of the SALP process. The expectation is that by January, 1999 progress on the enhanced assessment process will be sufficient to determine whether the SALP process will be conducted in the future.~~

~~The Agency intends to use the proposed industry performance indicators in the assessment of plant performance to the maximum extent possible. Their impact on the regulatory process will depend on their ability to provide information needed to assure that key safety "cornerstones" are being met. A phased approach is envisioned wherein consensus on the "cornerstones" and the attributes of indicators will be reached. The proposed industry indicators will be used accordingly and the current NRC Performance Indicators will be phased out. In parallel, the~~

~~agency will work with industry and other stakeholders to develop a more comprehensive set of risk-based performance indicators to more directly assess plant performance relative to the "cornerstones". These risk-based indicators will be phased in as part of an evolutionary approach to increasing the risk-informed, performance based nature of regulation.~~

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Chris Grimes, Director, PDLR/DRPM/NRR

A. Specific Issue: License Renewal (includes Calvert Cliffs, Oconee and Generic Process Improvements)

Objective: Demonstrate that license renewal applications submitted under 10 CFR Parts 54 & 51 can be reviewed effectively, efficiently and promptly.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Maintain Calvert Cliffs and Oconee schedules	Ongoing	C. Grimes, DRPM
2. Conduct bi-monthly meetings with license renewal applicants	bimonthly	C. Grimes, DRPM
3. Issued Policy Statement "Conduct of Adjudicatory Proceedings" Issued 63 FR 41, 872 (8/5/98)	7/28/98C	OGC
4. Issued case specific order- Calvert Cliffs	8/19/98C	OGC
5. Steering Committee meeting with NEI Working Group	6/18/98C 8/20/98C	C. Grimes, DRPM
6. ACRS subcommittee meeting on renewal process	7/16/98C	C. Grimes, DRPM
7. Agree on generic issue inventory/priority with NEI	9/98C	C. Grimes, DRPM
8. Increased emphasis on renewal with EC and LRSC	Ongoing	C. Grimes, DRPM
9. Staff complete technical RAIs - Calvert Cliffs	9/7/98C	C. Grimes, DRPM
10. Staff complete environmental RAIs - Calvert Cliffs	9/28/98C	C. Grimes, DRPM
11. ACRS subcommittee briefing on renewal activities	11/18/98	C. Grimes, DRPM
12. Staff complete technical RAIs - Oconee	12/4/98	C. Grimes, DRPM
13. Staff complete environmental RAIs - Oconee	1/3/99	C. Grimes, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
14. Issue Draft Environmental Statement for comment - Calvert Cliffs	3/6/99	C. Grimes, DRPM
15. Complete Safety Evaluation Report (SER) and identify open items - Calvert Cliffs	3/21/99	C. Grimes, DRPM
16. ACRS subcommittee meeting on Calvert Cliffs SER and open items	4/99	C. Grimes, DRPM
17. ACRS full committee meeting on Calvert Cliffs SER and open items	5/99	C. Grimes, DRPM
18. Issue Draft Environmental Statement - Oconee	6/2/99	C. Grimes, DRPM
19. Complete SER and identify open items - Oconee	6/17/99	C. Grimes, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
20. ACRS subcommittee meeting on Oconee SER and open items	7/99	C. Grimes, DRPM
21. ACRS full committee meeting on Oconee SER and open items	9/99	C. Grimes, DRPM
22. Issue Supplemental SER and Final Environmental Statement - Calvert Cliffs	11/16/99	C. Grimes, DRPM
23. ACRS subcommittee meeting on Calvert Cliffs Supplemental SER	1/00	C. Grimes, DRPM
24. ACRS full committee meeting on Calvert Cliffs Supplemental SER	2/00	C. Grimes, DRPM
25. Issue Supplemental SER and Final Environmental Statement - Oconee	2/12/00	C. Grimes, DRPM
26. ACRS subcommittee meeting on Oconee Supplemental SER	3/00	C. Grimes, DRPM
27. ACRS full committee meeting on Oconee Supplemental SER	5/00	C. Grimes, DRPM
28. Complete staff review of initial applications within 30-36 months	Ongoing	C. Grimes, DRPM

BEYOND JUNE 30, 1999		
29. Hearing (if request granted)	Per Comm. Sched.	

Comments:

1. Commission approves detailed license renewal schedules in terms of significant review milestones that will be included in the Operating Plan and monitored for Congressional reports.
- 6 & 7. Steering Committee meetings with industry and ACRS subcommittee meetings with staff will continue periodically to ensure effective resolution of technical and process issues. The Steering Committee will periodically report progress to the Executive Council in accordance with the memo to Chairman Jackson dated 3/6/98.
19. Next (third) application expected by late 1999.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Jack Roe, Acting Director, DRPM/NRR

B. Specific Issue: 50.59 Rulemaking

Objective: To provide clarity and flexibility in existing requirements

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue SECY 98-171 providing proposed revisions to 10CFR50.59 for Commission review and approval	7/10/98C	E. McKenna, DRPM
2. Issue COMSECY 98-013 forwarding staff response to issues raised in SRM on SECY 97-205 (3/24/98)	5/27/98 C	E. McKenna, DRPM
3. Conduct meeting with industry/public to solicit views on options for making 50.59 risk-informed	8/24/98C	M. Drouin, RES
4. ACRS Subcommittee Meeting	10/98 9/24/98C	M. Drouin, RES
5. Issue proposed rule changes on 10CFR50.59 for public comment	10/98 10/21/98C	E. McKenna, DRPM
6. Trial application of actual 50.59 test cases to assess options	10/30/98C	M. Drouin, RES
87. Draft Options paper to ACRS and provide copy to Commission	11/15/98 11/20/98	M. Drouin, RES
98. ACRS Full Committee	12/98	M. Drouin, RES
109. Report to NRR on options and recommendations	12/15/98	M. Drouin, RES
710. End of public comment period	12/21/98	E. McKenna, DRPM
11. Resolve issues identified during comment period	1/99	E. McKenna, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
12. Final report to NRR with recommendations	2/99	M. Drouin, RES
1213. ACRS and CRGR review of final rulemaking package	2/99	E. McKenna, DRPM

THROUGH JUNE 30, 1999		
1314. Issue paper containing final 10CFR50.59 rule to the Commission (9700191) (NRR) and provide recommendation on scope of 10 CFR 50.59 (9800044)(NRR)	2/99	E. McKenna, DRPM
1415. Publish final rule change 10CFR50.59	4/99	E. McKenna, DRPM

Comments:

3, 4,6-9, 12. RES assessing options and recommending approach to make 50.59 risk-informed. New milestones and schedules (7 and 12) revised to allow consideration of public comments on proposed rule and of progress on related effort to develop options for making Part 50 more risk-informed (Task I.A.10).

5. SRM issued 9/26/98 9/25/98. Notice published on 10/21/98 for 60 days. NMSS/SFPO is working in conjunction with NRR to modify 10 CFR 72.48 which is comparable to 10 CFR 50.59 (Contact: W. Kane)

~~4, 10-11,13-15. These milestone changes reflect the deliberations occurring at the Commission on policy issues.~~

Deferrals:

The start of RES work on low power and shutdown risk will be deferred from 10/98 to 1/99. (9800039) (RES)

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Dave Matthews, Deputy Director, DRPM, NRR

C. Specific Issue: FSAR Update Guidance

Objective: To provide consistent guidance on information to be contained in FSAR

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Submit SECY 98-087 to Commission which contains proposed guidance on information to be contained in FSAR	4/20/98C	T. Bergman, DRPM
2. SRM/SECY 98-087 directs staff to work with industry to resolve issues and endorse industry guidance	6/30/98C	T. Bergman, DRPM
3. Issue staff comments on NEI 98-03 dated 7/8/98	9/1/98C	T. Bergman, DRPM
4. Receive revised NEI 98-03 (Final Draft Rev. 0)	9/30/98C	T. Bergman, DRPM
5. Resolve final staff comments Issue staff comments on Final Draft Rev. 0	early Nov. 1998 10/8/98C	T. Bergman, DRPM
6. Receive Rev 0 of NEI 98-03 for endorsement	10/30/98	T. Bergman, DRPM
67. ACRS and CRGR review of SECY and draft regulatory guide which that endorses industry guidance	early late Nov. 1998	T. Bergman, DRPM
78. Submit paper with draft regulatory guide to Commission (9700198) (NRR)	12/31/98	T. Bergman, DRPM
89. Publish draft regulatory guide endorsing NEI 98-03 for comment (60 days)	1/28/99	T. Bergman, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
910. Resolve issues identified during public comment period	5/30/99	T. Bergman, DRPM

THROUGH JUNE 30, 1999		
1140. ACRS and CRGR review of SECY and final regulatory guide	early June 1999	T. Bergman, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
1244. Submit paper and final regulatory guide to Commission (9700198) (NRR)	8/1/99	T. Bergman, DRPM

Comments:

1. If closure can be reached with NEI, a regulatory guide will be the product; if not, a generic letter will be used.
4. NEI submitted a Final Draft for staff comment in lieu of Rev. 0 for endorsement as earlier planned.
5. Staff provided comments on Final Draft Rev. 0 of NEI 98-03.
6. New milestone; reflects need for additional round of comments.
7. ACRS has deferred its review until after the public comment period. An editorial change was made to indicate that the CRGR will only review the draft reg guide.
78. Reflects SRM guidance.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Dave Matthews, Deputy Director, DRPM/NRR

D. Specific Issue: Define Design Basis

Objective: To provide a clear definition of what constitutes design bases information.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. NEI submits 97-04 for information	10/8/97C	S. Magruder, DRPM
2. SRM/SECY 97-205 directs staff to continue to develop guidance regarding design bases issues	3/24/98C	S. Magruder, DRPM
3. Issue preliminary staff comments on NEI 97-04	8/18/98C	S. Magruder, DRPM
4. Meet with NEI to discuss staff comments on NEI 97-04	9/18/98C	S. Magruder, DRPM
5. NEI submits revised NEI 97-04 for review and endorsement	early Dec. 1998	S. Magruder, DRPM
6. Resolve final staff comments	late Jan. 1999	S. Magruder, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
7. ACRS and CRGR review of SECY and draft regulatory guide that endorses NEI 97-04	early Feb. 1999	S. Magruder, DRPM
8. Submit paper with draft regulatory guide to Commission (9800044) (NRR)	2/26/99	S. Magruder, DRPM
9. Publish draft regulatory guide for public comment (60 days)	3/19/99	S. Magruder, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
10. Resolve issues identified during public comment period	7/19/99	S. Magruder, DRPM
11. ACRS and CRGR review of paper and final regulatory guide	early Aug. 1999	S. Magruder, DRPM
12. Submit paper and final regulatory guide that endorses NEI 97-04 to Commission (9800044) (NRR)	10/1/99	S. Magruder, DRPM

Comments:

5. a. Schedule depends on NEI review of staff comments and willingness to submit NEI 97-04 for staff endorsement.

b. NEI's initial reaction at 9/18/98 meeting was that NEI 97-04 should not be submitted for staff review and endorsement. However, NEI agreed to discuss this with their design basis working group and get back to the staff. Should NEI decide not to submit NEI 97-04 for review and endorsement, this topic area issue will need to be revised significantly.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Bruce Boger, Acting Associate Director for Projects, NRR

E. Specific Issue: Improved Standard TS

Lead: TSB Lead PM for each facility conversion

Objective: Conversion of facility technical specifications to the appropriate improved standard technical specifications will promote more consistent interpretation and application of technical specification requirements, thereby reducing the need for interpretations and frequent changes to the technical specifications. The goal for each milestone listed below is to complete the conversions currently under review such that the above objectives are met for the affected facilities.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue iSTS Amendments for McGuire 1&2 and Catawba 1&2	09/98 C	ADPR
2. Issue iSTS Amendments for Oconee 1/2/3*	12/98	ADPR
3. Issue iSTS Amendments for Byron 1&2* and Braidwood 1&2*	12/98	ADPR
4. Issue iSTS Amendments for Comanche Peak 1&2*	12/98 1/99	ADPR

THROUGH JUNE 30, 1999*		
Milestone	Date	Lead
5. Issue iSTS Amendments for Wolf Creek*, Callaway*, and Diablo Canyon 1&2*	12/98 2/99	ADPR
6. Issue iSTS Amendments for Farley 1&2*	5/99	ADPR
7. Issue iSTS Amendment for Fermi 2*	5/99	ADPR

BEYOND JUNE 30, 1999*		
Milestone	Date	Lead
8. Issue iSTS Amendment for Palisades*	07/99	ADPR

Comments

4 and 5. The new due dates are a result of recent interactions with the affected licensee and are based upon licensee schedules to respond to issues and licensee desires for additional review time of the draft SER. The accelerated due dates previously provided did not permit sufficient time. The new dates do not adversely impact licensee implementation schedules.

* Completion of the milestones as listed depends upon the quality of the licensee's submittals and timeliness of response to staff RAIs.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: John Stolz, Acting Director, DRPM/NRR

F. Specific Issue: Generic Communications

Objective: Ensure the appropriate use of generic communications, increasing the efficiency of issuance, and utilizing the rulemaking process when appropriate.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue memorandum on immediate changes to generic letter process (ET review of strategy; graded approach)	8/7/98C	J. Stolz, DRPM
2. Meet with NEI for input on industry views on generic communications (Topic IV Issue K Milestone 3b(2))	8/27/98C	J. Stolz, DRPM
3. Complete self assessment and needed improvement to generic communications process. Issue report.	12/98	R. Dennig, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
**Process improvements based upon self-assessment results completed in 12/98	TBD	DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
None		

Comments:

1. Generic communications discussed with INPO in telephone conference 7/31/98. NRR ET is briefed on proposed generic communications early in development process.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Bruce Boger, Acting Associate Director for Projects, NRR

G. Specific Issue: CALs

Objective: Confirmatory Action Letters (CALs) are issued to emphasize and confirm a licensee's or vendor's agreement to take certain actions in response to specific issues. The NRC expects licensees/vendors to adhere to any obligations and commitments addressed in a CAL and will issue appropriate orders to ensure that the obligations and commitments are met. The goal of the milestones listed below is to ensure that staff guidance on the use of CALs is appropriate and that the staff exercises appropriate discipline in the development and issuance of CALs.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Review existing CALs (all future CALs must be reviewed by Director, NRR)	9/30/98 C	D. Pickett, ADPR
2. Reinforce expectations regarding use of current CALs to ADPR/Region management (memo issued from S. Collins)	9/24/98 C	D. Pickett, ADPR
3. Review/issue revised guidance documents for threshold for issuance of CALs (i.e., IMC 0350, procedures, etc.) to ensure the existence of clear criteria for consistent decision making.	11/98	D. Pickett, ADPR
4. Reinforce expectations regarding revised guidance on use of CALs to ADPR/Region management	11/98	D. Pickett, ADPR

Comments

Status: All milestones are on track, there are no schedule changes, and there are no expected delays.

3. Proposed revisions to the enforcement manual chapter were issued to regions/NMSS for comment on October 9, 1998. Comments on the proposed changes have been received and are currently being resolved. A final proposed redline/strikeout version of the enforcement manual is scheduled to be provided to OE by October 30, 1998.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Jack Roe, Acting Director, DRPM/NRR

H. Specific Issue: Applicability of Backfit Rule to Decommissioning Activities

Objective: Resolve issue regarding proper interpretation and application of the Backfit Rule to decommissioning activities

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue initial determination on Maine Yankee backfit claim	4/21/98C	J. Roe, DRPM
2. Maine Yankee appeals backfit determination and presents backfit position to staff	6/9/98C	S. Weiss, DRPM
3. Brief EDO on the status of Commission paper on backfit rule	9/29/98C	S. Weiss, DRPM
4. Forward draft Commission paper on backfit rule to EDO (9800162) (NRR)	10/23/98C	S. Weiss, DRPM
5. Meeting with CRGR on backfit paper	10/27/98C	S. Weiss, DRPM
6. Determination of Maine Yankee backfit appeal	10/30/98 10/28/98C	J. Zwolinski, DRPE
67. Meeting with Maine Yankee regarding generic backfit issues	10/26/98 11/2/98	S. Weiss, DRPM
78. Issue Commission paper on backfit rule (Topic IV Issue K Milestone 5.b)	11/30/98	S. Weiss, DRPM
89. Brief NEI on Commission decision	12/31/98	S. Weiss, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
None		

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
None		

Comments

- ~~3. Reflects additional time necessary to complete staff review of the backfit appeal.~~
5. New Milestone. Note that the ACRS will consider the need for a meeting on the paper at its 11/98 meeting.
67. Reflects additional time due to scheduling conflicts.

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Brian Sheron, Acting Associate Director for Technical Review, NRR

I. Specific Issue: Requests for Additional Information

Objective: To refine/define RAI process and ensure that staff RAI's are adding value to the regulatory process.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Discuss issue of ensuring appropriateness of RAI's with management and staff (including content, quality and continued oversight)	8/20/98C Ongoing	B. Sheron, ADT
2. Communicate with licensees via telecon prior to issuing RAI.	Ongoing	B. Boger, ADPR
3. Meet with internal stakeholders to discuss possible closure of amendments with outstanding RAIs and improved tracking of amendments with outstanding RAIs.	9/14/98C	B. Sheron, ADT
4. Form panel of staff reviewers to brainstorm on suggested improvements to the RAI process. Letter issued to NEI on suggested improvements on 9/29/98.	9/15/98C	B. Sheron, ADT
5. Stakeholder meeting with NEI on license amendment and RAI process to solicit feedback from licensees. Meeting summary with action items issued 10/21/98.	10/5/98C	B. Sheron, ADT/ ADPR
6. Discuss issues with each technical branch in NRR.	Ongoing	B. Sheron, ADT
7. NRR licensing action steering group formed to work with industry steering group on improvements to the license amendment process.	10/98 Ongoing	W. Dean, ADPR/ ADT/DRPM
78. Discuss issues with regional division directors at DRS/DRP counterpart meetings.	12/1/98 DRS	B. Sheron, ADT
89. Issue guidance to staff on content, quality and threshold of RAI's and commencement of initial acceptance review.	12/98	S. Peterson, ADT RES, NMSS
910. Monitor outgoing RAIs and responses	Ongoing	B. Sheron, ADT RES, NMSS
1011. Solicit feedback from licensee's on RAIs and develop metrics for RAIs.	Periodic	ADPR/ B. Sheron, ADT

Comments

Status : All milestones on track, there are no schedule changes and no expected delays.
2-7. Additional milestones ~~were~~ added to meet the objective. Efforts will be coordinated with risk-informed licensing panel (Topic I.A.III).

IV. Topic Area: Reactor Licensing and Oversight

SES Manager: Bruce Boger, Acting Associate Director for Projects, NRR

J. Specific Issue: 2.206 Petitions

Objective: The objectives of the 2.206 Petition review process include ensuring the public health and safety through the prompt and thorough evaluation of any potential safety problem addressed by a petition filed under 10 CFR 2.206 and to ensure effective, timely communication with the petitioner (Management Directive 8.11). The objective of the actions listed below is to identify and implement measures to improve the timeliness of staff response to petitions.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Establish a Petition Review Board to ensure management involvement early in the process	10/97C	R. Subbaratnam, ADPR
2. Establish public availability of monthly 2.206 Petition Status Reports at the NRC Web site (http://www.nrc.gov/NRC/PUBLIC/2206/index.html)	04/98C	R. Subbaratnam, ADPR
3. Assess timeliness of resolution of 2.206 petitions and brief EDO on the results and any proposed process improvements	10/30/98 10/28/98C	R. Subbaratnam, ADPR
4. Obtain stakeholder feedback on 2.206 process	12/98	R. Subbaratnam, ADPR/OE/NMSS
5. Commission information memorandum from EDO to discuss planned process improvements.	12/98	R. Subbaratnam, ADPR
65. Implement proposed 2.206 process timeliness improvements (if any)	12/98	R. Subbaratnam, ADPR/OE/NMSS

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
76. Show measured improvement in timeliness of resolution of 2.206 petitions	03/99	R. Subbaratnam, ADPR/OE/NMSS
8. Implement additional process improvements.	TBD after stakeholder feedback	R. Subbaratnam, ADPR/OE/NMSS

Comments

Status: All milestones are on track, there are no schedule changes, and there are no expected delays.

IV Topic Area: Reactor Licensing and Oversight

SES Manager: John F. Stolz, Chief, PECB/DRPM/NRR

K. Specific Issue: Application of the Backfit Rule

Objective: Ensure that the staff closely adheres to the backfit rule, 10 CFR 50.109 in evaluating all additional requirements, expansion in scope or unique interpretations against actual impact on public health and safety. Focus will be directed on risk-informed, performance-based regulation; also coordinating with backfit related concerns on Generic communications (IV.F) and Decommissioning (IV.H) and Evaluation of Industry Proposals and Rulemaking (I.A).

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Response to NEI letter 8/11/98. NEI recommendation for Near-Term Reg. Improvement - Recommendation 4, "Application of the Backfit Rule" (a. Decommissioning; b. Averted On-site Costs)	10/98	R. Dennig, DRPM
2. Meeting with NEI on backfit concerns	11/98	R. Dennig, DRPM; AEOD; OGC
3. Prepare staff positions on backfit related issues a. Averted on-site Costs *b. Handling of compliance backfit considering risk of non-compliance (1) consider Exemptions per 10 CFR 50.12 (2) Early industry involvement in Generic Communications process (Topic IV. Issue F Milestone 3).	12/98 12/98	R. Dennig, DRPM R. Dennig, DRPM; OGC
4. Meeting with EDO on Items 3 a, b	12/98	R. Dennig, DRPM
5. Meeting with NEI on Items a. Items 3a & b *b. Commission decision on backfit to Decommissioning Activities (Topics IV. Issue H Milestone 8)	12/98 12/98	R. Dennig, DRPM S. Weiss, DRPM
6. Commission Papers *a. Options on Backfitting implications from modifying Part 50 to be risk-informed (Topic I. Issue A. Milestone 10) (9800152) (NRR) b. on Items 3a, b (9800175) (NRR) (Draft)	11/98 1/99	R. Barrett, DSSA M. Cunningham, RES R. Dennig, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
7. Meeting with CRGR on Draft Commission Paper (tentative)	2/99	
8. Meeting with ACRS on Draft Commission Paper (tentative)	2/99	
9. Issue Commission Paper on Items 3a, b	3/99	
710. CRGR Yearly Meeting with Nuclear Utility Backfitting and Reform Group (NUBARG) on Backfit Issues	Spring 99	CRGR

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
8-11. CRGR Annual Report - Includes Industry Feedback on Effectiveness of Backfitting Process	Summer 99	CRGR
9-12. Backfit Training at Headquarters and Regions	FY99	AEOD/NRR/HR

Comments:

1. Response drafted sent to SECY 10/5/98, with Commission for concurrence.

2-3. Additional leads identified.

6b. Commission paper identified as draft.

7-9. New Milestones.

* Reference Milestone on other Topics/Specific Issues noted.

V. Topic Area: NRC Organizational Structure and Resources

SES MANAGER: Paul E. Bird, Director, HR

A. Specific Issue: Reorganization - Restructuring Line Organizations

Objective: To improve organizational effectiveness and ~~determine~~ align resources required to carry out NRC planned activities through internal functional realignments and human resource re-allocations.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Offices initiate plans for proposed restructuring	8/19/98C	J. McDermott; Office Directors & Regional Administrators
2. All Employees Meeting	9/3/98C	P. Bird
3. Restructuring proposals submitted to Commission (9800163) (HR)	9/30/98C 10/1/98C	P. Bird
4. Completion of Commission review of restructuring proposal	10/28/98 11/10/98	John C Hoyle, SECY
5. Partnering process completed for reorganization packages	11/28/98 12/10/98	M. Fox; Office Directors & Regional Administrators
6. Reorganization plans finalized	12/31/98 1/15/99	J. McDermott; Office Directors & Regional Administrators

3. Memo to Chairman Jackson 9/30/98 and SECY 98-228 dated 10/1/98.
4. Commission decision date extended 10 working days by SECY to accommodate new Commissioners.
- 5 & 6. Dates extended 10 working days based on change in #4 above.

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
7. Reorganization implementation begins	1/19/99 2/1/99	J. McDermott; Office Directors & Regional Administrators
8. Implementation completed Reorganizations effective	3/31/99	J. McDermott; Office Directors & Regional Administrators

Comments:

7. Date extended 10 working days based on change in #4 above.

V. Topic Area: NRC Organizational Structure and Resources

SES MANAGER: Paul E. Bird, Director, HR

B. Specific Issue: Achieving 1:8 supervisor/manager-to-employee ratios

Objective: To reduce supervisory and SES positions to achieve an agency-wide supervisor/manager-to-employee ratio target of one supervisor/manager for every eight NRC employees.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Continue existing supervisor/manager-to-employee ratio reduction efforts	Ongoing	J. McDermott; Office Directors & Regional Administrators
2. All Employees Meeting	9/3/98C	P. Bird
3. Quarterly assessment of supervisor/manager-to-employee ratio	10/98 10/30/98C	J. McDermott
4. Develop targeted strategies to achieve supervisory ratio goals	10/98 10/27/98C	J. McDermott
5. Year end assessment of supervisor/manager-to-employee ratio incorporating the results of attrition, including the effect of early outs or buy outs (should buyouts be authorized by Congress)	1/99	J. McDermott

3. & 4. Assessment and strategies forwarded to EDO 10/27.

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
6. Complete implementation of reorganizations developed to achieve streamlining goals	3/31/99	J. McDermott; Office Directors & Regional Administrators
7. Implement strategies to achieve supervisory ratio targets	3/31/99	J. McDermott; Office Directors & Regional Administrators
8. Quarterly assessment of supervisor/manager-to-employee ratio	4/99	J. McDermott
9. Implement strategies to achieve supervisory ratio targets	5/31/99	J. McDermott; Office Directors & Regional Administrators

BEYOND JUNE 30, 1999		
Milestones	Date	Lead
10. Quarterly assessment of supervisor/manager-to-employee ratio	7/99	J. McDermott
11. Implement strategies to achieve supervisory ratio targets	7/15/99	J. McDermott; Office Directors & Regional Administrators

Comments:

The milestones in the table above focus only on those aspects of the streamlining effort that address the supervisor/manager-to-employee ratio. Activity extends beyond the March 31, 1999, deadline established for the structural changes contained in Issue A to accommodate implementation of personnel placements. ~~since the human resources side of the effort are the most complex and difficult aspects of the overall reorganization to implement.~~

V. Topic Area: NRC Organizational Structure and Resources

SES MANAGER: Paul E. Bird, Director, HR

C. Specific Issue: Increased employee involvement staff responsibilities

Objective: To enhance organizational effectiveness under the specific conditions imposed by the agency-wide streamlining effort --including functional realignments, reductions in supervisory/managerial personnel, and increased spans of management control --by delegating greater responsibility and accountability to individual employees and fostering greater interactive communications between employees and management. ~~Issue C builds on existing efforts to increase staff responsibilities using these same techniques.~~

PRIOR TO JANUARY 28, 1999		
MILESTONE	DATE	Lead
1. Continue previous general efforts to foster delegations of responsibility and accountability to employees and more interactive communications between employees and managers. Monitor office progress	Ongoing	J. McDermott; Office Directors & Regional Administrators
2. All employees meeting	9/3/98C	P. Bird
3. Provide guidance to managers on the need to consider greater use of delegations of responsibility and accountability to employees.	9/30/98 10/9/98	

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4.3. Provide guidance to managers and supervisors on employee involvement concepts, including direction and assignment of work, delegation of authority, quality control, and responsibility and accountability for outputs and outcomes.	1/19/99 2/1/99	J. McDermott
5. Continue implementation of delegations of responsibility and accountability as individual office reorganizations are completed and implemented 4. Begin interactive meetings, consistent with the communications plan now under development, between office managers/supervisors and staff.	3/31/99 2/1/99	J. McDermott; Office Directors & Regional Administrators; supervisors & managers

Comments:

The milestones for this issue establish a time period, consistent with the schedule for restructuring provided in Issue A, for beginning the local office/region process of increasing employee delegations/empowerment planning involvement and a logical point at which engaging staff the local office environment should be transformed in the transformation process to a new culture.

~~3. In OEDO as of 10/6/98:~~

3. New date established to permit better coordination of guidance with results of restructuring and implementation of communication plan currently under development.

VI. Topic Area: Other Agency Programs and Areas of Focus

SLS: Robert Wood, DRPM/NRR

SES Manager: Joe Gray, OGC

A. Specific Issue: License Transfers

Objective: To ensure that license transfers are conducted in a timely and technically correct manner and that review and submittal guidance is appropriately disseminated.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issued proposed 10CFR Part 2 Subpart M hearing process - paper to Commission (SECY 98-197)	8/14/98C	J. Gray, OGC
2. Publish proposed rule on license transfer (see SECY-98-197)	9/11/98C	J. Fitzgerald, OGC
3. Submit final rules to Commission	11/3/98	J. Fitzgerald, OGC
4. Commission approves/affirms final rules	11/17/98	J. Fitzgerald, OGC
5. Publish final rules in <u>Federal Register</u> .	11/24/98	J. Fitzgerald, OGC
6. Final rules are effective.	12/24/98	J. Fitzgerald, OGC
7. Complete technical review of TMI-1 transfer	See comment	R. Wood, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
8. Provide Commission with proposed final criteria for triggering a review under 10 CFR 50.80 regarding the transfer of operating authority to non-owner operators (i.e., use of contract service operating companies). (9800015) (NRR)	6/25/99	R. Wood, DRPM
9. Issue lessons learned from AmerGen TMI-1 transfer	6/99	R. Wood, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
10. Issue process improvement re: foreign ownership	12/99	S. Hom, OGC R. Wood, DRPM

BEYOND JUNE 30, 1999		
11. Develop SRP on technical qualifications	12/99	DRCH
12. Develop SRP on license transfer process	TBD	S. Hom, OGC R. Wood, DRPM

Comments:

47. Submittal + 3 months

5. ~~Reflects SRM guidance.~~ Date changed to allow 30 day period between publishing the final rule in the Federal Register and the final rule becoming effective.

10. OGC sent a draft SRP (with NRR concurrence) to the Commission on 10/23/98, SECY 98-246.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: Chris Grimes, Director, PDLR/DRPM/NRR

B. Specific Issue: AP-600 Design Certification Rulemaking

Objective: Issue FDA and design certification rule

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue FDA	9/3/98C	T. Quay, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
Issue proposed rule [PRM] (9200142)	3/99	J.N. Wilson, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
Issue Final Rule [FRN] (9200142)	10/99	J.N. Wilson, DRPM

Comments:

Issues: _____ Public availability of design documentation

Approach: _____ 1. _____ Review Design Control Document (DCD)

_____ 2. _____ Work with Westinghouse and the Office of the Federal Register to provide suitable public access to the DCD

_____ 3. _____ Issue proposed design certification rule for public comment

_____ 4. _____ Conduct public hearing, if requested

_____ 5. _____ Evaluate and respond to public comments

_____ 6. _____ Issue Final design certification rule

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C1. Specific Issue: TN-68 (Dual Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the TN-68 dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff receives response to storage RAI	09/14/98C	M. Ross-Lee, SFPO
2. Staff issues second storage RAI, if necessary	12/98	M. Ross-Lee, SFPO
3. Staff receives response to second storage RAI	01/99	M. Ross-Lee, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4. Staff issues user need memorandum/rulemaking	03/99	E. Easton, SFPO
5. Staff issues draft SER and CoC for rulemaking	05/99	M. Ross-Lee, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
6. Staff completes rulemaking; issues CoC for use under Part 72	04/00	E. Easton, SFPO P. Holahan, IMNS

Comment:

1. The storage review is being completed prior to the transportation review; the transportation review schedule will be determined at a subsequent time. The review schedule is based upon the assumption that the applicant will supplement its application and response to staff requests for additional information on the schedule noted. At this time, no significant issues have been identified. The licensee for Peach Bottom 1 & 2 intends to utilize this cask system.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C2. Specific Issue: BNFL/SNC TranStor (Dual Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the BNFL/SNC dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
None		

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
1. Staff issues user need memorandum/rulemaking	03/99	E. Easton, SFPO
2. Staff receives updated SAR from applicant	06/99	T. Kobetz, SFPO
3. Staff issues draft SER and CoC for rulemaking	07/29/99	T. Kobetz, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
4. Staff completes rulemaking; issues CoC for use under Part 72	06/00	E. Easton, SFPO P. Holahan, IMNS

Comment:

1. The storage review is being completed prior to the transportation review; the transportation review schedule will be determined at a subsequent time. At this time, no significant issues have been identified, but the applicant must update the safety analysis report by June 1999. This review is associated with the Part 72 Trojan ISFSI (site-specific) license application, PFS, LLC intends to utilize this cask system as well.

By letter dated 09/18/98, the applicant notified the NRC that its response to the staff's 12/29/97 request for additional information will be delayed a month due to the need to support closure of issues associated with the VSC-24 cask system, to support the Trojan ISFSI application, to support existing cask users, and to ensure a complete and quality RAI response. ~~The applicant indicated that its response will be issued by 10/30/98. The staff is currently evaluating the impact of the applicant's delay on the previously issued schedule.~~

Milestones 1, 2, 3 & 4 - Based on SFPO's current work schedule and in accordance with its staff interactions with applicant's approach, the TranStor storage cask technical review ~~has been~~ was rescheduled for completion on July 29, 1999. A letter advising the applicant of the revised schedule was issued on October 2, 1998. In a subsequent telephone conversation held on October 12, 1998, the applicant informed the staff that it would again need to delay its response to the staff's 12/29/97 request for additional information. The staff noted that it would re-schedule its review upon receipt of the applicant's written notification of the delay.

Milestones 1, 2, 3 & 4 - By letter dated October 15, 1998, the applicant informed the staff that it would delay the TranStor storage submittal until November 20, 1998, and the TranStor transportation submittal until December 23, 1998. The staff is evaluating this information and its impact on the current review schedule.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C3. Specific Issue: Holtec HISTAR 100 (Dual-Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the Holtec HISTAR 100 dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff issues user need memorandum/rulemaking	07/24/98C	E. Easton, SFPO
2. Staff issues draft storage SER and CoC for rulemaking (Part 72)	09/30/98C	M. Delligatti, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
3. Staff issues transportation (Part 71) CoC	03/99	M. Delligatti, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
4. Staff completes rulemaking; issues CoC for use under Part 72	08/99	E. Easton, SFPO P. Holahan, IMNS

Comment:

1. ~~While the final review phase is going ongoing and nearing completion, it is still unclear regarding the scope of the staff's approval on the storage component of the design.~~ This review is being performed to support spent fuel storage requirements at Dresden 1 and Hatch 1 & 2, and PFS, LLC intends to utilize this cask system.
2. The draft storage SER and CoC were issued on 09/30/98. The package was sent to NMSS/INMS to commence the rulemaking process on 09/30/98.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C4. Specific Issue: Westinghouse WESFLEX (Dual Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the Westinghouse WESFLEX dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff issues RAI for base storage system and W21 canister	10/98 10/22/98C	M. Bailey, SFPO
2. Staff issues RAI for W44 canister	11/98	M. Bailey, SFPO
3. Staff issues RAI for W74 canister	12/98	M. Bailey, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4. Staff receives responses to RAIs	03/99	M. Bailey, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
5. Staff issues final RAI, if necessary	07/99	M. Bailey, SFPO
6. Staff receives response to RAI, if necessary	10/99	M. Bailey, SFPO
7. Staff issues user need memorandum/rulemaking	12/99	E. Easton, SFPO
8. Staff issues draft SER and CoC for rulemaking	01/00	M. Bailey, SFPO
9. Staff complete rulemaking; issues CoC for use under Part 72	12/00	E. Easton, SFPO P. Holahan, IMNS

Comment:

1. The storage review is being completed prior to the transportation review. The transportation application was resubmitted in May 1998, and the transportation review schedule will be determined at a subsequent time. ~~The storage review has just commenced, and at this time, no significant issues have been identified.~~ Big Rock Point and Palisades intend to utilize this cask system.

Milestone 1 - RAI for base storage system design and W21 canister (21 PWR fuel assemblies) issued on 10/22/98.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C5. Specific Issue: NAC-STC/MPC (Dual Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the NAC-STC/MPC dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff receives response on transport RAI	08/07/98C	T. McGinty, SFPO
2. Staff receives response on storage RAI	10/08/98C	T. McGinty, SFPO
3. Staff issues user need memorandum/rulemaking	12/98	E. Easton, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4. Staff issues Part 71 (transportation) CoC	03/99	T. McGinty, SFPO
5. Staff issues draft storage SER and CoC for rulemaking	03/99	T. McGinty, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
6. Staff complete rulemaking; issue CoC for use under Part 72	02/00	E. Easton, SFPO P. Holahan, SFPO

Comment:

1. The storage and transportation review are being conducted concurrently. At this time, no significant issues have been identified, but the applicant must respond by the time-frame noted in order for the staff to maintain this schedule. The licensee for Yankee/Rowe intends to utilize this cask system.

~~4, 5, & 6 - The dates were modified to be consistent with the schedule provided to the applicant.~~

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C6. Specific Issue: NAC-UMS (Dual Purpose) Cask Review

Objective: To issue a Part 72 (storage) SER and certificate of compliance (through rulemaking) and a Part 71 (transportation) certificate of compliance for the NAC-UMS dual purpose cask system (Comment 1)

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff issues storage RAI	11/98	T. McGinty, SFPO
2. Staff receives RAI response	01/99	T. McGinty, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
3. Staff issues second storage RAI, if necessary	06/99	T. McGinty, SFPO

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
4. Staff receives second storage RAI response	08/99	T. McGinty, SFPO
5. Staff issues user need memorandum/rulemaking	08/99	E. Easton, SFPO
6. Staff issues draft storage SER and CoC for rulemaking	11/99	T. McGinty, SFPO
7. Staff completes rulemaking; issues CoC for use under Part 72	10/00	E. Easton, SFPO P. Holahan, IMNS

Comment:

1. The storage review is being completed prior to the transportation review; the transportation review schedule will be determined at a subsequent time. At this time, no significant issues have been identified, but applicant must respond by the time-frame noted in order for the staff to maintain this schedule. The licensees for Fitzpatrick and Palo Verde 1, 2 & 3 intend to utilize this cask system.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: William F. Kane, Director, Spent Fuel Project Office

C7. Specific Issue: TN-West MP-187 (Dual-Purpose) Cask Review

Objective: To issue Part 71 (transportation) certificate of compliance for MP-187 transportation cask system

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff starts final review and SER compilation phase	08/03/98C	M. Raddatz, SFPO
2. Staff issues Part 71 certificate of compliance (Comment 1)	09/10/98C	M. Raddatz, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
None		

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
None		

Comment:

1. This transportation system is the transport component of the TN-West NUHOMS storage design. As initially certified, its authorized contents will be limited to B&W fuel, although it may be amended at a later date to address other fuel types. This action supports the decommissioning of the Rancho Seco spent fuel pool.

Milestone 2 - This action is complete.

VI. Topic Area: Other Agency Programs and Area of Focus

SES Manager: Seymour Weiss, Director, PDND/DRPM/NRR

D. Specific Issue: Decommissioning Decisions

Objective: Provide timely decisions on current issues and provide framework for decommissioning activities.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Provide response to SRM for SECY-98-075 (DSI-24) (9700089) (NRR):	10/09/98 10/30/98	M. Masnik, DRPM
1a. Form task team to develop and provide input for Commission paper	7/24/98C	T. Markley, DRPM
1b. Evaluate applicability of using templates for decommissioning licensing actions	8/21/98C	P. Harris, DRPM
1c. Develop integrated set of milestones for addressing decommissioning initiatives under development or contemplated	8/21/98C	R. Dudley, DRPM
1d. Complete draft Commission paper for concurrence	9/2/98C	T. Markley, DRPM
1e. Submit paper to Commission (9700089) (NRR)	10/23/98 10/30/98	T. Markley, DRPM
2. Meeting with NEI and industry to present Commission integrated milestones for decommissioning initiatives necessary for above rules and existing rules	1/15/99	S. Weiss, DRPM
3. Complete the following pending licensing actions:		
3a. Maine Yankee Technical Specification change to spent fuel pool water level	11/15/98	M. Webb, DRPM
Exemptions from Financial Protection Requirements of 10 CFR 50.54(w) and 10 CFR 140.11	12/15/98	
3b. Haddam Neck Exemptions from Financial Protection Requirements of 10 CFR 50.54(w) and 10 CFR 140.11	11/30/98	T. Fredericks, DRPM
Technical Specification change to seismic monitoring	12/31/98	

3c. Big Rock Point		P. Harris, DRPM
Defueled Emergency Plan exemption	10/15/98	
Defueled Emergency Plan approval	10/15/98	
Defueled Technical Specifications revision	11/30/98	
Defueled QA Plan	11/30/98	

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
1. Complete the following pending licensing actions:		
1a. Maine Yankee Exemption from 10 CFR 70.24 Criticality Accident Monitoring Requirements	4/15/99	M. Webb, DRPM
1b. Zion Exemption from 10 CFR 70.24 Criticality Accident Monitoring requirements	4/16/99	T. Markley, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
1. Complete the following pending licensing actions:		
1a. Maine Yankee Modification of License Conditions Technical Specifications change to liquid and gaseous release limits	7/30/99 8/15/99	M. Webb, DRPM
1b. Haddam Neck Technical Specification change to refueling and admin requirements	9/30/99	T. Fredericks, DRPM

Comments:

1. ~~Schedule s are based on meeting established Commission due dates for DSI-24 SRM response.~~
Date revised to match Milestone 1e date.

1e. ~~Extension due to workload demands.~~ Paper forwarded to EDO on 10/26/98.

Note: ACRS to consider need for meeting on DSI-24 Commission paper at its 11/98 meeting.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: Susan F. Shankman, Dep. Director, Licensing and Inspection Directorate, SFPO

E. Specific Issue: PGE-Trojan Reactor Vessel Shipment Application

Objective: To issue Part 71 (transportation) approval to ship the Trojan reactor vessel, with internals, for disposal in the State of Washington

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Staff prepares SER for Part 71 approval	09/30/98C	J. Cook, SFPO
2. Staff prepares EA	09/30/98C	J. Cook, SFPO
3. Staff waste classification, if necessary (separate SECY memorandum) (9800022) (NMSS)	08/17/98C	J. Hickey, DWM
4. Staff prepares negative consent SECY paper on transportation and FONSI (9800165) (NMSS)	10/02/98C	J. Cook, SFPO
5. Commission issues SRM, if appropriate, on Part 71 exemption (Comment 1)	10/98 10/22/98C	OCM
6. Staff issues Part 71 decision	11/98	S. Shankman, SFPO

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
None		

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
7. Inspection follow-up prior to and during shipment (Comment 2)	08/99	B. Spitzberg, RIV

Comments:

- The following actions are occurring in parallel to staff action:

(1) The State of Washington must prepare a technical evaluation for disposal, tentatively scheduled for September 1998. The State staff has completed its review and the Acting Washington State Secretary of Health is to brief the Governor. A State decision is expected by mid-November.

(2) ~~†The Department of Transportation (DOT) must grant an exemption., tentatively scheduled for November 1998;~~ and The DOT published PGE's application for exemption for the Trojan shipment on October 21, 1998 [63 FR 56287]. DOT is tentatively scheduled to complete their action in November 1998.

(3) ~~†The State of Oregon must approve this as a change to the utility's Decommissioning Plan.; tentatively scheduled for November 1998.~~ The staff met with the State of Oregon Office of Energy's Energy Facility Siting Council, which subsequently approved the change to the Trojan Decommissioning Plan.

2. PGE's decision to grout the reactor vessel is scheduled to occur in November 1998. The actual grouting would commence in December 1998, and vessel shipment would occur in August 1999. Staff actions at these points would be to inspect as appropriate.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: John Stolz, Chief, PECB/DRPM/NRR

F. Specific Issue: Event Reporting Rulemaking

Objective: Revise event reporting requirements to reduce the reporting burden associated with events of little or no risk significance, obtain information better related to risk, and extend reporting time limits consistent with the need for prompt NRC action.

Coordination: Issues II.A. "Risk Informed Baseline Core Inspection Program," II.B. "Enforcement Program Initiatives," II.C. "Escalated Enforcement Program," III.A. "Performance Assessment Process Improvements," and VI.G "Event Reporting Rulemaking," require close coordination and the integration of specific tasks by the NRC staff. Responsible project managers are coordinating these activities by assessing the impact of proposed program changes with the other ongoing activities and ensuring that the overall objectives for each project are achieved. Examples include, intra-project task force participation, workshop attendance, concurrent review of projects and periodic senior management briefings. In addition, industry-developed initiatives such as the NEI New Regulatory Oversight Process are being reviewed by all project groups and evaluated for impact.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Issue ANPR	7/28/98C	D. Allison, AEOD
2. Conduct public meeting to discuss ANPR	8/21/98C	D. Allison, AEOD
3. Public workshop/stakeholder meeting (Chicago)	9/1/98C	T. Essig, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4. Conduct a public meeting ("tabletop exercise")	11/13/98	D. Allison, AEOD
5. CRGR Briefing	2/26/99	D. Allison, AEOD
6. ACRS Briefing	3/5/99	D. Allison, AEOD
7. Proposed rule to the Commission including proposed enforcement policy changes (9800096) (AEOD)	3/26/99 4/9/99	D. Allison, AEOD B. Borchardt, OE
8. Publish proposed rule (10CFR50.72 and 50.73)	5/14/989	DRPM
9. Conduct a public workshop	5/28/99	D. Allison, AEOD

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
10. Brief CRGR	11/26/99	D. Allison, AEOD
11. Brief ACRS	12/10/99	D. Allison, AEOD
12. Final Rule to Commission (9800096) (AEOD)	12/24/99 1/14/00	D. Allison, AEOD
13. Publish Final rule	2/00	DRPM

Comments

4. In response to public comments on the advance notice of proposed rulemaking (ANPR), an additional public meeting ("tabletop exercise") has been scheduled. The purpose is to test key aspects of the contemplated amendments to 10 CFR 50.72 and 50.73 for clarity and consistency, early in the process of drafting them, by discussing how reportability decisions could be made for example events. This will provide insights to be used in completing the draft requirements and guidance. It will extend the overall rulemaking schedule by 5 weeks.

9. In response to public comments on the ANPR, a public meeting ("workshop") has been added, early in the comment period for the proposed rule. It does not change the overall schedule.

5, 6, 10, and 11. These are not associated with any developments. They are added merely to provide additional detail.

7,12 Schedule change corrects error and does not affect end date.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manger: Jack Roe, Acting Director, DRPM/NRR

G. Specific Issue: Proposed KI Rulemaking

Objective: To Implement Commission decision regarding the use of KI as a protective measure for the general public after a severe reactor accident. In addition, to work with other Federal agencies to revise the Federal policy on the use of KI in the event of a severe nuclear power plant emergency and to develop aids to assist the states in applying the revised Federal policy.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Commission direction received (SRM 6/26/98)	6/26/98C	A. Mohseni
2. Draft and send to Commission <u>Federal Register</u> notice on Federal KI policy	7/98C	A. Mohseni
3. Brief CRGR	10/13/98C	M. Jamgochian, NRR
4. Revise KI Federal Policy FRN and provide to FRPCC for review	11/98	A. Mohseni
5. Proposed rulemaking package to EDO (9800173) (NRR)	10/23/98C	M. Jamgochian, NRR
5a6. Publish Proposed Rule (9800173) (NRR)	11/30/98	M. Jamgochian, NRR
7. Develop description of available Federal KI stockpiles and availability to states	1/99	A. Mohseni
8. Develop final KI Federal policy FRN reflecting FRPCC review and send to Commission (9700193) (AEOD)	1/99	A. Mohseni
THROUGH JUNE 30, 1999		
109. Final review of KI Federal policy FRN by FRPCC	4/99	A. Mohseni
910. Draft a public brochure on use of KI and provide for Federal agency and public comment	4/99 5/99	A. Mohseni
11. Establish procedures to access Federal stockpiles with FEMA	5/99	A. Mohseni
12. Publish KI Federal Policy FRN	6/99	A. Mohseni
113. Brief CRGR and publish Final Rule (9800173) (NRR)	TBD	M. Jamgochian, NRR

BEYOND JUNE 30, 1999		
314. Revise KI technical paper (NUREG-1633) to address public comments and provide to Commission (9700193) (AEOD)	9/99	A. Mohseni
4315. Final brochure on use of KI provided to Commission for review (9700193) (AEOD)	6/99 9/99	A. Mohseni
616. Publish final technical paper (NUREG-1633)	10/99	A. Mohseni
4517. Finalize the public brochure on use of KI and provide to FEMA for publication	8/99 10/99	A. Mohseni

Comments:

1. ~~Complete (June 26, 1998 SRM)~~ Deleted comment and added SRM date to Milestone description.

2. SRM dated 9/30/98 provided Commission-approved draft FRN. Draft FRN sent to FEMA for distribution to FRPCC members (10/1/98).

3. New Milestone.

4. FRN was revised by Commission 9/30/98, and sent to FEMA on 10/1/98 for FRPCC review. Requested an FRPCC meeting on this matter.

5. Obtaining Office concurrence

10, 15, 17. Dates postponed because the brochure is based on information in NUREG-1633.

314. Based on 9/30/98 SRM new direction. Comments received. Comment period ended 9/15/98. Some comments continue to arrive. ~~9/30/98~~ SRM directed the staff to withdraw draft NUREG and substantially revise and reissue.¹ Staff requested removal of draft NUREG from NRC WEB site. Staff

¹ The staff intends to form a ~~review~~ core group comprising representatives from such organizations as FDA, FEMA, EPA, CRCPD, and other states and NEI to review and address the comments, add new sections and develop the next ~~version~~ revision of NUREG-1633.

~~prepared FRN of withdrawal.~~ Staff issued FRN withdrawing draft NUREG-1633 on 10/16/98. Proposed to management and management approved the members of a core group to convene to review the comments and add new sections on U.S. and foreign experiences in logistics of KI distribution. The core group members include representatives from: AL, TN, AZ, CRCPD-6, FDA, EPA, and FEMA. Conference call held 10/22/98 to schedule first meeting. First core group public meeting is scheduled for 12/1/98-12/4/98.

616. Based on 9/30/98 SRM new direction.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: Brian Sheron, Acting Associate Director for Technical Review, NRR

H. Specific Issue: NEI Petitions - Petition for modifying 50.54(a)

Objective: Complete the NEI Petition, accepting in part to modify 10 CFR Part 50.54(a), as it pertains to Quality Assurance Program Change Control and is intended to reduce burdens on industry.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Public meeting with stakeholders to discuss contents of proposed Direct Final Rule.	10/98 10/15/98C	R. Gramm, DRCH
2. Submit to the Commission a memorandum stating the staff's proposal to accept the NEI Petition in part to modify 50.54(a) and propose a Direct Final Rule. (9800166) (NRR)	10/98 10/19/98C	R. Gramm, DRCH
3. Submit to the Commission a SECY Paper accepting the NEI Petition in part, proposing a Direct Final Rule, and a longer term additional rule change. (9800166) (NRR)	11/98	R. Gramm, DRCH
4. Decision by the Commission on the Direct Final Rule and the Petition's disposition.	1/99	R. Gramm, DRCH

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
5. Publication of a Federal Register Notice to accept in part the NEI petition for rulemaking and proposing a Direct Final Rule (9800166) (NRR)	02/99	R. Gramm, DRCH
6. Direct Final Rule effective if no adverse comments received.	04/99	R. Gramm, DRCH

Comments:

- 1-6. The staff delayed the SECY Paper 1 month in order to include a Direct Final Rule with the Federal Register Notice which accepts the petition in part. The original schedule did not include submitting a Direct Final Rule with the SECY. This will expedite the effective date of the Direct Final Rule by about 4 months.

VI. Topic Area: Other Agency Programs and Areas of Focus

SES Manager: Jack Roe, Acting Director, DRPM/NRR

I. Specific Issue: Revised Source Term Rulemaking

Objective: To revise Part 50 to allow holders of operating power reactor licences to voluntarily amend the facility design basis to use revised source terms in design basis accident radiological analyses. This action would allow these facilities to pursue risk-informed licensing actions made possible through the use of the revised source term.

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Commission approval of rulemaking plan (submitted 6/30/98)	9/4/98C	C. Miller, DRPM
2. Complete proposed rule package	10/2/98C	C. Miller, DRPM
3. Office concurrence	11/98	C. Miller, DRPM
4. ACRS review	11/4/98	C. Miller, DRPM
5. CRGR concurrence	12/98	C. Miller, DRPM
6. Proposed rule package to EDO (9700025) (NRR)	12/98	C. Miller, DRPM
7. Submit proposed rule package to Commission	12/15/98	C. Miller, DRPM
8. Publish in <u>Federal Register</u>	1/99	C. Miller, DRPM

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
9. Complete draft guide; draft SRP section	5/99	C. Miller, DRPM
10. End of public comment period	4/99	C. Miller, DRPM
11. Office concurrence on final rule; draft guide; draft SRP	6/99	C. Miller, DRPM

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
12. ACRS review	7/99	C. Miller, DRPM
13. CRGR review	7/99	C. Miller, DRPM
14. Final rule; draft guide; draft SRP to EDO (9700025) (NRR)	7/99	C. Miller, DRPM
15. Final rule; draft guide; draft SRP to Commission	7/30/99	C. Miller, DRPM
16. End of public comment period	11/99	C. Miller, DRPM
17. Office concurrence on final guide; final SRP	12/99	C. Miller, DRPM
18. ACRS review on final guide; final SRP	12/99	C. Miller, DRPM
19. CRGR concurrence on final guide; final SRP	1/00	C. Miller, DRPM
20. Final guide; final SRP to EDO (9700025) (NRR)	1/00	C. Miller, DRPM
21. Final guide; final SRP to Commission	1/24/00	C. Miller, DRPM

Comments:

5. CRGR need to review the proposed rule is under consideration.

12-13. Meetings with ACRS and CRGR would be expected to occur in conjunction with the scheduled reviews.

Staff conducted a public meeting with NEI and Industry on 10/1/98. The staff expects to conduct additional meetings as the need arises. There is currently no planning for a workshop. Such a workshop may be appropriate once the staff has issued the final rule, the draft guide, and the draft SRP.

VII. TOPIC AREA: Uranium Recovery Issues

SES Manager: John W. Hickey, Chief, Uranium Recovery Branch

A. Specific Issues: Uranium recovery concerns raised in Senate report

- Dual regulation of ground water at in situ leach (ISL) facilities
- Expanded use of mill tailings impoundments to dispose of other material
- Eliminate consideration of economics in the processing of alternate feedstock

Objective: To look for ways to:

- 1) eliminate dual regulation of ISLs facilities;
- 2) reduce the regulatory burden on uranium mill wanting to expand the use of impoundments for disposal of other materials besides mill tailings; and
- 3) encourage uranium mills who want to engage in recycling of materials for their uranium content

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Commission paper on ways to eliminate dual regulation at ISLs (9800176) (NMSS)	11/98	Charlotte Abrams/ Jim Park, NMSS
2. Commission paper on revising guidance for expanding disposal capability of uranium mill tailings impoundments, and ask for Commission policy on hearing orders concerning need to consider economics in alternate feedstock evaluations (9800180) (NMSS)	11/98	Charlotte Abrams/ Jim Park, NMSS
3. Complete hearing on alternate feedstock amendment to see how State of Utah concerns about staff not appropriate applying economics criteria is determined.	12/98	P. Block, ASLBP

THROUGH JUNE 30, 1999		
Milestone	Date	Lead
4. Implement any changes in review of alternate feedstock that result from hearing and Commission review of previous hearing orders	01/99	Charlotte Abrams, NMSS
5. Complete Part 41 rulemaking plan, including recommendations on regulatory changes to address the three issues (9800177) (NMSS)	04/99	Mark Haysfield Mike Fliegel, NMSS
6. Revise ISL Standard Review Plan to implement staff recommendations if approved by Commission	06/99	Bill Ford, NMSS

THROUGH JUNE 30, 1999		
7. Issue revised draft guidance on disposal capability with Commission-approved revisions	06/99	Charlotte Abrams, NMSS

BEYOND JUNE 30, 1999		
Milestone	Date	Lead
8. Publish proposed Part 41 for public comment, including regulatory changes to address three issues (9800177) (NMSS)	04/00	Mark Haystack/ Mike Fliegel, NMSS
9. Publish final Part 41 codifying agency policy on resolution of three issues. (9800177) (NMSS)	12/00	Mark Haystack/ Mike Fliegel, NMSS

Comments:

General comment re: objective stated above: Three issues raised in the Senate report are presented in the National Mining Association white paper that was presented to the Commission in April 1998.

- 1.& 2. Staff will provide recommendations to Commission on ways to address issues on eliminating dual regulation and on disposal of material in tailings impoundments. Staff has completed the initial draft of the Commission papers. Staff and OGC met on October 13, and developed a strategy for completing the Commission paper on ISL dual regulation. Work on the paper is progressing, and completion by the November due date is expected. If approved by Commission, staff will begin to implement those recommendations in its review practices, and recommend that they be codified in Part 41.
- 3.& 4. The most recent alternate feedstock amendment issued by the staff is being contested by the State of Utah and Envirocare. One of the contentions is that the staff failed to conduct the appropriate economics test in accepting the amendment application. A decision from this hearing could help provide guidance to the staff on how economics should be considered in future reviews.

VIII. TOPIC AREA: Changes to NRC's Hearing Process

SES Manager: Joe Gray, OGC

A: Use of Informal Adjudicatory Procedures

PRIOR TO JANUARY 28, 1999		
Milestone	Date	Lead
1. Paper to Commission on legislative and rulemaking options to enhance Commission's ability to utilize informal Adjudicatory Procedures.	12/31/98	J. Fitzgerald, OGC
2. Commission Guidance	1/21/99	J. Fitzgerald, OGC
THROUGH JUNE 30, 1999		
3. Prepare legislation for Commissioner review.	TBD	J. Fitzgerald, OGC
4. Prepare notice of proposed rulemaking for Commission review.	TBD	J. Fitzgerald, OGC
BEYOND JUNE 30, 1999		
5. Prepare final rule	TBD	J. Fitzgerald, OGC

NRC Stakeholder Meeting

**Joe Colvin
NEI President & CEO**

November 13, 1998



The Regulatory Objective

To achieve a safety-focused, results-oriented and accountable Nuclear Regulatory Commission whose regulations objectively define adequate protection of public health and safety and are administered effectively and efficiently for the benefit of its licensees and the public.



Regulatory Attributes

- Safety-based regulatory processes focused on adequate protection of public health and safety
- Objective, clear, regulatory thresholds
- Accountable, responsible, and results-oriented regulator

Near Term Priorities

- New Regulatory Oversight Process
 - Assessment -- clear safety basis
 - Inspection levels based on performance
 - Enforcement -- safety-significant violations
- License Administration
 - Renewal
 - Transfer

Near Term Priorities (continued)

- Risk-informed/performance-based regulation
 - Risk-informed ISI, IST, T/S AOTs
 - Maintenance Rule (ITS, risk-significant)
 - Whole plant study
 - Foundation for risk-informed Part 50

Near Term Priorities (continued)

- 50.59
 - Need for closure on threshold criteria
 - Address scope in 1999
- 50.54 (a) rulemakings
- Application of the Backfit Rule
- Used fuel storage
 - Dry cask
 - Part 63

Intermediate Priorities (2000-2002)

- Risk-informed regulation
 - T/S continued progress
 - Transition to selected Part 50 regulations
- Design basis reform
- NRC staff size and cost containment
 - Task analysis of NRC work processes
- Safeguards reform

Long Term Priorities (2003-2004)

- COL issues
- Redefined advanced reactor licensing
- Risk-informed Part 50 (Holistic)
- Risk-informed balance of 10 CFR