

ORIGINAL

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

**Title: BRIEFING ON REACTOR LICENSING
INITIATIVES
PUBLIC MEETING**

Location: Rockville, Maryland

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

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4 BRIEFING ON
5 REACTOR LICENSING INITIATIVES

6 ***

7 PUBLIC MEETING

8
9 Nuclear Regulatory Commission
10 One White Flint North
11 Rockville, Maryland
12 Wednesday, January 13, 1999
13

14 The Commission met in open session, pursuant to
15 notice, at 10:10 a.m., Shirley A. Jackson, Chairman,
16 presiding.
17

18 COMMISSIONERS PRESENT:

19 SHIRLEY A. JACKSON, Chairman of the Commission
20 GRETA J. DICUS, Commissioner
21 EDWARD McGAFFIGAN, JR., Commissioner
22 JEFFREY S. MERRIFIELD, Commissioner

23 STAFF PRESENT:

24 ANNETTE L. VIETTI-COOK, Secretary of the Commission
25 KAREN D. CYR, General Counsel

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1 PRESENTERS:

2 WILLIAM TRAVERS, EDO

3 ROY ZIMMERMAN, Deputy Director, NRR

4 DAVE MATTHEWS, Director, Division of Regulatory
5 Improvement Programs, NRR6 CHRIS GRIMES, Project Director, License Renewal
7 PD, NRR8 ROBERT WOOD, Generic Issues & Environmental
9 Projects Branch, NRR

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11 RALPH BEEDLE, Senior Vice President, Nuclear
12 Generation and Chief Nuclear Officer, NEI13 TONY PIETRANGELO, Director, Licensing, Nuclear
14 Generation, NEI

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P R O C E E D I N G S

[10:10 a.m.]

CHAIRMAN JACKSON: Good morning. I'm pleased to welcome members of the NRC staff and the Nuclear Energy Institute here today to brief the Commission on the status of reactor licensing initiatives, recent accomplishments in this area, and any areas where difficulties, challenges or limitations have arisen.

A representative from the Union of Concerned Scientists was not able to join us for this briefing this morning.

Today's briefing is the second of three Commission briefings scheduled to address major topics identified in the staff's response to the August 7, 1998 tasking memorandum. This past Monday, the Commission was briefed on risk-informed initiatives and next week, on Wednesday, January 20, the Commission is scheduled to be briefed on reactor inspection, enforcement and assessment initiatives.

The agency has many important activities underway relating to reactor licensing, including the 50.59 rule-making, license renewal, FSAR update guidance, design basis definition, improved technical specifications, confirmatory action letters, requests for additional information, known as RAIs, 2.206 petitions, application of the back-fit rule, and license transfers.

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1 Over the past several months, the staff has made
2 quite significant progress in these areas, working with
3 various stakeholders, as appropriate, but I'll mention -- I
4 will highlight a few. One is completion of the scheduled
5 license renewal milestones for Calvert Cliffs and Oconee;
6 issuance of a final rule to streamline the license transfer
7 hearing process; issuance for public comment of a proposed
8 rule to provide flexibility and clarity to 10 CFR 50.59;
9 and, issuance of a Commission paper, SECY-99-001, proposing
10 revisions to guidance on the information required to be
11 included in the updated final safety analysis reports or
12 FSARs.

13 Although numerous issues will be discussed today,
14 I would, in particular, and you will hear this from me, like
15 to delve a little deeper into a few of the issues
16 surrounding the next major rule change that will be
17 forwarded for Commission deliberation of 10 CFR 50.59,
18 changes, tests and experiments.

19 As you know, in the fall of 1995, I directed the
20 staff to perform a systematic reconsideration and
21 reevaluation of the regulatory framework that authorizes
22 licensees to make changes to their facilities without prior
23 NRC approval. 10 CFR 50.59, issued in 1962, is a
24 fundamental regulation, the application of which has
25 expanded over the years.

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1 Given the importance of this rule to both the
2 staff and the licensee and the fact that we have a slightly
3 modified Commission at this time that will be reviewing
4 recommendations on the final rule language next month, I
5 would request that both the NRC staff and NEI provide
6 sufficient coverage of what they believe to be on this topic
7 in today's briefing, highlighting any differences of
8 position on wording or concepts between the staff and the
9 nuclear power industry. I think it's important that the
10 Commission understand.

11 I understand the copies of the viewgraphs are
12 available at entrances to this room. I also would like to
13 note that many of the agencies' reactor licensing
14 initiatives and milestones are included in what is termed
15 the staff's update to the tasking memorandum response, which
16 is issued monthly and is available on the NRC's home site.

17 Unless my colleagues have any opening comments,
18 Dr. Travers, please proceed.

19 DR. TRAVERS: Good morning, Chairman. You've
20 already highlighted the focus of today's meeting. I would
21 point out that each one of the initiatives that you've
22 mentioned are, in fact, included in our response to the
23 Chairman's tasking memorandum. There are some 11 under the
24 category of reactor licensing initiatives and just
25 yesterday, for those who are interested, I signed out the

1 most recent status report on our progress in addressing
2 those issues.

3 I am encouraged by the progress we are making. We
4 are substantially on track and on schedule for the bulk of
5 them, as you will hear today. So we look forward to this
6 briefing and we're glad for the opportunity to update the
7 Commission.

8 At the table with me today are Roy Zimmerman,
9 Deputy Director of the Office of Nuclear Reactor Regulation.
10 We also have Chris Grimes, Director of the License Renewal
11 Project Directorate in NRR; Dave Matthews, who is the
12 Director of the Division of Reactor Program Management; and
13 Bob Wood, who is a Senior Financial Policy Advisor in the
14 Office of Nuclear Reactor Regulation.

15 Without further ado, let me turn it over to Roy to
16 begin the briefing.

17 MR. ZIMMERMAN: Our plans this morning, the
18 majority of our presentation will be on the four areas of
19 license renewal, license transfer, 50.59 rule-making, and
20 FSAR update. Chris Grimes will lead the discussion on
21 license renewal. Bob Wood will take us through license
22 transfer and Dave Matthews will discuss the status of the
23 rule-making on 50.59 and the FSAR updates.

24 As time permits, we would also like to be able to
25 discuss several of the other initiatives that are addressed

1 in the reactor licensing oversight area in our tasking memo
2 and Dave Matthews and myself will walk the Commission
3 through those items. The Chairman has mentioned many of the
4 items that we'd like to provide an overview of.

5 As you know, many of these items were discussed at
6 the Senate subcommittee hearing in the summer time-frame and
7 have been the subject of discussion between the Commission
8 and the stakeholders on two occasions thus far. A number of
9 the initiatives that we're going to talk about today were
10 underway prior to last summer time-frame, but as a result of
11 the stakeholder interest, we have expedited a number of
12 items and we will bring those to light today, and there is
13 increased management in light of the concerns that we
14 received.

15 There is a common thread that will come through in
16 our discussions as we discuss reducing unnecessary
17 regulatory burden in a number of these areas. But I need to
18 say at the outset that maintaining public safety is our
19 first and foremost effort and before we look for those areas
20 where we can reduce burden, we are particularly careful to
21 make sure that we are not undermining the necessary safety
22 infrastructure.

23 So with that, let me ask Chris Grimes to lead a
24 discussion on license renewal.

25 MR. GRIMES: Thank you, Roy. Good morning. May I

1 have slide three, please? The regulatory requirements the
2 Commission established in Part 54 to Title 10 provides a
3 means to ensure safe plant operations during a 20-year
4 period of extended plant operation through a systematic
5 review of the programs that demonstrably manage aging
6 effects applicable to passive, long-lived structures and
7 components that perform safety-related functions.

8 The requirements in Part 51 provide an appropriate
9 scope of environmental impacts to be evaluated in
10 conjunction with such a licensing action. Given those
11 accomplishments, the present objective of the license
12 renewal program is to establish a review process that is
13 effective, efficient, timely, and predictable.

14 May I have slide four, please? With that
15 objective in mind, the NRC staff developed a review process,
16 as set forth in NRR Office Letter 805. The staff's
17 environmental impact review is conducted in parallel in
18 accordance with NRR's Office Letter 906.

19 These procedures are applied through an aggressive
20 review schedule which will provide a complete safety
21 evaluation and final environmental impact statement in 585
22 days following receipt of a license renewal application.

23 The new procedure also provides for a formal
24 feedback mechanism to identify generic renewal technical and
25 process issues and lessons learned during the review of the

1 initial applications. This provision ensures that issues
2 are promptly identified and addressed and the resolution of
3 these issues are captured in improvements to the
4 implementation guidance.

5 Monthly management meetings are held to monitor
6 the progress of the renewal reviews against the milestone
7 schedules. Success measures are established each month to
8 demonstrate continued progress toward the future milestones.
9 We hold public meetings as often as possible, including
10 public meetings that are held in the vicinity of the plant
11 site when site visits are conducted to gather information
12 concerning aging management programs and we are exploring
13 ways to expand the license renewal information, including
14 the status of generic renewal issues and progress towards
15 improvement in the guidance on NRC's web site.

16 The License Renewal Steering Committee was
17 established in April 1998 to monitor the progress of the
18 staff's review of the initial renewal application. Review
19 implementation of the license renewal program and to advise
20 responsible line management, the Steering Committee meets
21 bimonthly with the NEI License Renewal Working Group.

22 On alternating months, the Steering Committee
23 meets internally with the NRC staff to review the progress
24 of the staff's efforts.

25 In addition, in accordance with the March 6, 1998

1 memorandum from the EDO, the Executive Council monitors the
2 progress of license renewal to ensure oversight,
3 coordination and strategic implementation of the renewal
4 program. The EC meets about monthly on license renewal.
5 It's periodically scheduled.

6 The next meeting with the EC will be held on
7 January 19. The next meeting of the Steering Committee, in
8 conjunction with a monthly management meeting, will be held
9 tomorrow.

10 The next slide --

11 CHAIRMAN JACKSON: Before you go, let me ask you
12 two quick questions. Has the staff identified any potential
13 policy issues that require direction or guidance from the
14 Commission with respect to license renewal?

15 MR. GRIMES: No. The staff has not identified any
16 policy issues at this point. We are continuing to monitor a
17 series of generic renewal technical and process issued and
18 at that point, we're continuing to dialogue with the
19 industry and we believe that these can be -- these generic
20 renewal issues can be resolved with implementation guidance.

21 CHAIRMAN JACKSON: And can you speak a bit to what
22 public outreach initiatives you have ongoing?

23 MR. GRIMES: Our public outreach consists
24 primarily of holding as many public meetings as we can, both
25 in conjunction with the license renewal applications and

1 generic license renewal meetings with NEI and NEI's working
2 group and task force on license renewal.

3 CHAIRMAN JACKSON: When was the last public
4 meeting you had?

5 MR. GRIMES: It was in the middle of December. As
6 I mentioned, our next public meeting is tomorrow.

7 CHAIRMAN JACKSON: When I talk about public
8 meeting, I'm not speaking of meetings with NEI in the
9 public. Rather, I mean meetings with the public in the
10 vicinity of the --

11 MR. GRIMES: The last fully public meeting in that
12 sense was the environmental scoping meeting at the Ocone
13 site.

14 CHAIRMAN JACKSON: You can tell me later. I'll
15 let you go on.

16 COMMISSIONER McGAFFIGAN: Madam Chairman, could I
17 follow up on your question and give the staff a chance to
18 answer now.

19 NEI, in its last viewgraph, later in the meeting,
20 raises a policy question. I don't know if it's a policy
21 issue. Is the intent of the rule to re-verify the existing
22 CLB programs and activities? And I don't know whether
23 that's a rhetorical question, but since you're on it right
24 now, is there an issue arising as you go through the first
25 two applications that NEI perceives, where you're going

1 outside the scope of the license renewal rule?

2 MR. MATTHEWS: There are discussions underway with
3 NEI with regard to -- they characterize it as a policy
4 issue. It may be an implementation and review issue. But
5 regardless of its title, it has to do with the level of
6 detail and the information that needs to be provided to meet
7 the demonstration requirement in Part 54 in several areas.

8 The one that's getting the most attention is the
9 one related to the EQ program. It's the staff view that
10 compliance with the applicable sections of Part 54 depend on
11 a description of the programs that are relied upon to manage
12 aging effects, submitted on the docket to support the staff
13 findings in the safety evaluation.

14 A simple commitment, which I believe is NEI's
15 position, of continued compliance or implementation of
16 particular programs in accordance with the regulations,
17 without any supporting program description, we don't believe
18 provides an adequate basis for that purpose.

19 We've expressed that position in individual
20 conference calls with the two applicants involved and a
21 letter has been recently forwarded to BG&E with that
22 position and I believe they are preparing to provide such a
23 description.

24 COMMISSIONER McGAFFIGAN: There is an existing EQ
25 program and there is an existing description in the

1 licensing basis as to what they have to do to meet our
2 regulations.

3 MR. MATTHEWS: There is an existing requirement
4 for EQ in the regulations.

5 COMMISSIONER McGAFFIGAN: And there is something
6 in the current licensing basis with regard to how they meet
7 that current requirement.

8 MR. MATTHEWS: If you deduce that the current
9 licensing basis extends to what they have on site, certainly
10 there is a portion of their licensing basis that addresses
11 how they have implemented a program to meet that
12 requirement. That doesn't necessarily mean that it's within
13 the hands of the NRC.

14 MR. ZIMMERMAN: Much of that information is not
15 docketed.

16 COMMISSIONER McGAFFIGAN: I see. So the issue is
17 -- is this also somehow connected with the notion that we're
18 really doing a new license, that this is --

19 MR. MATTHEWS: No, I don't think it's that broad
20 and it's less of an issue of a perception than it is one of
21 the regulatory language in Part 54 that addresses the need
22 for the licensee to demonstrate to the satisfaction -- these
23 are my words -- the satisfaction of the NRC in accordance
24 with their review criteria, that they are going to have a
25 program in place to manage the effects of aging through the

1 renewed term.

2 CHAIRMAN JACKSON: Is it a question of NRC being
3 able to have access to the information that allows it to
4 make that judgment?

5 MR. MATTHEWS: It's more important, I think, to
6 phrase it as -- I think we might have access in that we can
7 go on site and do an examination of that program, but it's
8 more an issue of them representing, as part of their
9 application for renewal, on the docket, the description of
10 the programs they intend to rely on and it then becomes, of
11 course, a basis for the decision we make in granting the
12 renewed license, and that's the issue.

13 MR. ZIMMERMAN: I think this is a relatively new
14 issue and it's a matter of trying to talk it through to see
15 if there is common ground here. In a discussion recently
16 that went on last month, there were questions from the
17 applicants, do we want to see all their programs, all their
18 procedures, do we want to see everything get boxed up and
19 sent in, are we going to pour over all that level of detail.

20 And through the dialogue, we were discussing that
21 what we need is a summary that explains it at a higher
22 level. So you can see that there was some agreement and
23 focus coming together. We're not there yet, I'm not sure
24 that we will get there, but it was moving in that direction.

25 CHAIRMAN JACKSON: Narrowing it down.

1 MR. ZIMMERMAN: Narrowing it down.

2 COMMISSIONER McGAFFIGAN: Could I ask a follow-up?
3 Is this something, when you've suspended working on the
4 standard review plan, because we wanted to get these first
5 couple done, it was sort of embedded in the standard review
6 plan at the point that the standard review plan was
7 suspended?

8 MR. MATTHEWS: I will let Chris respond to that.

9 MR. GRIMES: Yes. I will explain in the following
10 process. We originally came in and said we had a variety of
11 these generic implementation issues. One of them is credit
12 for existing programs. We said that there is certain
13 guidance in the standard review plan or certain guidance in
14 the content of a renewal application that gets to how this
15 information is conveyed and an explanation of how aging
16 effects are managed and how time managed aging analysis will
17 be managed in the future.

18 We know have a database of some 98 issues where
19 we've broken them down individually. Environmental
20 qualification is one, credit for other existing programs are
21 others, and it really gets to what level of detail is going
22 to be described in the application and then what level of
23 detail will the staff put in its safety evaluation that
24 provides the basis of how much we're going to inspect these
25 programs for the new license in the future.

1 We're trying to find optimum description of these
2 programs. We're not trying to challenge the current
3 licensing basis, but as is usual, whenever we start poking
4 at the current licensing basis and try to understand how it
5 operates, there's a natural nervousness.

6 Similarly, the ASME is naturally nervous about
7 what we say about how in-service inspection manages aging
8 effects. Those are all, in my view, implementation issues
9 in terms of what level of detail will the safety evaluation
10 basis for the granting of this new license rely upon.

11 CHAIRMAN JACKSON: Okay. Why don't you go on?

12 MR. GRIMES: If I could have slide five, please.
13 The staff's view of the Calvert Cliff's and Oconee license
14 renewal applications are on schedule. Upon receipt of the
15 responses to the staff's requests for additional information
16 from Baltimore Gas and Electric in December 1998, the staff
17 began preparation of the safety evaluation report and draft
18 environmental impact statement for Calvert Cliffs, both of
19 which are scheduled to be completed in March 1999.

20 The staff's request for additional information
21 from Duke Energy on the Oconee license renewal application
22 were issued as scheduled in December 1998. Actually, the
23 requests for additional information for the environmental
24 review beat the scheduled January 3 date. They were issued
25 on December 29.

1 The responses to those requests from Duke have
2 already begun and are scheduled to be completed by March
3 1999. The staff is continuing to work with the NEI license
4 renewal group to focus and resolve generic renewal issues.

5 NEI has provided issue descriptions and contacts
6 to facilitate communications as well as NEI has provided
7 commitments to provide supplementary information to help
8 clarify the issues the staff will address.

9 The resolution of generic renewal technical and
10 process issues are expected to improve the efficiency of the
11 review process by providing clarity in the guidance for the
12 content of future renewal applications and the conduct of
13 renewal reviews.

14 Similar benefits are expected from the review of
15 generic technical reports submitted by owners' groups. Two
16 of the B&W reports have been completed and two more are
17 being reviewed on schedules that are consistent with the
18 Oconee review, because Duke references those reports.
19 Progress is also being made on the review of the generic
20 technical reports submitted by the BWR owners in
21 anticipation that we will receive an application from Hatch
22 in early calendar year 2000, and the Westinghouse Owners
23 Group, in anticipation that we will receive an application
24 from Turkey Point.

25 Finally, we are aware of other parties interested

1 in license renewal; in particular, the Southern Company has
2 described their methodology for submitting an application
3 for plant Hatch. That includes information sharing with
4 Northern States Power and Philadelphia Electric Company.

5 Florida Power and Light and Virginia Power have
6 also expressed an interest in license renewal and sharing
7 information in order to facilitate communicating with the
8 staff. Any of these generic activities obviously will
9 benefit the staff by being able to address issues in a more
10 efficient way.

11 The NRC staff has also tried to be responsive to
12 other utility companies and even foreign groups working on
13 aging management programs or life extension who have
14 contacted the staff about various aspects about how the NRC
15 is implementing its license renewal program.

16 That concludes it.

17 COMMISSIONER MERRIFIELD: I've got two questions
18 for Mr. Grimes. The first one is, you discussed a variety
19 of plants that may be interested in pursuing license renewal
20 in a relatively -- a time period of relative -- a relatively
21 short time. Is that -- are the requirements to address
22 those dealt with in your budget assumptions; i.e., do you
23 have sufficient budgetary resources programmed and
24 anticipated in order to deal with that level of interest in
25 license renewals?

1 MR. GRIMES: The answer to that today, at this
2 point in time, the answer is yes. In fact, we have to go
3 back and review the projected number of renewal applications
4 for fiscal year 99 and 2000, because as yet we have not
5 identified an applicant that would submit an application in
6 fiscal 99, although we have planned on receiving two more
7 applications.

8 But we also recognize that success in this program
9 could result in a couple of more years, say, beginning in
10 year 2000, with a flood of applications that might overwhelm
11 our resources.

12 So we have identified it as a dialogue, that we
13 want to continue with the industry a way to try to meet our
14 license renewal applications in such a way that we can have
15 as much predictability in our budgeting assumptions as the
16 industry would like predictability in the review process
17 itself.

18 COMMISSIONER MERRIFIELD: To the degree that
19 you're doing that kind of pacing, are you working with NEI
20 to try to identify facilities that may fit into that 1999
21 time period?

22 MR. GRIMES: Yes, with NEI and with their working
23 group and with the task group and at this point licensees
24 have expressed interest, but many of them are not at a point
25 where they can make any firm commitments about particular

1 submittal schedules.

2 CHAIRMAN JACKSON: There are some fairly detailed
3 discussions that licensees have with you when they are
4 seriously on the path to come in as of a certain date, is
5 that not correct?

6 MR. GRIMES: That's correct. As a matter of fact,
7 we were asked to meet with Arkansas Nuclear on January 22
8 and they want to describe their plans to us. As I
9 mentioned, we just recently received a submittal from plant
10 Hatch and they're working conscientiously toward their plan
11 to submit a license renewal application in 2000.

12 COMMISSIONER MERRIFIELD: The last question I had
13 for you is -- and this is a question I asked on Monday in
14 our meeting. What would a revision of the scope of the
15 maintenance rule mean to the license renewal process and
16 would such a change impact the milestones you've set for
17 Oconee and Calvert Cliffs?

18 MR. GRIMES: I do not see a change in the scope of
19 the maintenance rule affecting Calvert Cliffs or Oconee,
20 because they have already established a scope of passive
21 long-lived systems, structures and components for which
22 they're demonstrating aging management programs.

23 I do see that a change in the scope of the
24 maintenance rule, because of the nature of the way that
25 licensees try to use that scoping process to scope license

1 renewal, it potentially could have a destabilizing effect on
2 license renewal as we go through a change in what is
3 safety-related, what systems, structures and components are
4 relied upon for design basis transients and events.

5 But in the long run, I see license renewal could
6 eventually come back and blend right in. It's the question
7 about during the transition period, as the industry and the
8 staff are trying to change the scope of safety-related
9 systems, structures and components, how do you prevent that
10 change from destabilizing the predictability of the scope of
11 the license renewal review.

12 At this point, we've only looked at it
13 conceptually. I think it's a workable problem. The
14 question is whether or not it can be worked in such a way as
15 to not impact long-term planning.

16 COMMISSIONER DICUS: Let me follow up on that, if
17 I may. Of the licensees that are talking to you about
18 coming in with applications in FY-2000, are they talking to
19 you about this issue, as well? Are they concerned about did
20 some changes in scope in the maintenance rule, that that
21 might delay them or they're concerned about it or are they
22 talking to you about that at all? If so, could we have some
23 feedback on that?

24 MR. GRIMES: Our dialogue thus far has primarily
25 been with the practitioners of license renewal who have

1 taken as given a scope of systems, structures and
2 components. At the higher levels, when the steering
3 committee and the NEI executives meet, they have talked
4 about it in a conceptual way, but no one has identified it
5 as a particular concern.

6 CHAIRMAN JACKSON: Is it true, Mr. Travers, that
7 this issue of metering of the license applications, license
8 renewal applications and discussions with the industry,
9 nuclear power industry about that, is it your intent for
10 that to play into the planning and budgeting process in a
11 way that you have a coherent approach?

12 DR. TRAVERS: It is. It's a very important
13 element because of the resources that would be required to
14 evaluate any given application. So we're certainly
15 encouraging, to the extent we can and they can respond, to
16 get information from the industry on their plans, to give
17 them information on our planning assumptions, so that they
18 know some of the limitations we face at least today in our
19 current thinking and how we would budget for license renewal
20 and give them an idea of sort of how long the queue is, how
21 long the review is certainly in terms of the predictability
22 element.

23 But as much as we can, share and get information
24 from them on their plans.

25 CHAIRMAN JACKSON: I take it that good feedback

1 has been received from the license applicants to this point
2 in terms of how the process has been going.

3 DR. TRAVERS: At my level, yes. I think in my
4 discussions with the two plants thus far at least, in my
5 relatively new capacity, I have been encouraged by what the
6 staff and licensee interaction has been to date. Our
7 ability to move forward on the issues, to identify them and
8 to work to closure and resolution on some of them to make
9 the processes efficient and predictable, but mostly to
10 achieve our fundamental goal of ensuring safety in the
11 renewal period.

12 MR. GRIMES: At my level, the feedback is more
13 than sufficient.

14 CHAIRMAN JACKSON: Well, let me give you some
15 feedback. I think you're doing a sterling job and you laid
16 out a plan and you're working the plan, but you're seeing to
17 the issues, as far as I can tell. The Commission doesn't
18 get directly involved at this point, but I have my sources.

19 So I just want to encourage you to keep it up and
20 you have a big task.

21 DR. TRAVERS: Thank you.

22 CHAIRMAN JACKSON: You seem to be doing a great
23 job.

24 COMMISSIONER McGAFFIGAN: Madam Chairman, I will
25 second everything you just said. I just want to ask the

1 staff. We have committed to a plan here. You've got very
2 specific dates, in the updates to the tasking memo, as
3 you've had in previous updates. We're headed towards ACRS
4 review early next year and presumably Commission review in
5 the March/April time-frame for the first application, a
6 couple months later for the second application, of the SER
7 and environmental impact statement.

8 I can't resist making a comment about something I
9 saw in the Trade Press sort of challenging us to get this
10 done by June, and I think that was disservice to try to --
11 that would have been a destabilization of a process.

12 There is no way, having laid this out, having
13 assigned resources, licensees assigned resources, on a
14 schedule, to --

15 CHAIRMAN JACKSON: I'm content to let Chris handle
16 it. That's my point of view.

17 COMMISSIONER McGAFFIGAN: Right.

18 CHAIRMAN JACKSON: And if he meets or beats the
19 milestones, all to the good. What we want is for him to
20 meet the milestones, but if he beats them, all to the good.
21 We should let him -- it's his job to manage it and I think
22 he's been doing a great job.

23 COMMISSIONER McGAFFIGAN: But on the issue of
24 public meetings, it seems, to me, that in the March
25 time-frame, there will be an opportunity -- in the

1 environmental impact statement process, there is a public
2 meeting again when the draft EIS goes out, is my
3 recollection. And when the initial safety evaluation report
4 goes out, there will be these periodic meetings, but that
5 will be a pretty important document.

6 So any member of the public who wants to pay
7 particular attention to the safety evaluation will have a
8 real chance when the initial safety evaluation report comes
9 out.

10 MR. GRIMES: We were talking about the plans for
11 the public meeting for the Calvert Cliffs environmental
12 impact draft just within the last two days and I have begun
13 talking about a way to hold a public session that would also
14 discuss the safety evaluation report that will be available
15 at that time, without interfering with the logistical things
16 that we have to do for the purpose of satisfying NEPA.

17 So we will be pursuing that. And to the extent
18 that we can try and hold more public meetings in the
19 vicinity of the plant site, at this point, we're simply
20 taking advantage of site visits because trying to make
21 public meetings, like the scoping meeting or the
22 environmental impact meeting, those are -- those are very
23 demanding, too, and I don't want to distract the resources
24 from meeting these milestones.

25 I will also add that I think I was quoted in that

1 same article as saying we'll work milestone to milestone.
2 And in our meeting tomorrow, we're reviewing the milestones
3 and we will speak to the reconsidering the milestones after
4 the staff evaluation and the draft environmental impact
5 statement have been published. We'll have a much better
6 idea at that point about what the workload will look like.

7 It will be appropriate to reconsider the
8 milestones at that point, but we're not going to change any
9 milestones and jeopardize not being able to meet them.

10 COMMISSIONER MERRIFIELD: Madam Chairman.

11 CHAIRMAN JACKSON: Please.

12 COMMISSIONER MERRIFIELD: I didn't want to let the
13 moment go by and I want to associate myself with your
14 compliments to Chris Grimes and all of his staff in terms of
15 the superb work that they've been doing. Keep it up.

16 MR. GRIMES: Thank you.

17 CHAIRMAN JACKSON: Okay. Let's move forward.

18 MR. GRIMES: We'll turn to Bob Wood now.

19 MR. WOOD: Chairman and Commissioners, happy to be
20 here today.

21 CHAIRMAN JACKSON: Happy New Year.

22 MR. WOOD: Happy New Year. Before I get into
23 slide six, I'd like to just go through the goal of the
24 license transfer initiative and some of the background that
25 might be helpful to you and putting it in perspective.

1 The goal is similar to the goals of a lot of the
2 licensing initiatives that we have; in other words, we want
3 to enhance the predictability, timeliness and efficiency of
4 the license transfer process, while, at the same time,
5 maintaining protection of public health and safety.

6 The license transfer requirements are statutory.
7 They are in Section 184 of the Atomic Energy Act, and that
8 requirement is spelled out in some more detail in Section
9 50.80 of the Code of Federal Regulations.

10 The NRC has to approve in writing any transfer
11 that comes before it and it has to look at both the
12 technical and the financial qualifications associated with
13 the transferee. It includes both direct and indirect
14 transfers. A direct transfer is a straightforward sale or
15 the license itself is transferred to a different entity. An
16 indirect transfer, we've seen several of those in the past,
17 and they're in the nature of, for example, a holding company
18 being formed above an existing licensee and the control of
19 the licensee, and thus the license being transferred
20 indirectly in that capacity.

21 When we look at license transfer applications,
22 there are several factors we can look at, depending on the
23 specifics of the application. We look at financial
24 qualifications for operations. We look at decommissioning
25 funding assurance, antitrust, which is a statutory

1 requirement, the foreign ownership considerations, foreign
2 ownership control and domination issues, technical
3 qualifications in terms of management's ability and
4 experience in operating a plant, and then finally there are
5 Price Andersen and on-site insurance issues that sometimes
6 arise in the context of a transfer application.

7 We've looked at about 50 license transfers over
8 the past four years or so and 20 just in 98. Those are in
9 the nature of acquisitions, where one license -- a licensee
10 might acquire another entity, either a licensee or a
11 non-licensee, mergers between two essentially co-equal
12 companies that are licensees, holding company formations
13 that I mentioned before, non-owner-operating companies that
14 are formed by existing owners to operate the plant, and
15 then, finally, outright sales, and we've seen that, of
16 course, with TMI-1 and Pilgrim most recently, those being
17 the first examples we've had of sales of entire plants.

18 Now, with respect to slide six, I will briefly --
19 could we have slide six, please? Thank you. I'll briefly
20 go through some of the completed actions that we've done so
21 far. As you're all, of course, aware of, UC has completed a
22 final rule on streamlining the licensing transfer hearing
23 process. The rule, final rule was published December 3 in
24 the Federal Register. It was immediately effective.

25 It establishes a new subpart M to Part 2 of our

1 regulations. It basically establishes a more informal
2 hearing process.

3 Another important aspect of the rule change was
4 that there are categorical exclusions for and eliminates the
5 need to prepare site-specific environmental assessments and
6 no significant hazards determinations.

7 We've also issued final standard review plans on
8 financial qualifications and decommissioning funding
9 assurance and antitrust. As you're well aware, of course,
10 there is one in process now, a draft standard review plan on
11 the foreign ownership issues.

12 CHAIRMAN JACKSON: You should probably give
13 yourself credit for the decommissioning funding assurance
14 rule, because the standard review plan plays off of that.

15 MR. WOOD: Impending actions, in light of the time
16 we've got here and covering all these issues, I wasn't going
17 to go into any detail on slide seven, but, of course, the
18 major one on our plate now is the TMI-1 transfer and looking
19 at that, and also Pilgrim had come in towards the end of
20 December and we're also looking at that at the same time.

21 These other issues I think are fairly
22 self-explanatory and I'll be happy to answer any more
23 detailed questions on them, but that really concludes my
24 prepared remarks on this area.

25 CHAIRMAN JACKSON: Okay. Any comments, questions?

1 COMMISSIONER MERRIFIELD: What is your time line
2 for the TMI review?

3 MR. WOOD: We should have it completed in early
4 March in terms of the staff analysis and the safety
5 evaluation. We've given ourselves three months. The
6 application came in on December 4, I believe, so we're going
7 to try to complete it within that three month time-frame.

8 Now, that does not include consideration, if there
9 is a hearing. We understand that there were some expressed
10 interests on the part of an intervenor to intervene, but we
11 understand that that may be going away.

12 CHAIRMAN JACKSON: You suggested, I think, at the
13 beginning, that if there were the license transfer rule in
14 place, a time line on the order of eight months, six to
15 eight months.

16 MR. WOOD: That's correct.

17 CHAIRMAN JACKSON: So far, are you meeting your
18 milestone?

19 MR. WOOD: Yes.

20 CHAIRMAN JACKSON: Okay.

21 COMMISSIONER McGAFFIGAN: I again just want to
22 commend the staff. I think this is another success area and
23 we've got some reviews to do, but the rule, getting that
24 done as promptly as it was done was very --

25 CHAIRMAN JACKSON: I think the rule is one part of

1 it. I think what we need to compliment them on is the whole
2 --

3 COMMISSIONER MCGAFFIGAN: Right.

4 CHAIRMAN JACKSON: -- infrastructure they've put
5 into place, the rule, the standard review plans, the
6 schedules, and the actual review process.

7 MR. WOOD: Thank you.

8 COMMISSIONER MERRIFIELD: I second the Chairman,
9 and keep it up.

10 MR. WOOD: Thank you.

11 CHAIRMAN JACKSON: Now to the point that's most
12 interesting in the sense of more difficult.

13 MR. MATTHEWS: Gee, I was hoping to proceed
14 through my portion of the presentation as rapidly and
15 smoothly as Mr. Wood did. Is there any expectation?

16 CHAIRMAN JACKSON: Well, I'll put it this way.
17 You have one thing going for you, Mr. Matthews. That is,
18 yesterday, we had a three hour and 45 minute Commission
19 meeting. At least I do not intend that.

20 MR. MATTHEWS: Good. With that, I'll begin. I'd
21 like to address two areas. They're interrelated. They also
22 are connected to a third and one of the other licensing
23 initiatives that are contained in our set of viewgraphs that
24 have been provided.

25 The first one I'd like to discuss is the 10 CFR

1 50.59 rule-making activity. By way of background, and I am
2 on slide eight at this point. By way of background, and
3 this will be brief, Madam Chairman, you already gave an
4 introduction with regard to the fact that this effort had
5 been undertaken at your request some time ago.

6 It has proceeded through the 1996-1997 time-frame
7 and now one more year has passed and we are still addressing
8 these issues in that reevaluation. But it is coming to
9 closure, in my view.

10 We have responded to a Commission SRM in March of
11 98 to prepare a proposed rule. You reviewed that proposed
12 rule and authorized us to issue it for public comment, but
13 suggested that we solicit comment in some additional areas
14 beyond the content of the proposed rule that was offered by
15 the staff.

16 Those additional areas related to a wide range of
17 options on margin of safety and to seek comment on several
18 other topics, such as minimal increases and definitions and
19 the need for definition of accidents.

20 That rule was published for public comment. That
21 occurred on October 21 and you had asked us in that SRM to
22 provide you a final rule, back to the Commission for your
23 consideration, on February 19 of 1999, which is close to a
24 month from now.

25 With regard to the current status, we got

1 extensive public comment, 57 comment letters have been
2 received, totaling in number about 300 pages. We did get
3 comments from NEI, as were expected.

4 In addition, we got comments from 35 power reactor
5 licensees and two non-power reactor licensees. I'd like to
6 remind everybody that this rule has wide applicability. It
7 addresses issues at power reactors that are operating, power
8 reactors that are in the process of decommissioning,
9 non-power reactors, and also addresses -- and I probably
10 won't have an all-inclusive list -- but changes relative to
11 people who have licenses under Part 72.

12 So it is an important rule and one that affects a
13 lot of the operations that are overseen by the NRC.

14 We did not get any comments from any public
15 interest group on this rule. We did have some comments from
16 members of the public and interested parties, but no
17 combined public interest group offered views on this rule.

18 Most commenters supported the objectives of the
19 rule-making and I will summarize the more significant groups
20 of comments, without belaboring the details, other than to
21 the extent that we need to go into them, at your discretion.
22 I will take them only in order of what I view to be
23 significance and the ones that are going to be most
24 difficult for the staff, first, and then the Commission,
25 secondly, to wrestle with.

1 Margin of safety drew many comments. NEI offered
2 an approach that would substitute a group of criteria in
3 place of the existing margin of safety criterion. In fact,
4 they didn't even label it. They refer to it as criterion
5 seven. The reason being that their approach would not be to
6 address that issue with a concept of margins, but to
7 establish and focus on parameters that need to be addressed
8 to control the integrity of fission product barriers, and
9 they would argue that prior approval would be required if
10 they were to alter or exceed any of that set of parameters.

11 They would call these parameters for this group of
12 issues related to fission barrier product integrity as
13 design basis limits that would be agreed upon. They exist
14 in the FSARs at this time.

15 CHAIRMAN JACKSON: In all of the FSARs.

16 MR. MATTHEWS: I believe all of the FSARs address
17 those limits.

18 CHAIRMAN JACKSON: Does the staff have a position
19 on this?

20 MR. MATTHEWS: We are probing their proposal at
21 this point in time and that's the best way I can say it,
22 because there is an issue of concern over completeness and
23 we don't think we've got a bottom line on whether it may be
24 sufficiently complete to exercise the degree of oversight
25 necessary.

1 We had an extensive public meeting with them last
2 Friday, extended well beyond the snow release time, and we
3 had a few individuals from Chicago there and I think maybe
4 it was because they probably preferred being here.

5 CHAIRMAN JACKSON: They couldn't go home anyway.

6 MR. MATTHEWS: I thought they preferred being here
7 rather than there. And we have another meeting scheduled to
8 further explore their proposal. They're certainly here and
9 are well equipped to describe it. I think I got it, in a
10 nutshell.

11 With respect to probability and the relationship
12 of the phrase "minimal" to changes in probability, some
13 commenters noted that minimal increases in probability may
14 be difficult to justify without more definitive guidance
15 concerning the use of and quality of the PRAs. I think this
16 is an issue that was discussed at some length on Monday.

17 My understanding of NEI's comments in this area,
18 they aren't very eager to step off into a definitional
19 discussion on what means minimal and they are very
20 comfortable with continued use, as they had in 96-07 and
21 NSAC-125 that preceded it, with the concept of negligible as
22 applied to discussions relating to probability in that
23 existing criterion on Part 50.59.

24 CHAIRMAN JACKSON: Wasn't negligible the original
25 staff recommendation?

1 MR. MATTHEWS: Yes. The last item that I wanted
2 to speak to directly was with respect to the treatment on
3 consequences and the relationship of the word "minimal"
4 increases of consequences and that corresponding criterion
5 in 50.59.

6 There is a bit of dual treatment that I think NEI
7 would like us to consider. You may recall that the staff
8 proposed in the proposed rule as one of the primary options
9 for dealing with consequences that we adopt a view of
10 minimal relative to the percentage of change that would be
11 permitted based upon a sliding scale, dependent on how far
12 you were away from an acceptance criteria that may have been
13 established by either regulation or some other form.

14 And where no acceptance criteria could be
15 inferred, that in the areas that you may recall the staff
16 sometimes would view that it was -- the acceptance criteria
17 was not numerical, but was some small fraction of 10 CFR
18 Part 100.

19 In those instances, NEI would propose that they
20 have the flexibility to not be held to a small fraction of a
21 small fraction and that they be allowed to allow those
22 consequences to increase to the regulatory acceptance
23 criteria that most usually is found in the standard review
24 plan.

25 So I think there is a mixed story with regard to

1 the degree of acceptance we saw in at least the industry
2 comments on minimal as applied to consequences.

3 CHAIRMAN JACKSON: This prospective was suffused
4 in both the NEI and the actual power reactor licensing.

5 MR. MATTHEWS: I'll have to look to Eileen for
6 that. Eileen McKenna is the primary staff individual on
7 50.59.

8 MS. McKENNA: Eileen McKenna, NRR staff. I would
9 characterize the comments we got from across the spectrum of
10 saying there were those that agreed that limiting this
11 percent of difference with respect to the SRP values was
12 unduly restrictive.

13 I would also comment that we did get a set of
14 comments that still would go back to, if you will, that the
15 -- you would not -- you should not measure whether there's
16 been any increase in consequences, unless the limits
17 themselves, whether they are either the regulatory limits or
18 the standard review plan limits that are exceeded; that they
19 were rejecting, if you will, the minimal increase approach.

20 So I wouldn't say that there was a uniformity, but
21 I would say that there were those that did accept the idea
22 of having some limitation on the degree of change. They
23 also raised this question of the SRP limits and things like
24 that, that those not be also applied in this percent change
25 action.

1 CHAIRMAN JACKSON: I see. So that they should be
2 able to go all the way to the limits without having NRC.

3 MS. McKENNA: These subsidiary limits, if you
4 will.

5 CHAIRMAN JACKSON: Without having any NRC review.

6 MS. McKENNA: Correct, yes.

7 CHAIRMAN JACKSON: Does the staff have a position
8 at this point, a preliminary position?

9 MS. McKENNA: Again, we're looking at that and
10 seeing whether there are any reasons why that would not be
11 acceptable, but I don't think we're prepared to say today
12 that we're accepting or rejecting.

13 MR. MATTHEWS: Turning now to slide nine, I just
14 wanted to very quickly talk about the approach which I think
15 we've already discussed.

16 CHAIRMAN JACKSON: Let me just ask you one other
17 question. Well, two really. One is specific and one is
18 more generic. I note that NEI has a slide on the importance
19 of definition of change, which would redefine when 50.59
20 evaluations are received.

21 Now, is this -- have you had a chance to examine
22 this?

23 MR. MATTHEWS: I have not examined that slide or
24 that definition. I don't know whether Eileen has had an
25 opportunity to.

1 MS. McKENNA: As you notice on our slide, our
2 third bullet is the issue of screening of changes. So it is
3 one that we are aware of and we did seek comments from a
4 number of sources.

5 I think, in essence, it's asking for a way that
6 within the definitions to limit, shall we say, those cases
7 where an evaluation is needed for changes that would affect
8 functions or design information as opposed to changed
9 anything that's described in the FSAR as requiring 50.59
10 evaluation.

11 CHAIRMAN JACKSON: And is this a de facto change
12 of scope?

13 MS. McKENNA: Perhaps, I mean, in terms of what
14 requires a full evaluation, it could be a way of getting at
15 the scope question, yes. But if you agreed that certain
16 kinds of changes did not require evaluations, they are
17 essentially not part of the scope of the evaluation against
18 the criteria.

19 CHAIRMAN JACKSON: Now, was this something that
20 NEI and the staff said it wanted to do as a second step;
21 that is, scope?

22 MS. McKENNA: I think what we're talking about is
23 definitional within what facility and procedures described
24 in the SAR, which was really what this -- the definitions we
25 had now and the scope that we're working on. So I don't

1 think we were trying to make a change there.

2 CHAIRMAN JACKSON: But it's scope within the
3 existing --

4 MS. McKENNA: Scope within the existing FSAR, yes.

5 CHAIRMAN JACKSON: So you're talking about
6 narrowing that scope.

7 MS. McKENNA: Narrowing the cases for which you
8 need to do an evaluation, yes.

9 COMMISSIONER McGAFFIGAN: Madam Chairman.

10 CHAIRMAN JACKSON: What is a scope change?

11 COMMISSIONER McGAFFIGAN: Madam Chairman, the
12 change -- I'm looking at the NEI document. It's still a
13 pretty broad definition. I think --

14 CHAIRMAN JACKSON: No, no. I'm not dealing with
15 broadness or narrowness. I'm just asking a more generic
16 question as to whether, in fact, it affects the scope.

17 MR. MATTHEWS: I think it is a -- it does affect
18 scope. It primarily affects it with regard to the screening
19 process that the utilities or the licensees undertake.

20 COMMISSIONER McGAFFIGAN: To screen out the change
21 in the vice president or something like that.

22 MR. MATTHEWS: That's correct.

23 COMMISSIONER McGAFFIGAN: Right. That may not be
24 bad.

25 CHAIRMAN JACKSON: It doesn't matter. I'm just

1 trying to clarify to what extent it is a scope change.

2 Thank you. And let me ask the generic question; not to you,
3 no, no, no. You --

4 MS. McKENNA: I'll wait here just in case.

5 CHAIRMAN JACKSON: Are we coming to a point -- how
6 much more iteration do we need to allow or are we coming to
7 a point that the Commission just needs to try to make a
8 decision?

9 MR. MATTHEWS: I think we're at the point, once
10 you receive the staff's proposal, my personal view is that
11 we're going to be able to make a proposal to you of a
12 reasonable course of action, recognizing it's for this
13 period before we reach a more broader change to our
14 regulatory framework, that iteration at this point would
15 only delay the inevitable. We need to get on with this.

16 So I think the staff is in a position -- we're
17 going to make a recommendation in February associated with
18 our response to these recommendations and comments of our
19 external stakeholders.

20 CHAIRMAN JACKSON: Okay. That's fair.

21 MR. MATTHEWS: As I indicated through a memo that
22 Bill forwarded to you earlier, I think in December, our
23 expectation is that the important work to be done is to
24 focus on the resolution. We felt it might be, frankly, a
25 waste of staff resources to galvanize one of these

1 approaches into the complete final rule-making package and
2 all its attendant pieces prior to our getting your
3 reflection on it.

4 CHAIRMAN JACKSON: And so it's time for the
5 Commission to bite the bullet.

6 MR. MATTHEWS: And then we will proceed to hand
7 you back very soon after that a final rule that will have
8 the -- as I say, the I's dotted and the T's crossed.

9 CHAIRMAN JACKSON: Right. I understand. But the
10 Commission needs to bite the bullet. You can sit down,
11 Eileen. Thank you.

12 MR. MATTHEWS: I haven't relinquished my ability
13 to call her back.

14 CHAIRMAN JACKSON: He reserves the right.

15 MR. MATTHEWS: I reserve the right, right, and the
16 reason for that is that the subsequent issue has
17 implications related to the 50.59 rule-making. The degree
18 of that interface is in the eye of the beholder sometimes.

19 But I want to now turn to slide ten, and this
20 relates to the guidance for updating FSARs. This is one
21 that --

22 CHAIRMAN JACKSON: You skipped a slide, you
23 skipped nine. You think you've covered pretty much those
24 issues.

25 MR. MATTHEWS: I think I covered nine with regard

1 to the fact that it addressed schedule and upcoming
2 activities.

3 CHAIRMAN JACKSON: Fine, that's good. Okay. I
4 understand. Right.

5 MR. MATTHEWS: Right. Let me go back to nine for
6 a moment, though. I think it does deserve discussion, that
7 last bullet. Okay. We are working with the staff primarily
8 involved in the discussion on Monday. We all were
9 participants in the discussion of those options offered to
10 the Commission with regard to risk informing Part 50,
11 because of the interrelationship between the change process
12 that is being suggested for adoption and the future need for
13 a collateral change process to be developed, whether you
14 deal with option one or option two or both at the same time.

15 So we've been involved in that and I just wanted
16 to reassure you that those activities are interleaved, so
17 that we don't make, to the extent that we can prevent it,
18 one step forward and then have to take two back with regard
19 to this issue.

20 So we have those continuing discussions with
21 regard to the relationship between 50.59, a potential
22 revised broad scope of 50.59, and how that relates to
23 risk-informed options and the scope of certain portions of
24 Part 50.

25 CHAIRMAN JACKSON: Let me ask you this quick

1 question. How is the staff coming to terms with acceptance
2 limits or even any de facto scope discussions without a
3 mutual understanding of design basis definition?

4 I mean, I note that NEI's slide talks about attain
5 a common understanding of what information is captured by
6 50.2 definition and must resolve this issue.

7 Are they connected at all?

8 MR. MATTHEWS: They are connected, but let me deal
9 with it this way. The concept of acceptance limits, and I'm
10 using that literal term, is really not a term or a concept
11 with much regulatory standing. We are moving away from it.

12 CHAIRMAN JACKSON: So that will be part of what
13 comes to the Commission.

14 MR. MATTHEWS: Right. This is consistent, I
15 believe, with NEI's comments on the proposed rule. You will
16 hear the phrase acceptance criteria as we establish it in
17 standard review plans.

18 CHAIRMAN JACKSON: Is that at all related to the
19 issue of design basis definition?

20 MR. MATTHEWS: No, not directly.

21 CHAIRMAN JACKSON: So you think one can make a
22 clean decision in the absence of having come to some meeting
23 of the minds on design basis definition.

24 MR. MATTHEWS: I believe we can, but I have to
25 caveat that in that NEI's proposal with regard to a

1 replacement criteria for margin of safety does not rely on
2 establishing acceptance limits. Had we been in a previous
3 era where we were struggling with margin of safety and how
4 it's defined in terms of the difference between some
5 operating level and a, quote, acceptance limit that might
6 have been established in the FSAR, I think it would have a
7 direct relationship.

8 So there is some caveat to my statement that I
9 don't think resolution of the issue is an impediment to
10 moving forward on 50.59.

11 CHAIRMAN JACKSON: Okay.

12 MR. MATTHEWS: I've lost my place. On slide ten,
13 and I only have one slide on this subject. As you can see,
14 we have moved from the provision by NEI of a guidance
15 document for our information in November 1997 to a generic
16 letter that the staff proposed to address issues that we
17 didn't feel we could resolve in terms of the differences
18 that existed between our view and that that was provided to
19 us for information.

20 The Commission suggested that we work with NEI to
21 bring these two documents together, so to speak, and have us
22 release that proposed generic letter for NEI's use in making
23 possible revisions to their NEI 98-03 document.

24 We've reached agreement on that document and we
25 have proposed to the Commission, as you remarked,

1 SECY-99-001, a reg guide that would be issued for public
2 comment that would endorse NEI's guidance document 98-03 for
3 use by licensees in guiding their updating of FSARs
4 consistent with the existing regulations, 50.2, 50.34, and
5 50.71(e).

6 We believe this is a success story. The next
7 milestone will be to reach your agreement and issue that for
8 public comment, resolve those comments, and bring back to
9 the Commission a proposed final reg guide and thereby, in
10 our view, bring forward guidance through our combined
11 efforts that has been long overdue with regard to the need
12 to clarify just what should be within the FSAR, what should
13 be within its updates, and bring conformance between that
14 guidance and the existing rules, which primarily are 50.34
15 and 50.71(e).

16 CHAIRMAN JACKSON: Let me ask you a question. Is
17 there a level of risk significant SSCs that should be
18 retained in the updated FSAR that somehow doesn't reach the
19 level of adequate protection or is that an oxymoron?

20 MR. MATTHEWS: Or a non-sequiter. I'm having
21 trouble -- let me rephrase it in another way and see if you
22 agree that that's the appropriate question.

23 Is there information that might not otherwise be
24 required by our regulations explicitly?

25 CHAIRMAN JACKSON: Right.

1 MR. MATTHEWS: Although you could argue that it
2 was provided as part of the application in response to our
3 need for information. But I'll just put it that way; that
4 would not otherwise be required through that process. It is
5 there, it has risk significance; that if it were to be
6 removed, would threaten the concept of adequate protection.

7 CHAIRMAN JACKSON: That's a good way to put it,
8 thank you.

9 MR. MATTHEWS: And my view is that there is not
10 information that rises to that.

11 CHAIRMAN JACKSON: To that level. Okay.

12 MR. MATTHEWS: But this is an ongoing point of
13 discussion and the reason I'm able to say that is I believe
14 our whole regulatory fabric establishes, current
15 regulations, a level of adequate protection and we have
16 demonstrated through our licensing review process that that
17 has been met.

18 The question relates to what is -- if we miss
19 something in terms of what the regulation requires, even
20 though it happens to be there, it raises a question with
21 regard to sufficiency of our regulatory process. I don't
22 believe that --

23 CHAIRMAN JACKSON: Well, should make -- should you
24 not ensure or should the Commission not ensure, since the
25 SECY is here, that the Commission always reserves to itself

1 the right to revisit the issue vis-à-vis adequate
2 protection.

3 MR. MATTHEWS: I'll tell you, I think we're always
4 on -- in terms of our processes, always on the lookout for
5 that kind of information, if you will.

6 CHAIRMAN JACKSON: I know, but I'm talking about
7 making it clear.

8 MR. MATTHEWS: As you said, reserve the right. If
9 such a removal were to take place, that there are regulatory
10 mechanisms to assess it, address it, and if it did threaten
11 adequate protection, that we have mechanisms to ensure that
12 that not happen.

13 I believe that that is something we've given you
14 an opportunity for in the way that we presented that issue
15 in the Commission paper.

16 CHAIRMAN JACKSON: Right.

17 MR. MATTHEWS: And we did it in such a way that I
18 think is reflective, because we had discussions with NEI on
19 this point. It was not their intent in developing this
20 guidance to support the removal of such information were it
21 to be there.

22 CHAIRMAN JACKSON: Right. I'm just saying it's a
23 point of clarity that I think -- I don't know, Karen, if you
24 have any comment you want to make about it, but you could
25 argue that the power exists for the Commission to do it

1 anyway if it relates to adequate protection. But in terms
2 of truth in advertising, I think it's perhaps worthwhile to
3 --

4 MS. CYR: There's always value in re-clarifying
5 that, but I agree the Commission has the power to.

6 CHAIRMAN JACKSON: So I think maybe I'll certainly
7 make that point. Let me ask you one other question. It
8 really relates to the use of the FSAR in the emergency
9 operations center.

10 The NRC maintains the updated FSARs in the ops
11 center to aid in the assessment of the plant events. So the
12 question is, how did the staff factor in the potential use
13 of the updated FSAR for assessing plant events in
14 determining what information could be deleted from the FSAR?

15 MR. MATTHEWS: We factored it in by consulting
16 with and working with AEOD, who participated in reviewing
17 the proposed generic letter that offered the opportunity for
18 removal. But more importantly, I think that what's germane
19 to this discussion is the opportunity to go to simplified
20 schematics as opposed to the more detailed P&IDs.

21 The feedback we got was that -- and I think maybe
22 you used this word in your question -- that that information
23 existing in the ops center is an aid to our response. It
24 certainly isn't critically relied upon in our response,
25 given that the immediate response and, of course, the

1 dealing with the casualties is the licensee's
2 responsibility.

3 There also are plant information books that exist
4 in the ops center that contain information of this type. So
5 we assessed it, given that its retention was not something
6 we could support by the current regulatory requirements and
7 given that the ops center plays a support role to the
8 licensee, we determined that the removal of it insofar as it
9 may allow for the elimination of some detail that, for
10 example, the reactor safety team may wish they had would not
11 be a serious shortcoming.

12 Furthermore, there are FSARs, many of which, in
13 later era, have simplified schematics in them.

14 CHAIRMAN JACKSON: Let me ask you. With respect
15 to last summer's break in the fire protection system at
16 WNP-2, which resulted in the flooding of the ECCS rooms,
17 what value would the detailed P&IDs have provided in
18 evaluating and understanding the event?

19 MR. MATTHEWS: I don't know whether the P&IDs were
20 available to the team at that time. So this is
21 hypothetical. In my view, it would be of value to aid them,
22 but certainly if they felt they needed details associated
23 with that information, could have gotten that information
24 very promptly, because I think they could have gotten P&IDs
25 or that portion of them transmitted electronically without

1 delay.

2 So I don't believe we're -- I don't believe
3 personally that we're frustrating efforts to gain required
4 information and I think we have the authority to get it when
5 we need it.

6 Roy, I'd like to turn it back to you.

7 CHAIRMAN JACKSON: So are you done?

8 MR. MATTHEWS: I am.

9 CHAIRMAN JACKSON: Well, if you're done, I just
10 want to issue my kudos to you. This one -- your buddies
11 here at the table can say I've done this, this, this and
12 this, and this is done, I did this rule. You've been
13 working on something that's a very complex set of issues. I
14 think that we've gotten to this point, I think, is amazing
15 and I think it's due to work that you've done and people who
16 have been working with you.

17 So I compliment you, because the Commission, in
18 earlier times, has thought about -- let's call it opening
19 50.59 and looking at some of these other things and has
20 never really gotten to do it, and we're doing it.

21 So I want to not only compliment you, but to thank
22 you.

23 MR. MATTHEWS: Thank you very much. I'd like to
24 offer that this is probably -- these topics, interrelated
25 topics have probably occasioned more interaction with the

1 Commission than many that I've seen in my 20 years or more
2 here. I think we collectively view that as having been very
3 beneficial whenever it occurred.

4 COMMISSIONER McGAFFIGAN: Madam Chairman, I'll
5 second, but I also think, in this case, it took NEI doing
6 Rev. 0 to 98-03 to -- and the staff discussions with them,
7 it took two to tango and it's a joint success of both the
8 staff and the industry effort.

9 CHAIRMAN JACKSON: But I would say that it was the
10 Commission that decided that 50.59 needed to be opened up
11 for review, but I don't disagree with you in terms of having
12 gotten to this point. It took a joint effort.

13 MR. MATTHEWS: Thank you.

14 COMMISSIONER MERRIFIELD: I'd add mine to
15 Commissioner McGaffigan and the Chairman.

16 MR. ZIMMERMAN: If we can move to slide 11,
17 please. Now we're moving to other licensing initiatives
18 that are included in the tasking memo under this grouping of
19 reactor licensing and oversight. The way we have this laid
20 out, the first three items are ones that Dave Matthews will
21 address and the remaining five are ones that I will address.

22 We can take them from the top and work down or we
23 can give Dave a rest and we can start on some others.

24 CHAIRMAN JACKSON: It's time to give Dave a rest
25 and work from the bottom.

1 MR. ZIMMERMAN: Okay.

2 MR. MATTHEWS: Or at least till we can find his
3 place.

4 MR. ZIMMERMAN: Why don't we start on licensing
5 actions and I'll get a page number. It looks like it's 14.

6 What I'm going to describe are some broad
7 initiatives in the licensing action process area, status of
8 where we are with the timeliness and inventory on our
9 licensing actions, and then focus specifically on some
10 initiatives we've had on the requests for additional
11 information or RAI area.

12 We have established recently an internal steering
13 group that is headed by Bill Dean that is interfacing with
14 an industry steering group that is headed by Jim Fisacaro
15 and supported through the efforts of NEI.

16 This has the potential to be a powerful tool for
17 us. They have met, I believe, twice thus far and they have
18 a third meeting set for this afternoon. The purpose of this
19 steering committee is to share the areas of what do we think
20 is going well in the area of licensing actions and the
21 process and what are the areas we need to focus on to
22 improve it further.

23 They've spent time talking about the RAI process
24 and dialoging what some of the next steps will be. They're
25 currently working in the box, looking at things that may be

1 short-term type of deliverables, but they also have
2 recognized that there will come a time that they would like
3 to be able to bring forward ways of doing business outside
4 the box, ways that licensing matters may be able to be done
5 in a different fashion, less cumbersome, more done by the
6 utility, with opportunity for oversight by the NRC.

7 So there's a plan here that these groups have,
8 both short and long term.

9 Another benefit of this group is it currently can
10 serve as a lightning rod for us, that if there are issues
11 within the industry, concerns on the way we're doing
12 business, we want that feedback from the industry. We need
13 to know where the concerns are so we have the opportunity to
14 address it, and we have asked the industry counterpart of
15 this licensing action, the process group, to ferret out,
16 identify, come forward, get people in contact with us so we
17 can get that feedback, which is very important for us to see
18 if we're making the gains and strides that we believe we've
19 started to do.

20 CHAIRMAN JACKSON: Roy, can you step back for a
21 moment and say up front what have been your desired
22 outcomes? What is it that we were trying to get to with
23 respect to licensing action?

24 MR. ZIMMERMAN: Desired outcomes, above all else
25 is that when we issue our safety evaluation, if we approve a

1 licensing action, that it is done in a quality way, that we
2 are maintaining safety, and when we sign it out, we feel we
3 can stand behind it, that it was appropriate to issue this
4 licensing action, whether it be for a tech spec amendment,
5 change to an individual portion of the license, an exemption
6 or a relief.

7 And in that area, we think overall we've been
8 quite successful. However, the timeliness of our actions
9 has not been -- that we have not met the goals that we have
10 established for ourselves in past years and we recognize
11 that we need to look at making some fundamental changes to
12 the way we do business, so that we can improve our
13 timeliness, but not at the expense of the quality of the
14 safety review.

15 And it's important for us as we try to work on
16 that timeliness that we continue to reinforce to the staff
17 that quality comes first and if we need to ask questions in
18 an RAI, we're going to ask those questions. We're going to
19 maintain that gatekeeper role.

20 But we want to look for other ways of being able
21 to gain the information, perhaps using the telephone more
22 often, having management meetings, by sending letters back
23 and forth. We're looking for ways of gaining efficiency;
24 not to give up on the safety side, but to be able to reduce
25 unnecessary regulatory burden due to the length of time that

1 it takes us to be able to issue the actions.

2 It was with that backdrop that led to the
3 development of this steering group, because, again, as we
4 think we're making progress, we need stakeholder feedback
5 and this is an opportunity to gain it. If this group is
6 used as a focal point for the industry and they meet on,
7 ballpark, a monthly basis, then we can find out from this
8 group whether, in fact, they're seeing a reduction in RAIs,
9 are the RAIs on point, are we asking appropriate questions,
10 does the NRC really need that information, issues associated
11 with timeliness and so forth.

12 So I see this group doing -- as multi-faceted.
13 It's serving that mouthpiece role for us, but they're also
14 helping bring in inventive, creative ideas that we need to
15 stay open-minded to, to look for ways that we could possibly
16 do business different.

17 CHAIRMAN JACKSON: So you would say the
18 overarching goals then are quality and timeliness.

19 MR. ZIMMERMAN: Yes.

20 CHAIRMAN JACKSON: Improving timeliness.

21 MR. ZIMMERMAN: Yes.

22 CHAIRMAN JACKSON: Okay.

23 COMMISSIONER MCGAFFIGAN: Madam Chairman, one of
24 the things that I found most interesting and hasn't really
25 been highlighted by the staff in the briefings that I've

1 heard is this new NRR guide on processing licensing actions,
2 for the first time risk-informs it, to some extent, in the
3 sense that the resources that are agreed to up front depend
4 on the risk significance of the licensing action, and I --

5 CHAIRMAN JACKSON: Right. That's the point.

6 COMMISSIONER McGAFFIGAN: I thought that was one
7 of the more interesting things in the draft guide. I don't
8 know whether you've gotten any comments from industry about
9 that notion embedded, that there will be more resources, if
10 it's a more complicated risk significant license amendment.

11 MR. ZIMMERMAN: The increase in priority on the
12 risk-informed licensing actions.

13 COMMISSIONER McGAFFIGAN: It isn't just that.
14 It's that the relative risk significance of the amendment
15 request will impact the amount of resources the staff
16 devotes to the review in this treaty that gets negotiated up
17 front as to how -- you know, what is the staff expectation
18 as to resources required to process the amendment.

19 You have embedded in your resources a risk
20 significance, I think. That's what plain English seems to
21 say.

22 MR. ZIMMERMAN: There is a cross-cut issue here
23 that we're sensitive to. We have the Bill Dean steering
24 committee on licensing action process. We have the Gary
25 Holahan risk-informed licensing panel. What we're doing is

1 making sure those organizations talk to each other, so that
2 we stay closely coupled between the efforts within Gary's
3 panel and the efforts within Bill's, so that we try to avoid
4 miscommunications, left-hand/right-hand problems, by
5 maintaining that dialogue, by members of each group talking
6 to each other, by members of each group sitting in on the
7 other's panels.

8 So we think that's -- we have -- the bottom line
9 is we have high hopes on what we can gain from this group.

10 One of the first -- I sat in on the very first
11 meeting where they were -- the development meeting, and it
12 was interesting because we're not sure exactly what kind of
13 issues are we going to hear about. And the first issue that
14 came across is industry would like to have an opportunity to
15 talk to us more, to be able to feel comfortable that they
16 can pick up the phone and talk with us and that we have a
17 willingness and that we'll demonstrate that coming through
18 the phone lines, to be able to talk with us, and without a
19 concern or fear that their questions will be considered
20 inappropriate.

21 That sounds pretty easy to do. That's not one of
22 the more complex issues for us. So it's a matter of just
23 dialoging with the staff, making the staff sensitive to the
24 fact that we've got -- the first words that came forward
25 were that, just the discussion on early and frequent

1 dialogue, and we feel that we've communicated that through
2 our training and our staff meetings.

3 The aspect of establishing schedules is an area
4 that we definitely need to improve upon and there's also
5 room for improvement within the industry, and the steering
6 group can help us here, as well. We have efforts underway
7 to try to have more realistic due dates for when we're going
8 to complete our activities. Licensing actions is just a
9 piece of that. You could apply it to other tasks that NRR
10 does and we recognize that that's not one of our strengths
11 right now.

12 The ability to change the due date does not have
13 the rigor to it that it needs. So we're improving our
14 processes to bring that forward, building the infrastructure
15 so we can come up with realistic due dates.

16 The industry, likewise, we need to have a dialogue
17 with the industry to know that if we send out an RAI, what's
18 their time-frame for responding. Sometimes they may elect
19 to put it on hold because they're getting ready to go into
20 an outage or whatever and being able to see down the road
21 the success path or ultimate conclusion and a schedule is
22 important to us.

23 So we're working in identifying what I will call
24 firm dates agreed upon for how the process will follow in
25 licensing actions.

1 One of the initiatives that we've begun now is
2 initial acceptance reviews. Because of the inventory that
3 we have, a review can come in and it can get prioritized
4 perhaps at a lower priority. It may not get looked at for
5 several months and then if we look at it, we may find that
6 it has serious flaws that don't allow us to do anything with
7 it because there's some information that's missing that's
8 fundamental to the review.

9 We lost a period of time, when we send that news
10 back to the utility. So initial acceptance reviews are
11 beginning to be conducted by the project manager. I'll call
12 it a quick look. It's something to be done within a
13 one-week period upon arrival. There is guidance that has
14 been provided to the project managers in our in-office
15 procedure 803. There's training that's ongoing to train the
16 staff in what to look for.

17 It's aimed at trying to identify missing
18 information that is sufficiently glaring, that we can send
19 it back to the utility, make them aware of it, and they can
20 improve upon their submittal. And hopefully, by the time
21 that information comes in, our staff, the tech staff will be
22 ready to perform their review and we are able to cut out a
23 chunk of time that otherwise could have been lost.

24 Another important piece is lessons learned. If,
25 in fact, we have cases where we believe there are these

1 glaring issues, we want to get this information back not
2 only to the utility so that they can improve upon it next
3 time, but we also want to get it back to the steering
4 committee. Maybe in generic terms, specific, not to create
5 those types of issues, but to try to get the word spread
6 that a utility fell short of the mark in this manner and try
7 to elicit and leverage the industry group to help spread the
8 word.

9 We can do it through generic communications, but
10 there's a role for the industry here that's been expressed
11 to them, as well.

12 Increasing staff accountability is really
13 reflecting on those words, not really what I want to say.
14 It's really increasing management and staff accountability.
15 The staff will do what we ask them to do, that makes sense
16 and there's a logic behind it and it's laid out in an
17 orderly way.

18 The first thing that has to happen is management
19 has to lay out expectations. We have to say that the past,
20 the ability to change due dates without rigor is not
21 appropriate. Management expects to set realistic due dates.
22 The way we come up with the date will be based on a process.
23 So we arrived at a date that is meaningful and we think
24 we're going to meet that date and we expect that we're going
25 to meet that date.

1 And then if something happens in the future and
2 there is a reasonable reason why we didn't, we'll look at
3 extending it, if it's appropriate. We have to start with a
4 premise that these dates are to be met and that's
5 management's job to make that expectation known and that's
6 not something that we have done as well in NRR as we need to
7 do. So the expectation on timeliness.

8 The expectation on the threshold for asking
9 questions, done carefully so that we don't turn off
10 questions, but that we make sure that we're within bounds,
11 that have discipline to the process. And then in order for
12 this to work, on a personal level, it has to make its way
13 into the performance appraisal process. People need to be
14 rewarded when they perform along the lines of what
15 management's expectations are and there needs to be
16 accountability after management's expectation has been made
17 known, if we aren't completing things on time.

18 So it has to follow through the process entirely.
19 So there's work to be done on the infrastructure of our
20 performance appraisal process that I don't want to minimize,
21 because there's effort that's involved in going through and
22 doing this right and that's what we're going to do.

23 Arthur Andersen has been working with us from our
24 tasking order. One of the areas that we asked them to help
25 us with was centralizing work load management. It was an

1 area that we felt needed work, particularly for the reason
2 that I had indicated about our due dates. So they have
3 helped us in this area and we have been briefed on their
4 thoughts.

5 They worked with our focus groups, so really what
6 they've been doing is facilitating our staff in discussions.
7 But what we envision is moving to a central clearinghouse,
8 where all tasks coming into NRR are going to go through a
9 central clearinghouse, a group of individuals, not sure of
10 the number yet, it's still conceptual, whether it's in the
11 range of three to five, something like that, that are going
12 to broker assignment of work and we'll have information
13 available in order to be able to accomplish that.

14 They will have the ability in this vision to be
15 able to have on-line capability to look at the individual
16 work load through, say, a year, so that work can be
17 levelized across the office, factor in leave, factor in a
18 certain amount of sick leave, put in educated assumptions
19 for a number of green tickets, number of SRMs, load this
20 document, and then work to manage it, to equalize the work
21 load.

22 We may find that we have cases where we have
23 fungibility issues. We may find that we have some lightly
24 loaded areas and we need to do some cross training in order
25 to put the resources where they need to go.

1 This will remove -- it will bring it to a central
2 place and I think that that objectivity and standard way of
3 doing business, although quite challenging, I think, will
4 pay us dividends.

5 CHAIRMAN JACKSON: How does that play off of your
6 use of your operating plan?

7 MR. ZIMMERMAN: The direction that we're currently
8 headed with our operating plan is to reshape it, to a
9 degree, to take the significant new initiatives that we have
10 to work on -- there's a lot of work to make this vision come
11 to light -- and incorporate this into our operating plan,
12 such that the milestones in order to do this, the scoping
13 effort to figure out what is this going to cost in hardware
14 and software and people and to look at what it's going to
15 take to actually make this work, we've got to go through it
16 by the numbers in the operating plan with milestones.

17 One last concept on this is the concept of what
18 was called a knowledge-based operation, where lessons
19 learned are factored back in, perhaps through an electronic
20 note system, to inform the next one in line that I just did
21 a review in this area and there were a couple of pitfalls.
22 I went to this SRP for review, because I really wasn't sure
23 if that was the right one or not, and I spent a day looking
24 at it before I realized I really want to go to this other
25 one.

1 Whatever the lessons learned are, trying to
2 capture them so that we can improve our efficiency by
3 sharing our knowledge within the review. So it's sort of a
4 post-mortem at the completion of the task, when appropriate.

5 Each one of these issues has a cost associated
6 with it. So we need to proceed in a careful, methodical
7 way. We need to bring this to the executive council and
8 discuss what we're considering doing. This, if it does
9 work, could very well have implications of potential for
10 other offices as well.

11 The last bullet on this page is moving toward a
12 more function-based organization. Our new reorganization is
13 less matrixed and should assist us by having the projects
14 and a good portion of our technical staff under one
15 associate.

16 With those resources located under one manager,
17 the brokering of priority challenges is easier done than
18 what's being done in two separate organizations. So we feel
19 that the new organization is going to help knock down some
20 of the challenges that we've had in conflicting priorities.

21 The decision will not need to bubble up to the
22 office director for resolution. It could be dealt with at
23 the associate level.

24 Trend charts for licensing actions. I will go
25 through this quickly and try to pick the pace up. Fiscal

1 year 99 first quarter results are in. It was quite a good
2 quarter for us. The total inventory of licensing actions
3 was reduced by 16 percent. The items greater than three
4 years old was reduced by 41 percent and the items greater
5 than two to three years old, in that window, were reduced 52
6 percent.

7 Now, I must also bring out that as we went after
8 this effort, we had an initiative to look at our oldest
9 licensing actions and we went back to licensees and asked
10 them that, we've had this for three years, it hasn't been
11 attached on it, you haven't called us, we haven't called
12 you, do you really still need this. As a result of that
13 effort, 68 licensing actions were withdrawn.

14 If you take that 68 away, which is really, we
15 expect, a one-time effort, we don't expect to be seeing that
16 in future quarters. If you take that away from the total
17 number that we did, which was 545, the number that we
18 completed is still almost 60 licensing actions greater than
19 we had budgeted in our operating plan.

20 This is new information. The news is good, but
21 now we have to understand it. We need to analyze it to
22 understand what is it telling us, what is the labor rate; if
23 this got done to this extent, did something else not get
24 done. So we need to go through all our planned
25 accomplishments and make that comparison to be able to

1 understand what this is telling us.

2 So this is raw data at this standpoint. I tried
3 to do some quick off-the-top-of-the-head thinking in
4 preparation for this meeting, not having that information.
5 We went through a period of non-reactive time from a plant
6 performance standpoint. In comparison to other times, it
7 was generally good performance by utilities that created
8 less reactive issues for us, more project manager time
9 available.

10 We've been working on that initiative, to be able
11 to have PMS spend more time working on licensing action and
12 less on the PM focus area. But we need to pull the string
13 and see what the reasons are for the accomplishments.

14 CHAIRMAN JACKSON: Yes, because I was going to ask
15 a question. I noted this run-up between the August and
16 December time-frame in the percent of your inventory that is
17 less than a year old. So the question is, you know, but
18 that's also the time-frame over which you've been able to
19 work down the greater than three year old inventory.

20 So what you say, I think, will allow you to get at
21 that question.

22 MR. ZIMMERMAN: Requests for additional
23 information. As I mentioned, RAIs are an important role for
24 us. They're an important tool that we need to maintain.
25 But what we need to do is ensure that we have appropriate

1 discipline in the process. We need not be asking for
2 additional information if that information is not germane
3 and absolutely needed for us to be able to make our
4 decision. We have to have that rigor in our process. We
5 have to be able to trace our questions back to regulatory
6 bases.

7 We want to limit the number of RAIs. If there is
8 a reason to go greater than one round of RAIs, then we will.
9 It's not a carte blanche that we won't exceed it.

10 What we're trying to drive toward is getting out
11 of letter-writing campaigns. We want to try to facilitate
12 resolution of the issues. We want to communicate with the
13 utility involved to make sure they understand our point of
14 view and we understand theirs.

15 So the use of meetings and use of telephones, it's
16 important that ultimately we have docketed information to be
17 able to support. So if there's meetings and telephone
18 calls, we want to make sure we get that information on the
19 docket, but we want to use these other tools more than we
20 have in the past, even though we have used them in the past.
21 We want to increase their use and be very sensitive to the
22 length of time that gets lost with letter-writing going back
23 and forth.

24 COMMISSIONER McGAFFIGAN: Madam Chairman, could I
25 ask?

1 CHAIRMAN JACKSON: Please.

2 COMMISSIONER McGAFFIGAN: This issue may go away,
3 but as you know, one of the complaints that we have received
4 over the years is when they take two or three years to
5 review our changes and the new reviewer brings a different
6 perspective perhaps and asks new RAIs, which the licensee
7 may have thought they already had put to bed with the
8 previous reviewer.

9 Is that something -- if you shorten the
10 time-frames, that won't happen as much. But is there
11 anything in that area that you have done?

12 MR. ZIMMERMAN: I thank you for bringing it up,
13 because I neglected to bring it up. That is an issue. It's
14 a valid issue that we have had cases where that has occurred
15 and one of the efforts that we have underway is to minimize
16 those opportunities for occurrence. Again, as we shorten
17 it, that in itself minimizes it, but we want to be very
18 sensitive to not be changing reviewers in mid-stream and we
19 want to make sure that's a very conscious decision,
20 understand the impact of doing it, and we want to minimize
21 it.

22 CHAIRMAN JACKSON: I have a question to ask you on
23 behalf of Commissioner Dicus. She noted that in the past,
24 the Commission has received feedback from licensees
25 regarding the resources needed to respond to RAIs

1 specifically on conversions to improved tech specs.

2 So the question is, have the changes to the RAI
3 process resulted in any impacts on the improved tech spec
4 conversion reviews?

5 MR. ZIMMERMAN: If you're willing to just defer
6 till I get to the ISTS, I will address it at that point.

7 CHAIRMAN JACKSON: Sure. You're going to -- it's
8 part of that.

9 MR. ZIMMERMAN: It's part of that discussion.

10 CHAIRMAN JACKSON: That's great.

11 MR. ZIMMERMAN: Okay. We're moving to slide 17 on
12 confirmatory action letters. The concern that we have heard
13 from our stakeholders is that the confirmatory action
14 letters, or CALs, can bypass formal procedures and impose
15 new requirements. In the past, CALs have typically been
16 associated with extended plant shutdowns and recapturing
17 design basis information.

18 Currently, there are four confirmatory action
19 letters still open. The number of CALs in use, if trended,
20 has gone down significantly over the last ten years. What
21 we've done in this area is a couple of actions that we think
22 shore up our performance in this area and they have been
23 placed into the enforcement manual guidance and training is
24 taking place to ensure that it's understood.

25 In fact, today, the Regional Division of Reactor

1 Projects are having a counterpart meeting here in
2 headquarters and this topic is one that will be discussed
3 there.

4 One of our changes is that the confirmatory action
5 letters, in the future, need the concurrence of the NRR
6 Office Director and we think this is going to aid in gaining
7 regional consistency.

8 We also have clarified the guidance to make it
9 clear that the concern -- in order to issue a CAL, the
10 concern has to be of significant concern of health and
11 safety. We have to be able to get to that threshold before
12 we issue a confirmatory action letter. And in the past, we
13 had cases where we may have been issuing a CAL on
14 commitments that have already been made on the docket by the
15 licensee or were of a lower threshold than what's currently
16 in the guidance now.

17 So those two efforts are viewed as being
18 appropriate action in this area and we intend on continuing
19 to monitor it and ensure that we don't impose new
20 requirements, bypass the back-fit rule, or prolong plant
21 shutdowns.

22 COMMISSIONER McGAFFIGAN: Could I ask, just for
23 the record? You mentioned in passing that the number of
24 CALs has trended down over the last ten years. If you could
25 just provide that to us, because at the stakeholder

1 meetings, former Commissioner Remmick has raised this issue
2 several times and it's possible, if there's only four out at
3 the moment, that he may be working on old data or at least
4 we should provide him that data.

5 MR. ZIMMERMAN: I chatted with Commissioner
6 Remmick after the last stakeholder meeting and I think the
7 plants, the CALs that Mr. Remmick was addressing, the
8 information was somewhat dated. It wasn't one of the plants
9 that we're currently dealing with, but not to take away from
10 the issue, it's important that we stay on the lookout to
11 ensure that we're avoiding not only inappropriate CALs, but
12 finding other vehicles and arm-twisting utilities into
13 taking action and sending letters back and forth and not
14 calling them CALs.

15 So we don't want the issue to live under another
16 name and we're pursuing the issues that Mr. Remmick had
17 brought to us.

18 COMMISSIONER MERRIFIELD: Madam Chairman, I have
19 -- in previous meetings, I have heard the Chairman use the
20 term managing message as it pertains to enforcement.
21 Obviously, you have gone ahead and you have revisited the
22 issue of how CALs have been issued.

23 How have you managed the message regarding CALs?
24 Specifically, have you made it clear to the staff that what
25 you're saying is issue CALs when appropriate and not don't

1 issue CALs?

2 MR. ZIMMERMAN: I believe we did the former to
3 indicate there is a role for CALs. We've added a couple of
4 additional measures, process, steps to ensure that we do
5 them correctly, but the message to the staff is not to not
6 issue CALs. CALs serve a -- we see that CALs serve a
7 benefit to ensure clear communication. What we want to
8 avoid is an issue where the NRC and the utility both agree
9 that there are shortcomings, perhaps of a programmatic
10 nature, things that need to be taken care of, perhaps again
11 before a plant starts up.

12 And we think we're communicating. The utility
13 thinks that they're hearing what we're saying. Everybody
14 thinks they're agreeing, but now the plant -- now time
15 passes by and we find out that we weren't there and now
16 you're on the eve of a startup and you didn't have that
17 meeting of the minds you thought you had a month ago.

18 So the CAL, putting it down in writing is another
19 step to make sure that we're all talking here, because the
20 stakes go up as the startup gets closer or the restart or
21 whatever the issue is.

22 So I think the CAL can be an informative tool. So
23 we don't want to take it out of our toolbox. We want to
24 maintain it, but we want to use it with care.

25 COMMISSIONER MERRIFIELD: That's positive to hear.

1 The thing that we're always subject to is when we start to
2 get criticism, we don't swing too far one way or the other
3 and I think keeping too far from the swings is important.

4 MR. TRAVERS: I agree. In the broader context, if
5 you just look at the number of initiatives that we have
6 underway and the kind of change we're pursuing, the issue of
7 communications within the staff and with our external
8 stakeholders continues to loom large. We need to reinforce,
9 in our own minds, and redouble our efforts just about at
10 every turn to make sure that we're communicating and
11 avoiding unintended consequences of the sort that I think
12 you're referring to.

13 MR. ZIMMERMAN: Perfect opportunity today with the
14 DRP Regional Directors all being here. We'll go back and
15 assure that we make sure this message is clear.

16 Improved standard technical specifications. The
17 program began with the issuance of the first improved
18 standard tech spec in 1992. Currently, there are 89 units
19 that are pursuing conversions. This table on this slide can
20 be a little confusing in that the Y axis is based on
21 submittals by site, and I'm talking in terms of units. So
22 they won't match up on the Y axis.

23 But, again, 89 units are pursuing conversions thus
24 far. We are hoping that there are others that will see the
25 merit in converting. To date, 43 units have been approved.

1 We have 14 units currently in-house that we're reviewing and
2 we anticipate an additional ten being approved during the
3 remainder of this fiscal year.

4 We have seen current data is that for the plants
5 that have converted, if you look at the license amendments
6 that those plants are submitting and compare those to the
7 license amendments that are being submitted by plants that
8 have not converted, there are one-third less license
9 amendments being submitted by the plants that have
10 converted.

11 Now, to your point, Chairman --

12 CHAIRMAN JACKSON: Commissioner Dicus' point.

13 MR. ZIMMERMAN: We are contacting licensees to
14 gain feedback on the ISTS process. We recognize that we are
15 issuing a large number of RAIs and we did that with a recent
16 utility, being Duke, and on the Oconee, the McGuire and the
17 Catawba facilities, there were a very substantive number of
18 RAIs.

19 As a result of that, we've requested that Duke
20 meet with us and the meeting is on January 20 and we will
21 try to get feedback not just on the RAI issue, but in large,
22 if they can talk to us about areas that they think we need
23 to look at trying to improve, we'll be very interested in
24 areas that we can continue to improve.

25 Our labor rate and number of RAIs is one that

1 we're not fully satisfied with, so we want to continue
2 paying attention to try to improve this process.

3 The last thing I'll point out on this slide --

4 COMMISSIONER McGAFFIGAN: Madam Chairman, one
5 other. I've had some conversations with staff and my sense
6 is Joe Callum, the former EDO, raised the same issue with
7 regard to the four-loop group RAIs. He was surprised at the
8 extent of them and I know the staff is working on it and
9 intends to, in a lull this summer, perhaps revise the
10 guidance.

11 Isn't that what I heard?

12 MR. ZIMMERMAN: Right. This is not the only
13 meeting that we're planning on holding. We're going to talk
14 to other utilities to gain their feedback. Once we have
15 captured it, then we'll look at where we ought to put our
16 resources to work to improve. But we're just starting with
17 Duke, as they more recently had a very high number of RAIs.
18 Again, the four-loop group follows closely behind.

19 The only other thing I'd point out is in the upper
20 right-hand portion of the graph, we can see that near the
21 end of this fiscal year, we can start seeing that the
22 slippages that have been occurring during FY-98 are going to
23 start picking up, if this holds to form.

24 So the challenges associated with completing our
25 conversions in one year, which we want to improve upon,

1 we're not satisfied with that, but the bad wave that we may
2 see is going to create some challenges for us.

3 So if we're going to make some improvements to our
4 process, this is the time to be doing it, before this bad
5 wave comes in.

6 CHAIRMAN JACKSON: What is your goal in terms of
7 turnaround time?

8 MR. ZIMMERMAN: We are trying to turn around the
9 improved standard tech specs in less than a year.

10 COMMISSIONER MCGAFFIGAN: Madam Chairman, again, I
11 think this is an area where the staff deserves commendation.
12 You can see the slope of the curve changed by a factor of
13 two and I know a lot of effort went into that. But the
14 nature of my question is have you used the license group
15 that you talked about, the interface group, to talk to the
16 industry?

17 There's been -- at the stakeholder meetings, there
18 has been some talk about meeting us halfway and if all these
19 submittals that are going to come in later, some of them
20 could come in earlier, we could smooth out our resources and
21 make more effective use of our resources and this strikes me
22 -- it follows on a question that Commissioner Merrifield
23 asked about license renewal.

24 But these are very complex amendments. They do
25 take a lot of effort to go through and it strikes me that

1 you guys may want to jawbone the industry, and I'm doing it
2 right here, to get some of the 2,000 applications that are
3 going to come in on a bow wave moved forward, so that you
4 can more effectively utilize your resources.

5 MR. ZIMMERMAN: I fully agree and we have had that
6 discussion with the licensing action steering group and with
7 NEI and we will continue to do that.

8 CHAIRMAN JACKSON: Let me ask you this question.
9 Has the staff considered incorporation of the recently
10 approved risk-informed technical specification changes into
11 the improved standard tech specs or do you believe those
12 risk-informed tech spec changes to be too plant specific?

13 I guess I'm asking is there an opportunity there
14 to at least take what may be generic pieces and move it
15 forward. Chris, you had a comment.

16 MR. ZIMMERMAN: A reaction.

17 MR. GRIMES: I can't help it. I'm pleased to see
18 that Mr. Beckner, as my successor and as Chief of the Tech
19 Spec Branch, has kept up the process, the vision that we
20 started with.

21 But I can tell you that even when I was the Chief
22 of the Tech Spec Branch, we put the options in for the
23 risk-informed alternatives and we used the industry working
24 group on tech specs in order to develop this style and the
25 form.

1 So if Bill has kept up that practice, then --

2 CHAIRMAN JACKSON: I guess I'm asking more
3 specifically. We've done some things with allowed outage
4 times. We've done some things with graded QA and I'm sort
5 of both speaking to the staff and those who are sitting
6 behind the staff, in terms of whether there is an
7 opportunity to see if there is an ability to genericize and
8 to propagate these things into the improved tech specs.

9 MR. ZIMMERMAN: There may be an opportunity to do
10 that. We are not doing it now, it has not been done. I
11 think that Chris' point that the standard can have a bracket
12 that can be filled in by the utility with the allowed outage
13 time that they choose to put in. If they choose to --

14 CHAIRMAN JACKSON: I got your point.

15 MR. ZIMMERMAN: If they choose not to go with the
16 value in the standard or their old number and want to
17 risk-inform it, we would currently consider that to be out
18 of scope. It would take us longer to do it and we have not
19 been advocating that.

20 There is a separate initiative to risk-inform the
21 tech specs and there is a task force that works under the
22 PRA implementation plan, under Gary Holahan, and includes
23 staff from our Tech Spec Branch that are working on doing
24 that.

25 That is really the next evolutionary phase of our

1 improved standard tech specs is to risk-inform them. We
2 need to find the most efficient way of accomplishing that.
3 Right now it's on a case by case basis. If a licensee
4 elects to try to risk-inform when they come in, and to this
5 point, none have done that. They have kept it separate.

6 But sooner or later, we want to bring them
7 together. We just want to make sure we do it in an
8 intelligent way and in an efficient way.

9 So once we get a little smarter from what the task
10 force, under the PRA plan recommends, then we can look at
11 how best to merge.

12 CHAIRMAN JACKSON: Okay.

13 MR. ZIMMERMAN: 2.206 petitions, this is where any
14 member of the public can petition the Commission for the
15 agency to take enforcement action against a licensee, to be
16 issuing a notice of violation, it could be an immediate
17 shutdown of the plant and it requires office director
18 involvement in the process.

19 We have a goal of issuing these petitions 120 days
20 after our acknowledgment letter goes out and this is an area
21 where we have not been meeting our goal. We have tried a
22 few things.

23 We have put in place a petition review board to
24 look at these early when they come in, just like we do on
25 allegations, to try to set the path of here's what we're

1 going to do, here's accountability, here's the due dates in
2 order to be able to get to where we need to go.

3 Although we have gained value from this review
4 board, we have not yet reaped the benefits that we want in
5 being able to show demonstrative improvement in our
6 timeliness. But we want to keep the board, but we need to
7 do more than that.

8 An area where we have done well, better, is in the
9 public responsiveness or petitioner responsiveness area. In
10 the past, we held very few, if any, informal public hearings
11 to involve the petitioner in the process. Now, about 20
12 percent of our petitions involve an informal public hearing
13 to be able to hear from the petitioner, with the licensee
14 there, and to talk about the different points of view and
15 engage the petitioner.

16 So that's working quite well.

17 CHAIRMAN JACKSON: Would they agree?

18 MR. ZIMMERMAN: I won't defer again, but I'll
19 answer it now. Because of the fact that we're not achieving
20 the time limits goal here is one of the primary reasons and
21 to get overall feedback, we're working to go out to the last
22 year or so's worth of petitioners.

23 We have nine petitioners that we're in the process
24 of doing telephone interviews of to ask the question that
25 you just asked, Madam Chairman, as well as half a dozen

1 other questions through this survey to gain that information
2 and we expect to have that complete by the end of January.

3 Then we need to assimilate that information and
4 just like we spoke on improved standard tech specs, factor
5 that back into how we can improve our process.

6 CHAIRMAN JACKSON: What other improvements do you
7 think need to be made in the 2.206 process?

8 MR. ZIMMERMAN: We need some good old-fashioned
9 management attention is what we need here. We've talked at
10 the table about a number of successes that have gone well.
11 We're not ready to take our finger off the posts of those
12 areas that are going well, but we need to recognize that we
13 need to shift additional attention by management to hold
14 ourselves accountable in the 2.206 area.

15 CHAIRMAN JACKSON: When are you going to do that?

16 MR. ZIMMERMAN: Now.

17 COMMISSIONER McGAFFIGAN: Madam Chairman, at
18 times, I think one of the complaints we also get is the tone
19 of the 2.206 letters. There may be some -- there may be a
20 problem there, as well. David Lochbaum has said publicly
21 that the letter oftentimes reads, sort of begrudgingly, we
22 agree with you and we deny your petition, you know, because
23 we've already done it. And if we're actually agreeing with
24 them, maybe we could say it somewhat less grudgingly and say
25 we're denying it only because we -- only because we've

1 already done it.

2 There's tonal things that you may want to think
3 about.

4 MR. ZIMMERMAN: We agree. Wherever Sam is
5 sitting, I think he's -- this is an issue that Sam likewise
6 feels very strongly about, that the tone and the manner in
7 which we interact with the petitioners ought to be as polite
8 and courteous as possible and if there is a way of moving
9 away from denial type terminology, we want to explore a
10 couple of things.

11 We want to explore the manner by which we write
12 back. We also want to explore whether this is really the
13 right process for the petitions that are coming in. The
14 petitioners may be using this process because it's the only
15 one that they really know to be able to accomplish this, but
16 working with OGC, it's possible there may be another
17 mechanism out there to address some of these items.

18 So we also want to explore the benefit perhaps of
19 having a spin-off type process that may be more appropriate.

20 CHAIRMAN JACKSON: We've also been accused of
21 dragging out the response to the petition until we've made
22 the change and then we say we deny your petition, that it's
23 a most deliberate process. So that all of these things flow
24 together, but this is an area that I do think needs more
25 focused attention, not just in terms of the typical

1 management oversight, but a more fundamental reexamination
2 of just what the process is meant to accomplish and how we
3 can go about doing that, and that clearly then does
4 necessitate having OGC's involvement.

5 MR. ZIMMERMAN: We agree.

6 CHAIRMAN JACKSON: You're done. So that means
7 that Mr. Matthews -- we don't want to let you think that
8 we've forgotten you.

9 MR. MATTHEWS: I do appreciate the breather.
10 Let's turn to slide 12. Just as an introduction, I'm going
11 to talk about the issue with regard to adding increased
12 definition to the term design basis and then speak for a few
13 moments on the back-fit initiatives in terms of our focusing
14 on that process. These are not related.

15 Define design basis has been an undertaking that,
16 again, became important and was brought into greater focus
17 by NEI bringing to us a proposed guidance document to
18 attempt to bring clarity to this issue.

19 I want to clarify a possible misstatement I made a
20 little earlier with -- and it has to do with the confusion
21 among these numbers and the fact that both of the documents
22 that we've been talking about today, the design basis
23 document guidance and the document relative to FSAR update
24 guidance, came in November of 97.

25 One of them, the design basis guidance, was

1 voluntarily submitted to us by NEI for our information. The
2 other, 98-03, was submitted for staff review and
3 endorsement. If I didn't make that clarification, I think
4 Tony probably would have.

5 Now, back to the design basis guidance with regard
6 to NEI 97-04. We have reviewed this document and we have
7 most recently communicated back to NEI in December with the
8 proposal that the attachment reflect a set of criteria that
9 we believe is appropriate for determining whether something
10 is or isn't design basis information for the purposes of
11 interpreting and giving guidance to the definition in the
12 regulations of 50.2.

13 I would like to say that I believe this issue
14 probably relates less to what is or isn't included in FSARs,
15 but more to how you treat that information; in other words,
16 what bin you put it in. And it comes down to an issue of
17 discussion over level of detail of what constitutes design
18 basis information under the definition of 50.2, as
19 distinguished from design input information, design values,
20 insofar as there is a need to determine what is design basis
21 information that needs to be accorded the treatment that the
22 regulations require of it.

23 I don't believe there is an issue or at least a
24 significant issue with regard to whether or not we have been
25 appropriately and the licensees have been appropriately

1 including this kind of information in the FSARs. It's how
2 it's to be treated.

3 We haven't reached the degree of conformance or
4 closure on this issue with NEI as we have in the area of the
5 updating the FSAR guidance document. They are considering
6 our comments. They have an objective of providing us a
7 revised document at the end of January. I don't believe
8 they've decided yet whether or not that document will be one
9 that would continue to be offered for our information and
10 their potential use, but not asked for our endorsement.

11 In the event that they do ask for our endorsement,
12 we then have to make a decision with regard to the degree
13 that the guidance appropriately reflects our regulatory
14 requirements.

15 If it doesn't, then I think we're faced with,
16 again, developing guidance along the lines of our regulatory
17 requirements and proposing it in some form for the
18 Commission's consideration, whether it be a generic letter
19 or a reg guide. So we're really faced with a two-track
20 process.

21 If closure looks like it's a potential after our
22 receipt of this revision of NEI's document, then we'll
23 probably follow a process very similar to the one we
24 followed on the FSAR update guidance.

25 COMMISSIONER MERRIFIELD: I did have a question,

1 Madam Chairman. I was reviewing the January 11, 1999 staff
2 update to the tasking memo and I noted that most of the
3 milestones, the dates associated with the milestones for
4 this portion were, this says, to be decided.

5 I'm wondering what progress you've made in
6 grappling with this issue and I'm wondering if you can give
7 us some sense of what your scheduling goals are for this
8 portion.

9 MR. MATTHEWS: I think probably the "to be
10 decideds" emanate from the uncertainty associated with the
11 NEI position with regard to whether they want to seek our
12 endorsement of this document or, in the alternative, provide
13 it for our use and information, in which case we're faced
14 with establishing a separate milestone schedule. So that
15 isn't a very direct answer, but it is the answer.

16 I think at the end of January, we'll be prepared
17 at that point to establish a milestone schedule for each of
18 those courses of action, because it does depend upon degree
19 of divergence on the two positions.

20 COMMISSIONER MERRIFIELD: Will that be before or
21 after January 28?

22 CHAIRMAN JACKSON: January 27 at 5:00, right?

23 MR. MATTHEWS: Before January 28.

24 COMMISSIONER McGAFFIGAN: Madam Chairman, are
25 there policy issues embedded in -- there may be none if

1 97-04 comes in and you guys are going to endorse it as you
2 did 98-03. But after you see 97-04, if there are policy
3 issues, will you try to follow some sort of process like you
4 did on the FSAR update and get them to us before -- maybe
5 that would help.

6 MR. MATTHEWS: Yes. And if I didn't say that, I
7 should have indicated that. That course of action, I
8 believe, will necessitate -- it will be a policy decision on
9 which direction to go.

10 COMMISSIONER MCGAFFIGAN: Right.

11 MR. MATTHEWS: So my view is that will involve a
12 Commission consideration.

13 CHAIRMAN JACKSON: Okay.

14 MR. MATTHEWS: With regard to the tasking memo
15 items, which, at an earlier meeting we had on progress of
16 tasking memo issues, we brought some coherence in our
17 presentation on the tasking memo in that we had back-fitted
18 in several different locations.

19 For the purposes of my remarks, I will separate
20 two general areas associated with back-fit, but I will say
21 that the overall objective, which, as I'm now on slide 13,
22 is to ensure that the staff closely adheres to the back-fit
23 rule as it's written in evaluating all additional
24 requirements, expansion in scope, potentially, or unique
25 interpretations pertaining to both operating or

1 decommissioning plans against the actual impact on public
2 health and safety.

3 So this takes the form, though, in terms of our
4 primary focus, in two places. One relates to our
5 interaction with the industry through not only our
6 activities associated with licensing amendments and
7 licensing actions, but also through our process for
8 developing and coordinating the need for information and
9 generic activities that we promulgate through either
10 bulletins or generic letters.

11 That particular issue has been put at a high point
12 on our screen by NEI by virtue of their concerns and we met
13 with them last November, I believe, that we appear to be too
14 willing to revert to the use of the compliance exception
15 with regard to our generic communications, insofar as our
16 need for information in order to determine whether or not
17 compliance is being achieved.

18 We've taken upon a task to consider how we treat
19 the compliance exemption in this context. We do propose to
20 conduct, in effect, a simplified cost-benefit analysis
21 associated with cases where the compliance exception is
22 being cited in bulletins or generic letters to determine, as
23 an additional facet of whether there is sufficient support
24 for the proposed activity.

25 I did want to mention another one that NEI has

1 raised to our attention very recently, and this is the issue
2 of averted on-site costs and the way we deal with averted
3 on-site costs in the context of doing cost-benefit analysis
4 for safety purposes, but it has also come up in the context
5 of our treatment of severe accident management alternatives
6 with regard to the environmental review that's been
7 conducted and being conducted for our license renewal
8 applicants.

9 You may recall that severe accident management
10 alternatives need to be addressed in environmental space
11 with regard to a cost-benefit analysis and then the staff
12 and ultimately the Commission's consideration of those
13 cost-beneficial severe accident alternatives and our
14 treatment of an overall environmental finding in the license
15 renewal arena.

16 There is an existing policy of the Commission that
17 averted on-site costs will be considered in those
18 evaluations. The Commission indicated that we ought to
19 consider as beneficial doing the calculation in the absence
20 of averted on-site costs, for what that may offer us, but
21 there is a Commission policy that those, as a minimum, those
22 evaluations of cost-benefit -- and this is expressed in our
23 regulatory analysis guidelines -- that as a minimum, those
24 costs be included and we are proceeding to include those
25 costs as we review the license application for Calvert

1 Cliffs, which is the one that has progressed to the point
2 that it has and has involved that kind of decision.

3 CHAIRMAN JACKSON: Mr. Grimes is chomping here.

4 MR. MATTHEWS: Chomping? Hopefully, nodding his
5 head vociferously in agreement.

6 MR. GRIMES: I'm in total agreement. But I do
7 want to correct the record, because Mr. Matthews referred to
8 them as severe accident management alternatives. They're
9 mitigation alternatives.

10 MR. MATTHEWS: Excuse me. I knew I was struggling
11 with that term for some reason.

12 CHAIRMAN JACKSON: Thank you.

13 MR. MATTHEWS: I didn't have it right. That's why
14 it wasn't coming off my tongue.

15 CHAIRMAN JACKSON: Karen probably would have come
16 out of her seat at some point.

17 MR. TRAVERS: Chairman, I just want to close our
18 presentation by saying that I am glad to report and I think
19 you've heard from the staff today that we are making
20 significant progress on a number of fronts, in this case, in
21 particular, in the Office of Nuclear Reactor Regulation.

22 We've had one meeting on risk-informed initiatives
23 in Part 50, again, largely supported by the Office of
24 Nuclear Reactor Regulation, and we have next week our final
25 meeting to discuss the oversight initiatives and the status

1 of progress in that regard.

2 So that finishes our presentation.

3 CHAIRMAN JACKSON: Right. Let me read a comment
4 on behalf of Commissioner Diaz. He notes, he says "I am
5 pleased that as the staff states on slide number three, that
6 it has proceeded to improve the effectiveness, efficiency,
7 timeliness and predictability of the license renewal
8 process, I am looking forward to these objectives to
9 permeate all the other issues discussed in this briefing so
10 that we can achieve closure. In this regard, I urge the
11 staff to have frequent interactions with the Commission."

12 Then as a final comment, I didn't say it, but this
13 is directed to Mr. Zimmerman, in the end, you and Sam,
14 within the Office of Nuclear Reactor Regulation, have the
15 overall responsibility for ensuring that all of these things
16 come together and I know that in particular, that you have
17 been focused on a number of process improvements and
18 improving overall how NRR does its work and with Sam and
19 Sam's support and leadership in aligning the organization in
20 a way to make that happen and to make how you do this the
21 way you do business.

22 So once again, I want both to congratulate you,
23 even though your work -- you have a lot of work still in
24 front of you, and to thank you and I know all of you have a
25 lot on your plates. I tell Mr. Matthews I probably see him

1 more than I see Bill Travers, because we always see you,
2 Dave, because every rule in the world seems to run through
3 your door.

4 So with that, I want to thank the staff, and
5 invite NEI to come forward.

6 COMMISSIONER MERRIFIELD: Actually, I did have one
7 final question I was going to ask Mr. Matthews.

8 CHAIRMAN JACKSON: Okay.

9 COMMISSIONER MERRIFIELD: One of the things that
10 you didn't focus on was the issue of decommissioning as it
11 relates to the back-fit rule. It's the staff's impression
12 that indeed the current back-fit rule does not apply to
13 decommissioning.

14 It's further my understanding that the staff
15 believes it should apply the decommissioning and that
16 currently underway you're attempting to apply it to the
17 extent practical to decommission facilities.

18 I was just wondering if you could very briefly
19 explain how you're focusing your efforts on a day-to-day
20 basis with inspection and licensing to make sure that that
21 happens.

22 MR. MATTHEWS: I am prepared to comment on that.
23 In fact, I just needed to turn the page, but didn't get to
24 it.

25 There is an issue associated with the

1 applicability of the back-fit rule to decommissioning that
2 we raised in a Commission paper. We did offer to utilize
3 the existing rule without proposing to revise it, as I think
4 we said, to the extent practical.

5 The use in that regard would be as we address the
6 need for cost-benefit analysis, for NRC imposed changes in
7 license requirement applicable to a decommissioning reactor.
8 So we intend to use the principals of the back-fit rule and
9 conduct such analysis where warranted in license requirement
10 application, and this primarily relates to license
11 amendments that are submitted as a plant moves through the
12 decommissioning process.

13 It probably has a greater role in the near-term
14 until we get several rule-makings under our belt that will
15 address new requirements and, of course, we'll impose 51.09
16 in that rule-making process. But before we get there, we
17 have to be sensitive to back-fit considerations in
18 establishing new requirements.

19 We hope a lot of this will be addressed by several
20 rule-makings that I think you're aware of and we have
21 submitted or are in the process of submitting rule-making
22 plans to address this issue in decommissioning space and, in
23 effect, get us out of what I would call the unique set of
24 license conditions that seem to emanate from each
25 decommissioning action.

1 However, I want to make one more comment and I
2 think it's worth clarifying. There is an issue that's been
3 raised with regard to the applicability of the back-fit rule
4 in the exemption process, which is used at times in a
5 decommissioning reactor's life to eliminate requirements.

6 In that context, the back-fit rule does not have a
7 direct role and it's because when you grant an exemption,
8 it's contingent upon meeting new expectations and the
9 constraints, though, that we're going to impose on the
10 process, that are hopefully sensitive to back-fit
11 considerations, is that those new expectations, that there
12 be a rational basis for them and that there is a reasonable
13 nexus between the new circumstances and the subject matter
14 of the exemption and that's the way by which we're going to
15 look hard in that exemption space.

16 But the back-fit rule 51.90 would not be applied.

17 MR. TRAVERS: Just for completeness. There is an
18 appeal ongoing in one case where the licensee has taken
19 issue with this view and the appeal is to the Executive
20 Director for Operations level. So that's an ongoing process
21 and I've had a chance to just today talk to Mr. Meisner
22 about what we're doing to follow up on that.

23 COMMISSIONER McGAFFIGAN: I was just going to
24 comment that I thought that was still an open -- that's the
25 staff position. But at some point, that may even get

1 appealed to the Commission itself.

2 CHAIRMAN JACKSON: But we'll let it work its way
3 through the process. Thank you very much.

4 MR. MATTHEWS: Thank you, Chairman.

5 CHAIRMAN JACKSON: Thank you. Mr. Beedle, Mr.
6 Pietrangelo, and invited guests. Good afternoon.

7 MR. BEEDLE: Good afternoon, Chairman.

8 COMMISSIONER McGAFFIGAN: You said you were trying
9 to avoid three hours and 45 minutes.

10 CHAIRMAN JACKSON: This will not be three hours
11 and 45 minutes. You hear that, Mr. Beedle?

12 MR. BEEDLE: The staff covered some 12 topics this
13 morning and we'd like to address four of those. But before
14 I turn it over to Tony to talk about some details, I would
15 comment on an observation made by Roy Zimmerman about the
16 use and facility and discussion of NEI task forces.

17 We've got members of our task force on the RAI
18 here in the audience, Jim Visacaro and that group have done
19 a lot of good work and I think that that does give us the
20 ability as an industry to communicate with the NRC staff
21 without particular concern for issues associated with a
22 specific licensee. So I think that's facilitated good
23 communication. We hope to continue that.

24 I would also echo the fact that your observations
25 about the staff's effort to come to conclusion. Some of

1 these are really difficult problems. I'd like to solve the
2 problem by this Friday, but many of them are very complex
3 and the 50.59 is a good example. You and I have personally
4 had conversations on this and it's --

5 CHAIRMAN JACKSON: We've come a long way down the
6 road.

7 MR. BEEDLE: But it takes time, I think, as you
8 get a lot of different opinions on it.

9 With that, I'd like to ask Tony to provide some
10 observations on four of those topics we discussed this
11 morning.

12 MR. PIETRANGELO: Before I move to the first
13 slide, I just want to say a lot of the things that Roy went
14 over in terms of improvements in that whole licensing
15 process with respect to RAIs and process things do pertain
16 to license renewal.

17 We're going to get to that at the end of this, but
18 that's not affecting that either.

19 CHAIRMAN JACKSON: Okay.

20 MR. PIETRANGELO: Next slide, please. Let me just
21 start off by saying that -- and I know you want us to go
22 into some detail on 50.59, Chairman.

23 CHAIRMAN JACKSON: To whatever extent you can.

24 MR. PIETRANGELO: But I'm going to resist that
25 because it will not do it justice here. I think we need a

1 --

2 CHAIRMAN JACKSON: A separate --

3 MR. PIETRANGELO: We would respectfully request a
4 separate briefing on this.

5 CHAIRMAN JACKSON: To come and talk about it.

6 MR. PIETRANGELO: As Dave noted earlier, we met
7 with the staff for well over three hours on last Friday and
8 I think we're going to do it again with a broader cross
9 section of NRC and over two of those hours were devoted to
10 the margin of safety proposal that we put into our comments.

11 I would just hate to gloss over that here.

12 CHAIRMAN JACKSON: I think that's fair. So why
13 don't we move on.

14 MR. PIETRANGELO: Let me do say, though, that the
15 rule-making package that the staff put out for comment was
16 -- and I said this in the EDO meetings we had, that it
17 should set a standard for how rule-makings are done by the
18 agency.

19 It was a comprehensive detailed proposal, there
20 were proposed definitions on it, there were options proposed
21 in it, and it gave the industry and the stakeholders an
22 opportunity to really offer, I think, substantive comments
23 in terms of what the impact would be. We think that's the
24 way it should be done.

25 I know you asked me on Monday about minimal and

1 all that stuff and there's quite a lot of discussion in this
2 package with regard to that and I think on behalf of the
3 industry, we would like to see that kind of detail in future
4 rule-making proposals, because then we can provide, I think,
5 some value-added into the process by offering more
6 meaningful comments.

7 Even though our comment package was quite long,
8 most of it dealt with things where we agreed with many of
9 the staff proposals, as well as offered some tweaks or
10 clarifications to some of the parts of the rule-making
11 package, and then another large portion was devoted to the
12 margin of safety discussion.

13 And those are the two issues I just want to
14 briefly discuss this morning, margin of safety and this one
15 you talked about earlier, about definition of change.

16 Next slide, please. When we went through all the
17 Commissioners' proposal -- and we ought to give credit to
18 the Commission here, too, because part of the rule-making
19 package was your -- included your notation votes on options
20 for margin of safety. So the Commission had direct
21 participation in putting out what was for comment and when
22 we went through all the permutations between what the scope
23 of the margin of safety evaluation should be, as well as
24 what criteria should be used to decide whether prior NRC
25 review and approval was needed, we came up with 14 different

1 permutations.

2 And part of the long discussion in our comment
3 package walks through all of those about the pros and the
4 cons and what attributes they have.

5 The proposal we did finally agree on with our task
6 force, and this also went through our reg process working
7 group, is really a hybrid of the options that were in the
8 package.

9 Dave went through this in some detail, but in
10 terms of the scope of what criterion seven should be, we
11 came down on a focus on fission product barriers, and that's
12 really tied to the statement of considerations when the rule
13 was revised in 1968 and the associated design basis limits.

14 Those are required to be in the SAR. We're not
15 looking for things that are in SERs or where it has
16 questionable legal standing and we don't want to get into a
17 discussion of that here. But to avoid the problem I think
18 Commissioner McGaffigan raised before about -- and we're
19 going to get to design basis in a second -- our intent at
20 this point is to be very prescriptive in our revision of
21 96-07 that would deal with these design basis limits, so
22 that there is no confusion about what we're talking about.

23 Hopefully, if that document is ultimately endorsed
24 by the NRC as a way to implement 50.59, then the design
25 basis piece that could potentially confuse what those limits

1 are would be eliminated.

2 Our intent at this point is to be very, very
3 prescriptive about that in our guidance.

4 CHAIRMAN JACKSON: Let me ask you this question.
5 In looking at this focus that you've come down on on fission
6 product barrier parameter and what you call associated
7 design basis limits, will support systems, like instrument
8 air, get margin reviews in your approach?

9 MR. PIETRANGELO: The thing that went over with
10 the staff is kind of five criteria and then you'd have to
11 answer yes to each one of those in order to go the next step
12 forward and go under this evaluation that we propose, and
13 that has to do with whether -- and I'm not sure I'm going to
14 remember all five, off the top of my head.

15 CHAIRMAN JACKSON: That's okay. So the basic
16 point is that anything that would satisfy an agreed upon
17 criteria would be in.

18 MR. PIETRANGELO: That's right. And to be fair,
19 and this was some of the questions that we got on Friday,
20 our task force took a cut at that and we came up with
21 certain things that would not be covered if, let's say, we
22 eliminated the current margin of safety criteria.

23 So we were trying to fill a gap with this what we
24 call criterion seven. There may be other gaps that we
25 haven't identified yet, but if we get it down to an approach

1 with these five steps, I think that would address that
2 concern.

3 Let's move to the next slide. You talked before a
4 little bit about definition of change. It is not our intent
5 with the definition we put in our comments to get at the
6 scope issue. It's to get at the screening issue. We firmly
7 believe that we need to deal with scope on 50.59. I think
8 we talked a little bit about that on Monday.

9 We think it should be integrated with the overall
10 scope discussion in order to ensure coherence in how you do
11 this across Part 50. But this does not take the place of
12 dealing with scope directly in 50.59. Screening can't be
13 underestimated, though. I think we've learned through the
14 last couple of years that a lot of the burden associated
15 with this regulation is the confusion with regard to
16 screening.

17 So we think this is a really good opportunity to
18 clarify the rule consistent with the Commission's objectives
19 and utilize both NRC and licensee resources more
20 effectively, because we can't --

21 CHAIRMAN JACKSON: I'm not trying to needle you,
22 but it does sound like it's scope of what you screen. So it
23 is scope. I mean, this is a screening rule.

24 MR. PIETRANGELO: Yes, but let me try to
25 distinguish it a little bit. What we're trying to screen

1 out of what's already the big scope are things that can't
2 possibly result in an affirmative answer to one of the
3 questions in the next section, like VP names and other
4 design details, and the staff questioned us on this on
5 Friday, too.

6 I think we've got to go to some --

7 CHAIRMAN JACKSON: Right. See, I don't want you
8 to confuse -- I'm not coming down with a bias one way or the
9 other as to what is screened in or what is screened out, but
10 to kind of get a confession that we are talking about the
11 scope of what is screened and not necessarily a judgment as
12 to whether what gets screened out or remains in is the right
13 thing to do.

14 MR. PIETRANGELO: I don't think we're there yet,
15 Chairman. I think that's the next step.

16 CHAIRMAN JACKSON: I guess all I'm trying to say
17 is a screening rule. So when you start to talk about what
18 will or will not be screened, you are de facto talking about
19 the scope of the rule. So that's all I'm really saying. I
20 don't know if the lawyers --

21 COMMISSIONER McGAFFIGAN: Tony, I would advise you
22 to confess and still --

23 [Laughter.]

24 COMMISSIONER McGAFFIGAN: -- hold your position.

25 MR. BEEDLE: Well, do you confess?

1 MR. PIETRANGELO: Yeah, I'll confess.

2 CHAIRMAN JACKSON: Just pass.

3 MR. BEEDLE: He said yes.

4 CHAIRMAN JACKSON: Okay. Then we can go on.

5 COMMISSIONER MERRIFIELD: Discussion is good.

6 MR. PIETRANGELO: And just finish this slide off,
7 our --

8 MR. BEEDLE: But he wants an opportunity to
9 appeal.

10 CHAIRMAN JACKSON: They could say that you
11 confessed with prejudice, that you can bring it back up
12 again.

13 MR. PIETRANGELO: If we thought this was dealing
14 with scope, then we wouldn't feel so strongly about needing
15 the next step.

16 CHAIRMAN JACKSON: I understand, but I just want
17 to point out there is some subtlety there and it's not -- it
18 does relate to, I think, the scope. Okay. Let's go on.

19 MR. PIETRANGELO: That's all I had on 50.59.

20 [Laughter.]

21 MR. PIETRANGELO: Unless there's any further
22 questions on this. Again, I think we need a separate
23 briefing. We were going to bring Mr. Ray out for today's
24 discussion, but given that we only had limited time, we
25 really couldn't justify his trip out here.

1 But I think we would look forward to the
2 opportunity to further discuss in detail what the problems
3 are.

4 CHAIRMAN JACKSON: I think we'll give the staff
5 time to digest and so on and you all to work some more, but
6 I think it is appropriate to have a separate meeting.

7 MR. PIETRANGELO: Okay. If we could move to the
8 next slide, please. FSAR updates, I think Dave said most of
9 what had to be said here. Again, we think this is probably
10 our best example yet of how we get together early on these
11 things and talk about them, that it can be of benefit.

12 In this case, we haven't seen 99-001 yet, but our
13 expectation is that it should be a relatively clean
14 endorsement of the guideline, based on the discussions we
15 had in putting the guideline together.

16 As soon as we get a little bit further on where
17 the Commission is going with 50.59, we're going to schedule
18 our next licensing workshop. One of our objectives at that
19 workshop is to start getting some feedback on the
20 implementation of that guideline. When we sent it to the
21 Commission, we also sent it out across the industry for use.

22 CHAIRMAN JACKSON: Let me just make sure I
23 understand. Has the task force that developed the 98-03
24 agreed to add clarification to those guidelines to stipulate
25 that risk significant SSCs should not be removed from the

1 FSARs?

2 MR. PIETRANGELO: Yes. We had a discussion with
3 the staff last week with regard to that. That was never the
4 intent of the update guidance at all.

5 CHAIRMAN JACKSON: And you'll add -- it's going to
6 be clarified to that effect.

7 MR. PIETRANGELO: What we talked to the staff
8 about is if there's any -- there is probably some other
9 little areas where --

10 CHAIRMAN JACKSON: That's not a little area, but I
11 understand. But you mean little in the sense of word
12 changes.

13 MR. PIETRANGELO: Right, and we'd like to do them
14 all at once. We'll issue Rev. 1, but we've agreed to
15 already add that provision in the annex of the document.

16 However, let me -- and I was scribbling this down
17 before, about I understand the concern there, but -- and
18 that's why -- and I think Mr. Ray would say this if he was
19 here, we need to get on with this next step, because there's
20 a notion that if I put it in the SAR, I've got regulatory
21 control and if it's not in the SAR, I don't have regulatory
22 control, and it puts all this pressure on level of detail
23 that's in the SAR and all that.

24 That's why we want to move to the next step. We
25 don't think that's appropriate. There are certain key

1 things in the SAR that are tied to the licensing basis of
2 the plant. There's a lot of other information that really
3 kind of mucks up this process, and that's why we need to go
4 to the next step.

5 And this notion about don't remove risk
6 significant information and maybe later how to move more
7 risk significant information that's in there seems to be
8 premised on the notion that if it's not in the SAR, we're
9 going to lose it. We need to get over that.

10 CHAIRMAN JACKSON: See, let's not go down that
11 path, because if we had addressed the scope issue --

12 MR. PIETRANGELO: That's water under the bridge,
13 Chairman.

14 CHAIRMAN JACKSON: -- in a broad-based way, we
15 wouldn't be having to deal with what should be in the SAR or
16 what should not be in the SAR. That's the point, that
17 because of a lot of discussion back and forth and where we
18 ended up, we are ending up dealing with the SAR in this --
19 having to deal with it and how it should be updated, what
20 should be in it.

21 But if one were dealing in a broad scope with what
22 should come under the regulatory umbrella and how we deal
23 with that in a risk-informed way, then we wouldn't have
24 surrogates for that in this form.

25 So that's all I have to say about it. But let me

1 ask you this. Assuming that 98-03 becomes the selected
2 approach for doing the updates and for assuring compliance
3 with 50.71(e), how much time do you think it would take for
4 all the licensees to meet this guidance?

5 MR. PIETRANGELO: They've been using it since
6 November when we distributed it. That's one of the things I
7 think we want to find out at this workshop. I don't think I
8 can answer your question today. And there may be other
9 things beyond the point you raised that we'd want to tweak
10 the guidelines, given the feedback we get from licensees.

11 So I think the schedule the Commission laid out, I
12 think that can be beat in terms of finalizing the thing by
13 September, given that this is so straightforward that
14 there's no reason why it should take that long.

15 COMMISSIONER McGAFFIGAN: I just want to
16 understand the process. The intent would be that while this
17 is out for comment, you would do this Rev. 1.

18 MR. PIETRANGELO: No.

19 COMMISSIONER McGAFFIGAN: And that we would
20 endorse in the final guide Rev. 1 rather than Rev. 0, or is
21 the intent --

22 MR. PIETRANGELO: I haven't worked through all
23 that logic, in my head, yet, but I think we want to get
24 feedback plus any things that come up in terms of the
25 regulatory endorsement, consider them, incorporate them

1 where appropriate, and I think the point you raised we've
2 already agreed to incorporate, and that would be the one
3 that would be endorsed.

4 So prior to -- maybe as part of the -- when 98-03
5 Rev. 0 goes out for comment, in our comments back, we would
6 say how we would change --

7 COMMISSIONER McGAFFIGAN: So you would say how you
8 would change to incorporate the staff -- any tweaks that the
9 staff suggests or others, perhaps, and then we would be in a
10 position to endorse effectively Rev. 1. We would say we
11 endorse Rev. 0 with these changes, which turns out to be
12 Rev. 1.

13 MR. PIETRANGELO: Yes. We need to figure out the
14 right, proper way to do that, but that would be --

15 COMMISSIONER McGAFFIGAN: Is that the way that
16 would work?

17 MR. PIETRANGELO: Yes.

18 COMMISSIONER McGAFFIGAN: Okay. I sort of regard,
19 Madam Chairman, in response to your comment, this clause
20 that the staff is proposing to us is sort of a savings
21 clause for the later scope discussion. In fact, it's the
22 first place for -- I'll read you it, I may be violating some
23 rule, but the words they want you to say in Section A-2 are,
24 is the intent of this guideline to help licensees remove
25 unimportant information from new FSARs, such as excessive

1 detail, obsolete or redundant information. The guideline is
2 not intended to be used to remove information from new FSARs
3 regarding SSCs, the insights from operating experience, or
4 probabilistic risk assessments we'd indicate are risk
5 significant.

6 Your normal mantra is operating experience,
7 engineering analyses or probabilistic risk assessment. So I
8 suspect the staff would accept that, but that is what I
9 remember the mantra from the rule changes to be. But this
10 is, in a sense, a savings clause for that later scope
11 discussion.

12 MR. PIETRANGELO: Yes. In fact, it may even be a
13 little narrower than our current mantra, because the risk
14 information, insights from PRA pick up that stuff.

15 The deterministic engineering things already
16 should be in there.

17 COMMISSIONER MCGAFFIGAN: Right.

18 MR. PIETRANGELO: The important ones. Operating
19 experience is pretty broad and I think our comment back to
20 the staff was we would probably strike the operating
21 experience part, because that should be incorporated in the
22 PRA and come out in the risk insights. But we're not --
23 we're on the same page.

24 CHAIRMAN JACKSON: When is your workshop or your
25 --

1 MR. PIETRANGELO: We haven't scheduled it yet,
2 Chairman. It somewhat depends on what happens -- you're
3 going to get a paper on it, I guess, February 19.

4 CHAIRMAN JACKSON: Okay.

5 MR. PIETRANGELO: That hopefully would be released
6 fairly soon thereafter.

7 CHAIRMAN JACKSON: So it would be sometime after
8 that.

9 MR. PIETRANGELO: Yes.

10 CHAIRMAN JACKSON: I see. Okay.

11 MR. PIETRANGELO: Okay. Next slide, please. Dave
12 went through this a little bit and we are still in the early
13 stages of discussion with the staff on what the
14 interpretation should be.

15 I'm not going to sugarcoat it and say we're really
16 close. We're not.

17 CHAIRMAN JACKSON: Can you say where some of the
18 big differences are, from your point of view?

19 MR. PIETRANGELO: Yes. I think there's design
20 basis for 50.2 that we would consider to be those design
21 functions that are necessary to place the plant in a safe
22 condition following a postulated design basis accident.
23 There are other design functions and these have been termed,
24 and I think the staff coined this phrase in a NUREG several
25 years ago, engineering design basis, that don't have to do

1 with a safety function or placing the plant in a safe
2 condition.

3 There are other attributes that the equipment have
4 that probably aren't safety related. And I think the
5 confusion has been this level of detail and I think the
6 rule-making on reporting will address some of the concern,
7 but it doesn't address all of it, when you get into license
8 renewal, when you get into what information you put in the
9 SAR.

10 I would disagree with Dave a little bit in terms
11 of I think what was put in the SAR does define, to some
12 extent, what the 50.2 design basis information is, because
13 that hasn't changed since 1960-something.

14 CHAIRMAN JACKSON: But then if that's true, how do
15 we complete this endorsement of guidance for the update, if
16 there isn't clarity on design basis definition?

17 MR. PIETRANGELO: First, let me state, with regard
18 to our design basis program guidelines, that is a revision
19 to an old NUMARC document from 1990 and what was added in
20 the revision was just more examples on what we think are
21 design basis information examples.

22 We are not requesting endorsement of all of 97-04
23 because there are things in there with regard to good
24 practices on how to structure a design reconstitution
25 program that we don't need regulatory endorsement for. What

1 we do need is in the second bullet, and that is to really
2 finally get a common understanding of what the 50.2
3 definition entails.

4 And the staff sent us a letter. I think there is
5 some movement from where we were maybe in the fall, but
6 we've got a ways to go on this.

7 CHAIRMAN JACKSON: I guess what I'm interested in
8 is can you speak to what impact, if any, you see on the
9 updating of the FSAR?

10 MR. PIETRANGELO: Given the way that the guidance
11 is structured, unless there was a change to the facility
12 that affected design basis information, then you wouldn't
13 have to add anything to the SAR.

14 We think that's at a fairly high level and there's
15 other criteria within the guidance document that speaks to
16 that. Beyond that, there is guidance with regard to
17 providing a sufficient level of understanding of the design
18 basis when you make a change, but changes are very few that
19 would affect design basis and so the update guidance doesn't
20 address what was originally required to be in the SAR and
21 what is the current information that's in there.

22 It's only going to be the result of a change to
23 the plant and there's certainly not going to be enough of
24 those to go back and if the intent is to redo what 50.34
25 required whenever, that's not going to happen through the

1 update process.

2 CHAIRMAN JACKSON: But, again, that's why I have
3 some level of discomfort, because if you talk about changes
4 to the plant that can change the design envelope in some way
5 that's substantial, then I guess I don't understand how, in
6 the absence of clarity on definition of design basis -- I'm
7 worried.

8 Nobody wants to finish off the FSAR update and the
9 50.59 rule-making more than I do, but I just want to be sure
10 we're not stepping off of a cliff here.

11 MR. PIETRANGELO: And I don't think I disagree
12 with you, Chairman. I think this activity, and that's the
13 last bullet, we have to get there. Just one other point,
14 and this has to do with some of the plants that underwent
15 these architect engineering inspections and some plants have
16 been down for quite some time.

17 I think this problem about what the design basis
18 information is clouded some of those issues with regard to
19 those plants and what is and what's not and what's inside
20 and outside the design basis.

21 The other part of that is that when the staff -- I
22 think it was the old AEOD -- reviewed some of the design
23 basis discrepancies that were reported by licensees that had
24 either ongoing programs or were subject to the inspections,
25 there's not a lot of risk significance that comes out of

1 those reports, and this is fairly an area that -- and I
2 think we knew that from the late 80s and early 90s, that
3 when you do these, you don't get a lot of --

4 CHAIRMAN JACKSON: Are you -- is your basic issue
5 -- does your basic issue have to do with the risk
6 significance of what constitutes design basis information or
7 does it have to do with -- because my understanding is that
8 the staff historical definition of this position hasn't
9 changed.

10 MR. PIETRANGELO: I think it's a perception. I
11 really think it's a perception issue and I think to some
12 degree --

13 CHAIRMAN JACKSON: I mean, one could argue this.
14 Let me just say this. One could argue that design basis
15 information is design basis information as we historically
16 have understood it, assuming we've historically understood
17 it. But where we're talking about in terms of risk
18 informing various things has to do with, given that, what
19 happens in certain circumstances and how do we risk-inform
20 rules appropriately.

21 That's a separate -- that's one path. Another
22 path has to do with somehow changing the fundamental
23 definition of what constitutes design basis information to
24 say that now the new definition of what constitutes design
25 basis information is some risk-informed list or

1 risk-informed definition and those are -- one path has more
2 stability associated with it and one path allows us to
3 complete the 50.59 rule-making and the FSAR update and the
4 other path has a lot more instability associated with it.

5 Namely, if you're talking about coming up with
6 some new fundamental definition of what constitutes design
7 basis information, that is some risk-informed definition, as
8 opposed to risk-informing rules within a given definition of
9 design basis, those are very different paths.

10 What is your position here?

11 MR. PIETRANGELO: I don't think we are
12 contemplating any radical change or any change to the 50.2
13 definition, but I think as part of the defining what safety
14 significant means with regard to SSCs, at some point, and
15 hopefully this discussion will happen very early this year,
16 you've got to define what accident analyses and credible
17 events that you're going to use to define what is important
18 to safety in the hardware of the plant.

19 Right now, it's these events that have been
20 postulated 35 years ago, and some of them are credible, some
21 of them are not credible. There's others that aren't in
22 that set that we know are credible. We need to risk-inform
23 that and I think from -- once you get your handle on those
24 analyses, then you can back out what equipment you need to
25 defend against those events and the design -- that's why the

1 definition doesn't need to change. It's still the intended
2 functions to place the plant in a safe condition.

3 You would apply it to that set that you define as
4 what you need to protect against.

5 CHAIRMAN JACKSON: I just want to say this.
6 Obviously, this is a complex area, but be very careful
7 because you may be treading on something that really has to
8 do with creating a fundamental instability in the overall
9 regulatory basis that we're operating on in Part 50 and I
10 think we have to go down that path very carefully.

11 MR. PIETRANGELO: Okay. Next slide, please.
12 License renewal. I had a feeling you were going to jump to
13 that, Commissioner McGaffigan, early on, but let me just say
14 that I want to jump on the Chris Grimes bandwagon first here
15 with respect to on behalf of the industry, the job he's
16 doing in terms of managing that effect, the feedback we've
17 gotten from --

18 CHAIRMAN JACKSON: He and his people. It's a
19 bunch of folks working on it.

20 MR. PIETRANGELO: That's correct. But the point I
21 made before, though, is that it's not Chris and his people.
22 It's the agency, that there are other branches in NRR that
23 are heavily involved in license renewal review and to put
24 all that on Chris I think is inappropriate.

25 There has to be, I think, a more holistic effort

1 to ensure the Commission's intent is carried out in the --

2 CHAIRMAN JACKSON: I think we have a holistic
3 effort.

4 MR. PIETRANGELO: Okay.

5 CHAIRMAN JACKSON: We have to just maintain it,
6 but we have it.

7 MR. PIETRANGELO: Right. I think the feedback we
8 have from the lead applicants is that they're cautiously
9 optimistic about what's occurred. I think the discipline
10 that the Commission has given to the hearing processes is
11 welcome and the staff sticking to the schedule is welcome.

12 I think the way Mr. Tekman would put it is the
13 water is fine, come on in, to the other applicants that we
14 expect in the --

15 CHAIRMAN JACKSON: Do you have some sense for the
16 numbers in terms of in the 99 to 2001 time-frame?

17 MR. PIETRANGELO: A handful.

18 MR. BEEDLE: We've got about six plants that have
19 indicated an interest in doing that.

20 CHAIRMAN JACKSON: Okay.

21 MR. BEEDLE: And much of what we're going to see I
22 think is based on our experience with these first two
23 plants.

24 CHAIRMAN JACKSON: What are you -- what is your
25 reaction to what the staff said about this metering of the

1 applications, if there is?

2 MR. BEEDLE: I think what you're going to have is
3 a challenge of trying to balance your resources against the
4 industry's desire and I think many of these plants have got
5 a time line that they can, in fact, adjust their submissions
6 to accommodate the work load considerations that you're
7 going to have here in the agency.

8 But I think there is clearly an opportunity to
9 manage that.

10 COMMISSIONER MERRIFIELD: Do you think we'll have
11 some lucky volunteers for 1999 to fill that void?

12 MR. BEEDLE: I think Calvert Cliffs is going to
13 be.

14 CHAIRMAN JACKSON: If we get it done.

15 MR. BEEDLE: If we see a continuation of the
16 progress that we've had to date, then I think that's going
17 to encourage some utilities to maybe consider moving their
18 license submittals up. But if we get bogged down and it's
19 going to have a similar effect and it's going to cause them
20 delay.

21 CHAIRMAN JACKSON: Okay.

22 MR. PIETRANGELO: Before we leave this slide, I
23 want to address a question Commissioner Merrifield had
24 before about potential impact of the maintenance rule change
25 on license renewal.

1 Before we finalized our comments on a proposed
2 revision of the maintenance rule, we briefed the license
3 renewal working group, that's comprised of the lead
4 applicants, as well as everybody else in the industry who is
5 interested in this, and we did a full briefing of that and
6 then other -- beyond that, I think the individual plants
7 were reviewing our position on that and had no problem with
8 what we proposed to do on a maintenance rule.

9 The last slide -- now, I brought with me a copy of
10 the statement of considerations for the 1995 rule and I also
11 brought with me a NUREG from the 1991 rule, called
12 foundation for the adequacy of the licensing basis.

13 There's been a lot of work in terms of
14 establishing these principals for license renewal and
15 they're captured in this first bullet here on -- it's
16 adequate and then it carries forward.

17 And there's other words that I've highlighted
18 here, but I'm not going to go through this, that this should
19 not be about a re-verification of the adequacy of the
20 existing CLB programs.

21 An observation we have based on what's transpired
22 thus far is that a lot of this appears to be a
23 re-verification of the adequacy of the CLB programs that
24 carry forward into the renewal term.

25 We believe that the focus of the review, and,

1 again, there's words to suggest that in here, that we're
2 trying to find areas where the current programs would not
3 address known aging mechanisms and that should be the real
4 focus of the review.

5 And given the resource question we just had
6 before, as well as Mr. McNeal's statement about trying to
7 get down to six months, that doesn't appear to be that much
8 of a stretch goal if these principals are upheld through the
9 review. And it's not just what Chris and his staff does.
10 Again, that's an agency thing about -- these are all -- a
11 lot of these are old existing programs that the agency has a
12 lot of experience dealing with.

13 So they know what it takes in the current -- for
14 the current plants to meet those requirements. There should
15 not be a need -- and I want to clarify something David said
16 before. Our position -- and this was with regard to the
17 environmental qualification rule -- is not just to check the
18 box and say we continue to meet 50.49. That's not our
19 position.

20 We believe there should be a summary description
21 in the renewal application of the aging effects that your
22 environmental qualification program addressed. And that's
23 no different in year 25 versus year 45.

24 If there's additional aging mechanisms that -- and
25 for equipment that EQ pertains to that aren't addressed in

1 the current program, then there should be more in the
2 application. But that's what should be the focus of the
3 review, not a re-verification of what people currently do to
4 meet the current rule.

5 So that's the question we'd like to leave on the
6 table for you and we're going to talk to the steering group
7 tomorrow about this. But if these principals hold up, at
8 least as we interpret them in the statement of
9 considerations, then I think the resource questions and how
10 fast you can do it are kind of in a new paradigm.

11 CHAIRMAN JACKSON: Any comments?

12 COMMISSIONER McGAFFIGAN: It sounds like they need
13 to do some discussing.

14 MR. BEEDLE: Chairman, that completes our remarks.
15 We thank you for the opportunity to make some observations.

16 CHAIRMAN JACKSON: Thank you. Commissioner?

17 COMMISSIONER MERRIFIELD: The only thing I'd
18 mention is we did have a lot of compliments on staff and I
19 do want to make known and repeat that the work the NEI did
20 on the FSAR was very helpful in a mutual effort to make that
21 a success.

22 CHAIRMAN JACKSON: I want to thank you, and thank
23 you for continuing to work with the staff and work in good
24 faith. Appreciate it.

25 I'd like to thank, in fact, the staff and the

1 Nuclear Energy Institute for an informative briefing. As
2 we've heard and said repeatedly, some significant
3 accomplishments and progress have been made with respect to
4 various reactor initiatives.

5 However, as evident and as evident in the
6 discussion, some significant work remains and important
7 decisions. Now, the Commission recognizes that there is, in
8 fact, a lot on the staff's plate and, at the same time, on
9 the nuclear industry's plate. And so the Commission is
10 appreciative of all efforts of tackling the -- aimed at
11 tackling the hard issues and asking tough questions, but
12 coupled with that, working in a solutions mind set and
13 maintaining cognizance of schedules.

14 Because not only are we challenged in the
15 individual tasks, but -- and I repeat, we do have to remain
16 vigilant of the impact on other agency tasks and programs to
17 ensure that the decisions we make and the approaches we
18 pursue are consistent and focused on safety in a coherent
19 and a risk-informed manner.

20 The Commission looks forward in particular to the
21 staff's recommendation on the final wording for the draft
22 rule on 10 CFR 50.59, including where we have to bite the
23 bullet.

24 And I would urge the staff to continue your
25 healthy interactions with the various stakeholders and to

1 bring to the Commission recommendations that the staff
2 believes pertain to policy issues and are the right thing to
3 do.

4 So unless my colleagues have any further questions
5 or comments, we're adjourned. Thank you.

6 [Whereupon, at 12:55 p.m., the briefing was
7 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: BRIEFING ON REACTOR LICENSING
INITIATIVES
PUBLIC MEETING


PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Wednesday, January 13, 1999

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: Natalie Renner

Reporter: Mike Paulus



NRC Briefing on Reactor Licensing Initiatives

January 13, 1999

Ralph Beedle
Tony Pietrangelo

REC'D BY SECY

12 JAN 99 3: 57

NEI



10 CFR 50.59 Rulemaking

- Comprehensive, detailed proposal developed by staff facilitated substantive comment by industry
- Most comments agreed with staff proposals or provided clarifications
- Margin of safety and definition of change are key remaining issues

Margin of Safety

- 14 options identified in proposed rulemaking
- Proposed industry approach is a hybrid of several options
- Focus is on fission product barrier parameters and associated design bases limits

Definition of “Change”

- Important impact on determining when 50.59 evaluations are required
- Opportunity to clarify rule and utilize resources more effectively
- Industry proposal assures impacts on intended design functions receive full evaluation



FSAR Updates

- Good example of the benefits of early and frequent communication
- Strong consensus on intent and content of guidance
- Future industry workshop will gather feedback on implementation experience

Design Bases Activities

- Still in early stages of discussion with NRC staff
- Industry objective: Attain common understanding of what information is captured by 50.2 definition
- Must resolve this issue to improve clarity and consistency

License Renewal

- Lead application reviews proceeding on schedule
- Expect additional applications in 1999-2001
- Industry observing process closely

License Renewal

- Foundation Principles
 - Current licensing basis is adequate
 - Current licensing basis carries forward
- Policy Question
 - Is the intent of the rule to reverify existing CLB programs and activities?



COMMISSION BRIEFING

Licensing Initiatives

January 13, 1999

REC'D BY SECY

7 JAN 99 8:14

INTRODUCTION

- License Renewal
- License Transfer
- 10 CFR 50.59 Rulemaking
- FSAR Updates
- Other Licensing Initiatives

LICENSE RENEWAL

- Implement 10 CFR 54 and 51 which provide safe plant operation and assessment of environmental impacts for renewal
- Establish a review process that is effective, efficient, timely and predictable

LICENSE RENEWAL PROCESS

- Establish reliable review schedules
- Promptly identify and address issues
- Improve implementation guidance
- Public outreach
- Program oversight

LICENSE RENEWAL STATUS

- Calvert Cliffs
- Oconee
- NEI generic activities
- Owners groups generic technical reports
- Other interested plants

NRC LICENSE TRANSFERS

- Completed Actions
 - Final rule to streamline the license transfer hearing process published (December 3, 1998)
 - Final SRPs on:
 - Financial Qualifications and Decommissioning Funding Assurance
 - Antitrust
 - Draft SRP on Foreign Ownership, Control, and Domination

NRC LICENSE TRANSFERS (cont.)

- **Pending Actions**

- Timely license transfer reviews (TMI-1 and Pilgrim)
- Complete Final SRP on Foreign Ownership
- Develop policy options on non-owner operators
- Issue lessons learned from recent license transfers
- Develop SRP to document current practice in review of technical qualifications
- Develop integrated SRP on license transfers

10 CFR 50.59 RULEMAKING

- Background
- Issues from comment letters:
 - Margin of safety proposals
 - Guidance on minimal increases in probability and consequences, including cumulative effects
 - Screening of changes
 - Clarifications on definitions
 - Parts 71, 72, and 76
 - Enforcement policy
 - Guidance development

10 CFR 50.59 RULEMAKING (cont.)

- Approach and Schedule
 - Staff analyzing comments to identify policy issues for Commission consideration and propose revisions to rule
 - Staff requested alternative approach to allow Commission direction on certain key issues before completion of final rule package
 - Potential future changes to 50.59 (revised scope and risk-informed options)

FSAR UPDATE GUIDANCE

- Provide clear guidance for the required content of Updated FSARs
- Publish draft guide (DG-1083) for public comment
- DG-1083 endorses industry guideline, NEI 98-03
- Issue final regulatory guide in September 1999

OTHER LICENSING INITIATIVES

- Define Design Basis
- Application of Backfit Rule
- Applicability of Backfit Rule to Decommissioning Activities
- Licensing Actions
- Requests for Additional Information (RAIs)
- Confirmatory Action Letters (CALs)
- Improved Standard Technical Specifications
- 2.206 Petitions

DEFINE DESIGN BASIS

- Provide a clear definition of what constitutes design bases information (10 CFR 50.2)
- NEI submittal of revised guidance document (NEI 97-04) by the end of January 1999
- Options for meeting the objective include:
 - Endorsing NEI guidance via regulatory guide
 - Issuing staff guidance via regulatory guide or other means

APPLICATION OF BACKFIT RULE

Objective

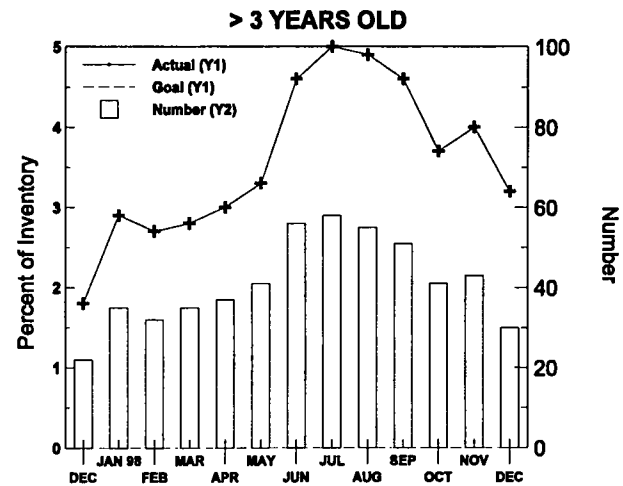
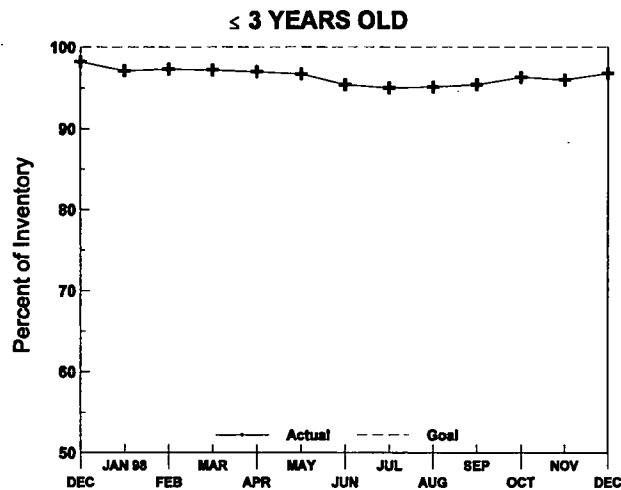
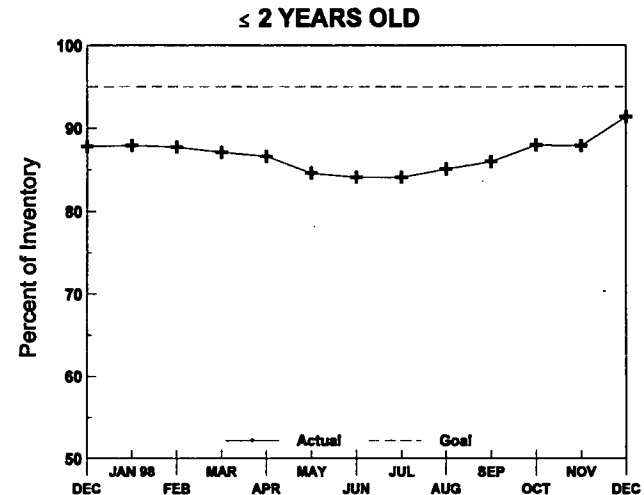
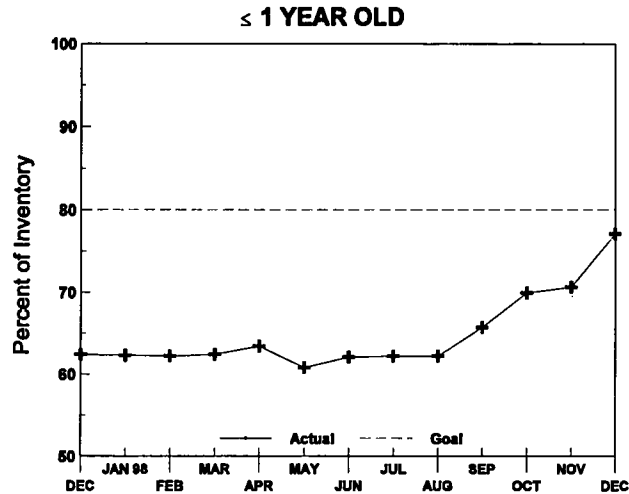
Ensure that the staff closely adheres to the backfit rule (10 CFR 50.109) in evaluating all additional requirements, expansion in scope, or unique interpretations (pertaining to operating or decommissioning plants) against actual impact on public health and safety

PLANNED IMPROVEMENTS TO THE LICENSING ACTION PROCESS

- Maintain internal steering group to interface with industry steering group and obtain industry feedback
- Conduct early and frequent communications with licensees and establish “firm” schedules
- Conduct initial acceptance review
- Increase staff accountability
- Centralize workload management
- Move toward a more function-based organization

Nuclear Reactor Safety - Reactor Licensing

FY 1999 Goal: 80% \leq 1 year, 95% \leq 2 years, 100% \leq 3 years



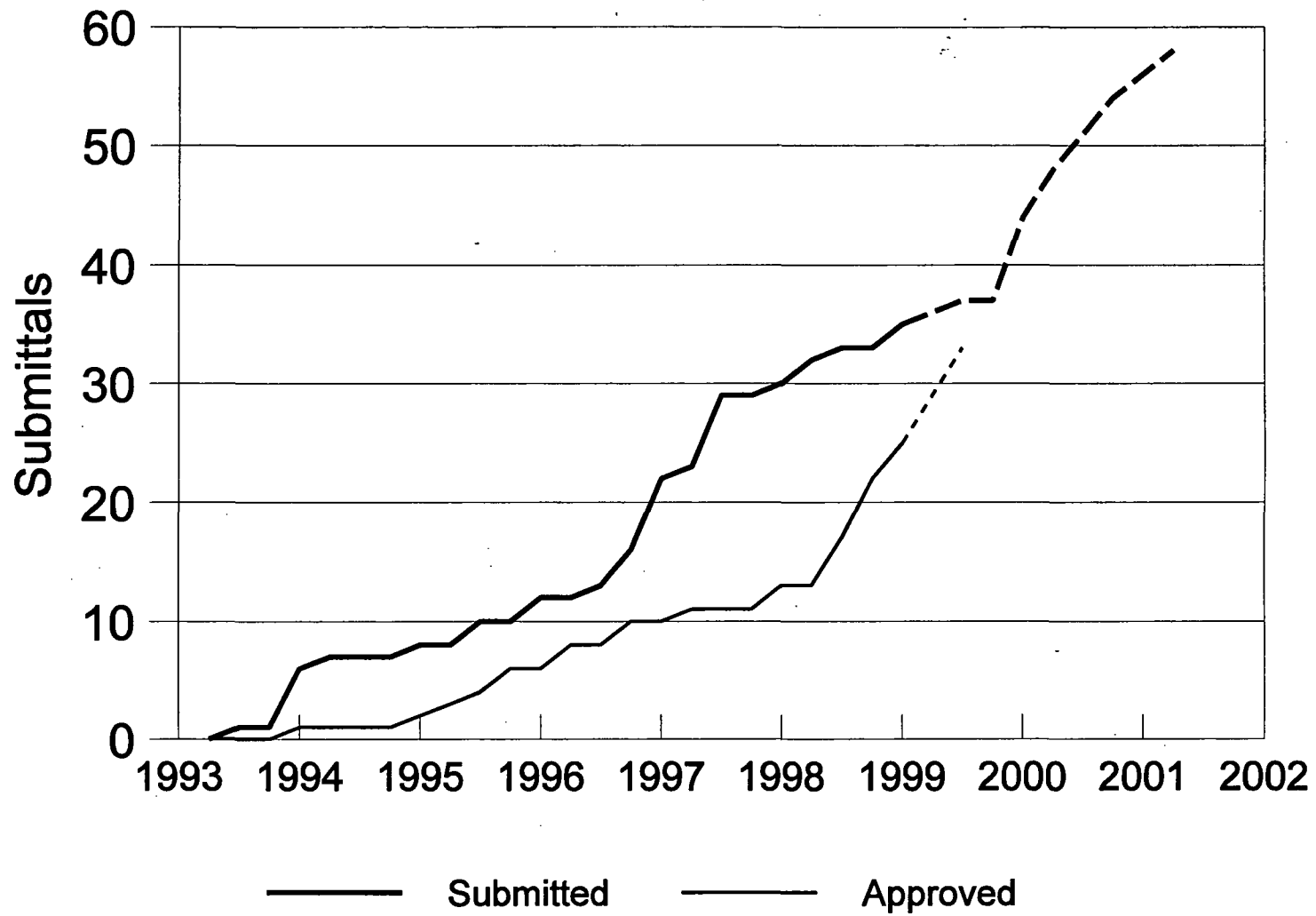
REQUESTS FOR ADDITIONAL INFORMATION (RAIs)

- Determine relevancy of RAI to regulatory finding
- Limit staff to one round of RAIs; if licensee does not fully answer RAI, consider management meeting with licensee (typically)
- Revised office letter on license amendment review procedures to address RAI concerns
- Conducting training sessions with staff regarding expectations and revised guidance

CONFIRMATORY ACTION LETTERS

- Stakeholder concern that CALs may bypass formal procedures - Imposing new requirements
- CALs are typically associated with extended plant shutdowns and recapturing design basis
- Enforcement Manual Guidance revised (11/98)
- Management expectations reinforced
 - CALs must meet threshold of enforcement policy
 - CALs should not:
 - Impose new requirements
 - Bypass the Backfit Rule
 - Prolong plant shutdowns

STANDARD TECHNICAL SPECIFICATIONS



10 CFR 2.206 PETITION REVIEW AND PROCESS CHANGES

- 2.206 Petition Review Board established for review of new petitions
- Effort to achieve timely closure of new petitions
 - Greater emphasis on management involvement at an early stage
 - Obtaining stakeholder feedback