

ORIGINAL

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

**Title: BRIEFING BY MAINE YANKEE, NRR AND
REGION I - PUBLIC MEETING**

Location: Rockville, Maryland

Date: Tuesday, February 4, 1997

Pages: 1 - 143

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION

3 ***

4 BRIEFING BY MAINE YANKEE, NRR AND REGION I

5 ***

6 PUBLIC MEETING

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8
9 Nuclear Regulatory Commission
10 One White Flint North
11 11555 Rockville Pike
12 Rockville, Maryland
13

14 Tuesday, February 4, 1997
15

16 The Commission met in open session, pursuant to
17 notice, at 9:33 a.m., the Honorable SHIRLEY A. JACKSON,
18 Chairman of the Commission, presiding.
19

20 COMMISSIONERS PRESENT:

21 SHIRLEY A. JACKSON, Chairman of the Commission
22 KENNETH C. ROGERS, Member of the Commission
23 GRETA J. DICUS, Member of the Commission
24 NILS J. DIAZ, Member of the Commission
25 EDWARD McGAFFIGAN, JR., Member of the Commission

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 JOHN C. HOYLE, Secretary

3 MARTY MALSCH, Deputy General Counsel

4 HUGH THOMPSON, JR., Acting EDO

5 EDWARD JORDAN, Deputy EDO

6 FRANK MIRAGLIA, Director, NRR

7 HUBERT MILLER, Region I Administrator

8 DAVID FLANAGAN, Chairman of the Board, Maine

9 Yankee

10 MIKE SELLMAN, VP-Operations at Waterford, Maine

11 Yankee, Chief Nuclear Officer (designee)

12 DON HEINTZ, President and Chief Executive Officer,

13 Entergy Operations

14 PAUL STOVER, President, UWUA, Local 497

15 GRAHAM LEITCH, VP-Operations at Maine Yankee

16 MARY ANN LYNCH, General Counsel and Vice President

17 for Law at Maine Yankee

18 JERRY YELVERTON, Chief Operating Officer, Entergy

19 Operations

20 MIKE MEISNER, Director of Nuclear Safety and

21 Licensing, Entergy

22 PAT LYDON, Vice President for Finance, Maine

23 Yankee

24 DOUG WHITTIER, Vice President for Engineering,

25 Maine Yankee

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 [continued]

3 BOB BLACKMORE, Plant Manager, Maine Yankee

4 DON DAVIS, Chief Executive Officer, Yankee Atomic

5 DAVID LOCHBAUM, Engineer, Union of Concerned

6 Scientists

7 WILLIAM S. LINNELL, II, Town Councilman, Cape

8 Elizabeth, Maine, Committee for a Safe Energy

9 Future

10 RAYMOND SHADIS, Information Coordinator, Friends

11 of the Coast Opposing Nuclear Pollution

12 DANA CONNORS, President, Maine Chamber and

13 Business Alliance

14 PETER WILEY, Director, Special Projects for the

15 Governor, State of Maine

16 ULDIS VANAGS, Special Projects for the Governor,

17 State of ME

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P R O C E E D I N G S

[9:33 a.m.]

CHAIRMAN JACKSON: Good morning, ladies and gentlemen. The purpose of this meeting is for the Commission to be briefed on the status of activities at Maine Yankee.

This morning we will hear from the licensee, from the NRC Headquarters and Regional Staff, and from interested members of the public.

In late May of 1996 I initiated a charter with which the Commission concurred for special inspection of Maine Yankee, primarily to provide an independent safety assessment of the conformance of the Maine Yankee plant to its design and licensing basis.

This inspection was unique in its scope, independence, and coordination with state representatives. The Commission had the opportunity to review the report prior to its issuance and the Commission was briefed by the ISA, the Independent Safety Assessment Team, on October 18th of 1996.

We were briefed on the process used, the significant safety findings, and associated root causes and aspects of regulatory lessons learned that the inspection team gleaned which can be used to improve NRC processes.

During that Commission briefing I requested a

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1 follow-on Commission briefing once Maine Yankee had
2 responded to the Independent Safety Assessment Team report.
3 That response was submitted on December 10th of 1996.

4 The NRC Staff is continuing its review of that
5 document along with comments received from interested
6 members of the public.

7 The Commission is very interested in the
8 licensee's response to the Independent Safety Assessment of
9 their site, how they are correcting the root cause
10 deficiencies and how they are verifying progress.

11 The Commission is aware that the utility must
12 satisfy requirements of a confirmatory action letter and its
13 supplement prior to restart of the facility.

14 The Commission is also interested in the Staff's
15 summary of actions taken since the ISAT report.

16 Finally, the Commission has reviewed other views
17 regarding the ISAT process and NRC actions regarding Maine
18 Yankee in general and to that end has approved four speakers
19 today to express their views.

20 Copies, I understand, of the presentations are
21 available at the entrance to the meeting. If none of the
22 Commissioners have any comments, we will proceed with
23 hearing from the licensee, followed in turn by the NRC
24 Staff, and members of the public who have been approved to
25 speak today.

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1 Mr. Flanagan, you may proceed.

2 MR. FLANAGAN: Thank you very much, Madam
3 Chairman.

4 I would like to thank you and the Commission for
5 the opportunity to appear here today and address the kinds
6 of issues that you have outlined. I also would like to
7 thank you for the courtesy that you extended in deferring
8 the date until we had an opportunity to better define our
9 relationship with Entergy before coming down here to meet
10 with you.

11 This morning with me at the table are, from my
12 right, Mike Sellman, who is the President-Elect of Maine
13 Yankee, currently at Waterford; and Don Heintz, the CEO of
14 Entergy Operations; our General Counsel and Vice President
15 for Law, Mary Ann Lynch of Maine Yankee; and our Vice
16 President for Operations, Graham Leitch; and Paul Stover,
17 who is President of Local 497 of the UWUA at the plant.

18 Also with us today, sitting behind us, are -- and
19 I'd ask them to stand as I say the names -- is Jerry
20 Yelverton, who is COO of Entergy Operations, Mike Meisner,
21 who is Director of Nuclear Safety and Licensing for Entergy;
22 Pat Lydon, our Vice President for Finance at Maine Yankee
23 along with Doug Whittier, Vice President for Engineering;
24 and Bob Blackmore, who has the critical role as Plant
25 Manager.

1 I am also pleased to have here with us for the
2 first time Don Davis, who is the new Chief Executive Officer
3 for Yankee Atomic.

4 With that, Madam Chairman, I would like to get
5 directly to the issues that you identified at the outset.

6 The first one is our response to the root cause
7 analysis presented in the October 7th report.

8 What I want to tell you and the other
9 Commissioners is that Maine Yankee agrees with the root
10 cause analysis that was conducted by the NRC. With respect
11 to economic pressure, Maine Yankee has been a low cost
12 producer in a high energy cost region. Our management at
13 the plant recognized the need for cost competitiveness but
14 on reflection and after considerable discussion internally
15 we agree that we focused so much on this aspect of our
16 responsibilities that we failed to keep up with advances in
17 the industry.

18 As we thought about it, we realized that that
19 first cause, root cause, really led to the second root cause
20 that you identified, which was a culture of complacency.
21 It's not complacency in the usual, normal sense of the word,
22 but what happened we believe is that line management came to
23 feel that requests for additional expenditures not related
24 to safety were unwelcome, and as a result work-arounds and
25 backlogs began to increase.

1 But I don't want to leave you with the
2 misimpression that these were universal characteristics and
3 universally applied in all circumstances. Safety
4 expenditures always got the highest priority at Maine Yankee
5 and we always had a workforce that was characterized by
6 having a lot of people in it who had a questioning attitude
7 and were willing to innovate.

8 Indeed, I should tell you in case you don't know
9 it already, that Maine Yankee itself had already started
10 identifying the complacency issue in the cultural assessment
11 report that we did on our own initiative that was released
12 in May of 1996, so we were capable of taking initiatives and
13 some important ones were done.

14 Nonetheless, the bottom line is we concur with the
15 two points, the two root causes you identified, and, by the
16 way, we certainly also concur with the ultimate finding of
17 the Committee that the plant was safe to operate.

18 In a moment I am going to introduce Don Heintz and
19 Graham Leitch, who will talk about some major new
20 developments at the plant, but as Chairman of the Board I
21 think it is my responsibility to identify for you three
22 responses we have taken at the Board level to address the
23 root causes that you identified.

24 Those are in the areas of finance, governance, and
25 management.

1 Speaking to finance first, you expressed a concern
2 about the lack of economic resources being applied to the
3 plant.

4 In contemplation and expectation of responding to
5 the ISA on December 10th, we had a special Board meeting at
6 the end of November, and at that time after a day-long
7 discussion involving all the Board members, we agreed to a
8 \$38.5 million incremental O&M and capital expenditure for
9 1997 to cut into that backlog and to bring to bear the kinds
10 of personnel resources the problems appear to require.

11 That is over and above the \$144 million budget
12 that already had been planned for 1997.

13 I want you to know that is not a one-shot deal.
14 At the same time the Board explicitly discussed and
15 authorized, going into the December 10th letter, a
16 commitment to future incremental expenditures in subsequent
17 years to make sure that those backlogs do not recur.

18 On an even longer term basis, we also adopted for
19 the first time in our history a business plan which provides
20 a template for what priorities should be for spending over
21 the next several years, so that it is not a one-shot deal,
22 it's not a two-year deal, it's a long-term budget reform
23 that we have in mind.

24 If I could make one aside on this, because I think
25 it is important, there was some concern expressed at the

1 Commission that we do not deal appropriately with retained
2 earnings and that somehow that was related to the economic
3 resource issue at the plant.

4 I want to assure you that that is not the case.
5 In fact, one of the advantages Maine Yankee has over other
6 organizations is that it has sponsor agreements, binding
7 sponsor agreements, with the 10 companies that own the plant
8 that allow it to call for capital as required, as is
9 evidenced by our current situation with cable separation and
10 the additional expenditures needed to deal with that.

11 It would be an inefficient use of capital to
12 retain earnings in Maine Yankee when it has access to the
13 resources of the sponsor companies on a ready basis.

14 So the first issue we dealt with as a Board was
15 the economic resources, the financial wherewithal to deal
16 with backlogs and work-arounds.

17 The second issue is governance. If you want to
18 correct issues, you ought to start at the top and one of the
19 things, one of the first things we did when we saw these
20 issues emerging was take advantage of a part-time Maine
21 resident, Tom Murley, a man with considerable expertise both
22 in regulation and in the industry, and we were fortunate
23 enough to get Tom to agree to serve as an independent member
24 on our Board of Directors at Maine Yankee and further to
25 serve as a member of the newly-constituted Nuclear Committee

1 of the Board -- and that is the second governance change
2 that we have made.

3 We have reconstituted our old Oversight Committee
4 into a Nuclear Committee of the Board that has this charter.
5 It is, again in direct response to your inquiry, it is to
6 monitor our progress with respect to fulfilling the ISA
7 commitments, to fulfilling the business plan commitments, to
8 fulfilling our commitments to INPO and to tracking our SALP
9 scores and the cultural assessment team report that was done
10 internally at the plant so that we have an ongoing regular
11 reporting schedule for progress on that and accountability
12 for it.

13 The third thing we did besides creating a
14 committee with this charter was to equip it with some
15 nationally-recognized outside experts, again both to give us
16 advice and also to combat the notion that we were insular or
17 introspective and disinterested in what the rest of the
18 country was doing.

19 Ed Fuller, Bob Martin -- who was formerly with
20 Region IV, John Townsend, who is with Diablo Canyon, and Bob
21 Bradford, who is a Human Resources expert, serve on that
22 panel and I can tell you that they have already given us
23 substantial assistance in shaping the ISA response that we
24 submitted to you.

25 The final thing that we have done in terms of

1 governance is dramatically increase the number of Board
2 meetings to keep us, the full Board, abreast of developments
3 at the plant.

4 I think three or four years ago we were having
5 four regularly-scheduled Board meetings a year. In 1995 we
6 had seven. In 1996 we had nine and as Chairman I can tell
7 you I expect that pace and that level of involvement and
8 informed involvement to continue.

9 So finance, governance -- two of the key issues.

10 But perhaps the most fundamental change is in the
11 area of Management. We are very privileged to have with us
12 today Don Heintz from Entergy, and I think the concept of
13 taking a single unit plant in a relatively-isolated part of
14 the country and bringing it into a circumstance where it can
15 take advantage of some of the opportunities for learning and
16 mutual consultation that a multi-plant system that is at the
17 state-of-the-art and is well-respected and has turn-around
18 experience could be a tremendous advantage to us, so the
19 most important thing we have done is enter into this
20 agreement with Entergy to give us assistance in the
21 operation and the management of the plant.

22 We have also made internal changes in the
23 management, both at Maine Yankee and, as Don Davis's
24 presence indicates, at Yankee Atomic, and we will be
25 assessing further changes in this quarter, but again I want

1 to stress the high caliber and the dedication of the
2 overwhelming majority of our employees and the good fortune
3 we believe we have in having a constructive working
4 partnership with our labor union.

5 The physical and cultural changes that we have
6 already initiated as part of the ISA process will be
7 described in more detail by Graham Leitch, our Vice
8 President for Operations, so I would just like to conclude
9 at this point by saying that under the leadership of Bob
10 Blackmore, we fully and I believe efficiently cooperated
11 with the ISA team while they were on site. We acknowledged
12 the validity of the root causes that were identified. We
13 submitted a comprehensive, achievable, measurable responsive
14 plan on December 10th.

15 We have already made fundamental changes in
16 finance, in governance, and in management, and we have got
17 physical changes and backlogs underway and ahead of
18 schedule.

19 We are committed to operating Maine Yankee safely
20 and in full compliance with the expectations of the NRC.

21 That concludes my presentation, Madam Chairman,
22 and I would be glad to answer any questions or defer to Mr.
23 Heintz.

24 CHAIRMAN JACKSON: Thank you. Is Dr. Murley the
25 only member of your Board with specific nuclear experience?

1 MR. FLANAGAN: No. One of the representatives of
2 Public Service of New Hampshire, Ted Feigenbaum, makes his
3 career in nuclear areas and in nuclear plants, and I think
4 that's the other --

5 CHAIRMAN JACKSON: Is Mr. Feigenbaum associated
6 with Northeast Utilities?

7 MR. FLANAGAN: He runs the Seabrook plant.

8 CHAIRMAN JACKSON: Was Entergy involved in your
9 December 10th ISAT response and is it evaluating the
10 adequacy of it -- and/or is it evaluating the adequacy of
11 that response?

12 MR. FLANAGAN: No, it was not involved in the
13 preparation of the response. That was done by an internal
14 team at all levels of Maine Yankee in consultation not only
15 with the Nuclear Oversight Committee that I mentioned but a
16 number of other consultants that were brought in and with
17 Yankee Atomic as well.

18 It was in that period that we concluded that our
19 best course of action might be to see what the opportunities
20 for association with an existing multi-unit organization
21 might be and we started exploring those options which
22 brought us together during the month of December with
23 Entergy.

24 Since that time Entergy of course has been fully
25 apprised of both the ISA report, our response, the business

1 plan, and other related documents and they are in the
2 process of assessing them.

3 CHAIRMAN JACKSON: So they actually are in the
4 process of making an assessment of that response, as we
5 speak?

6 MR. SELLMAN: Well, we will be soon. I'm going to
7 be on-site Monday full-time. A number of people are joining
8 me on Monday and we will be into a full-throttle assessment
9 starting Monday.

10 CHAIRMAN JACKSON: I have to ask you this
11 question, Mr. Flanagan.

12 Leaving aside the quality of the Entergy
13 organization, from a structural perspective what in your
14 mind distinguishes the relationship that you have
15 established with Entergy and what are the strengths inherent
16 in it compared to what seemed to be an implied criticism of
17 your relationship with Yankee Atomic and the kind of
18 separation in terms of ownership that that implied?

19 MR. FLANAGAN: I think they are two quite
20 different relationships.

21 The one we contemplate with Entergy is much more
22 comprehensive than the one that exists with Yankee Atomic.

23 Yankee Atomic essentially provides engineering
24 services for Maine Yankee and has of course a historical
25 memory of the various changes and design changes and initial

1 design, and also provides fuel engineering services for us.

2 We are looking to Mike Sellman and hopefully Mike
3 Meisner and other people from Entergy to be involved with an
4 across-the-board comprehensive management of all aspects of
5 the plant's operation and management, as any management team
6 would be.

7 I think the advantages from our point of view, so
8 they are not -- they are not comparable relationships.

9 We are looking forward to a relationship with
10 Entergy because of the depth of their bench, you might say,
11 the availability of experts in a wide range of fields to
12 come up as needed, the depth of experience they have had,
13 how they have dealt with issues at four PWI plants under
14 their jurisdiction, their turnaround experience, both at ANO
15 and River Bend which we found to be very impressive, and the
16 management philosophy that I think Mike Sellman would bring
17 to the operation.

18 So we see a number of advantages and, to the
19 extent the Commission staff was right in thinking that Maine
20 and New England were too isolated from what was going on in
21 the rest of the country and what was going on with the state
22 of the art, this seems like a transfusion that will be of
23 more immediate help than if we went out and tried to pull
24 together a management team ala carte, one by one, over a
25 period of time.

1 CHAIRMAN JACKSON: You expect this to be an
2 ongoing relationship for the indefinite future?

3 MR. FLANAGAN: There is a three-phase agreement.
4 First, we had a memorandum of understanding which we signed
5 early in January just to get started. Now we are in the
6 process of signing a Phase I agreement that will carry us
7 through this year and our contemplation is to have a Phase
8 II agreement which will be a multi-year contract the
9 duration of which hasn't been finally established yet.

10 But long term is a key characteristic that we see
11 to our mutual advantage.

12 CHAIRMAN JACKSON: I am going to ask the staff,
13 when they do their presentation, to tell the Commission what
14 regulatory approvals they think do or do not need to occur.
15 But I want to ask you, whom should the Commission consider
16 our licensee to be?

17 MR. FLANAGAN: Unequivocally Maine Yankee. It is
18 our intention to take advantage of the expertise and
19 consultative services and contractual services of Entergy.
20 But it is crystal clear to both parties that the Maine
21 Yankee board and the Maine Yankee owners will continue to
22 have all the responsibilities of a governing board, that
23 Mr. Sellman will report directly to us, that he will come to
24 us for approval on budgets, that we will elect the officers
25 of a company and choose them and they will serve at our

1 pleasure and all the incidents of ownership and board
2 governance will remain as they are by mutual agreement.

3 CHAIRMAN JACKSON: If you concur in the ISAT's
4 assessment in any sense that economic pressures played a
5 role in getting you to where you are, what is there
6 structured in your agreement with Entergy, which presumably
7 is not doing this for free, that can give the Commission
8 comfort that that kind of a tension may not be inherent in
9 the contractual relationship?

10 MR. FLANAGAN: The contract can only work if it is
11 mutually advantageous. It is mutually advantageous if the
12 plant is on line and operating. We recognize that that
13 requires financial commitments in order to eliminate this
14 backlog, eliminate the work-arounds and meet the
15 expectations of the NRC and that's a condition of the
16 agreement.

17 Entergy can walk away if they are not satisfied
18 that those commitments are being met. On our side, you
19 know, we are looking to an agreement that only -- only
20 rewards Entergy if the plant is operating safely and
21 efficiently.

22 So I think that there is a mutuality of interest
23 and it is also consistent with and dependent on the
24 interests of the NRC being met, satisfied.

25 CHAIRMAN JACKSON: Is correcting any of the

1 problems or correcting any issues, dealing with the issues
2 specifically in your response to the NRC, a part of this
3 agreement with Entergy? Or is it -- I guess what I'm trying
4 to get at, is it phrased having to do with how much the
5 plant runs as opposed to correcting the problems?

6 MR. FLANAGAN: The Phase I agreement that carries
7 us through this year is a flat, unconditional agreement for,
8 in a sense, a retainer agreement that is not dependent upon
9 operation. I can tell you that Entergy -- they can speak
10 for themselves but I anticipate that Entergy will not be
11 interested in a long-term agreement if we hadn't addressed
12 the CAL issues to the satisfaction of the Commission.

13 In the longer term agreement, I believe it will be
14 incentivized both by safety considerations and by economic
15 performance, production considerations.

16 CHAIRMAN JACKSON: You haven't worked that out
17 yet?

18 MR. FLANAGAN: It hasn't been finalized. The
19 long-term agreement hasn't been finalized. We are dealing
20 with Phase I.

21 I should also tell you, I should have said in my
22 presentation that we have also -- one of the changes that we
23 have made is for the employee compensation arrangement to
24 make it clear that safety performance is essential in order
25 to have a payoff. If there is production but no safety,

1 there is no payoff. If there is safety but no production,
2 there still can be a payoff.

3 CHAIRMAN JACKSON: Mr. Heintz, would you like to
4 speak to this?

5 MR. HEINTZ: Yes. We have been studying this sort
6 of relationship for a number of years, about 18 months to
7 two years. One of the things that we realize is that we
8 probably have different incentive programs with each utility
9 or any utility that we became involved with.

10 But very early on, you know, we made a commitment
11 that we would not be interested in signing an agreement that
12 was just based on cost because there are so many other
13 things associated with safely operating a well-operated
14 nuclear plant.

15 So even though we haven't worked out those details
16 yet, it will be related to how well the plant is operated in
17 the eyes of the regulator and safety indicators, along with
18 operating a plant efficiently. So that would just be one of
19 the measurements.

20 MR. FLANAGAN: Madam Chairman, another point I
21 should have made that is very important is that one of the
22 expectations in that Phase I contract is that Entergy will
23 implement the ISA response proposals so since those -- since
24 the very things you are talking about are already in our
25 December 10 letter, I think it's covered.

1 CHAIRMAN JACKSON: Commissioner Rogers?

2 COMMISSIONER ROGERS: No questions.

3 COMMISSIONER MCGAFFIGAN: I would like to follow.

4 On this financial issue, your response says
5 basically it's not a structural problem, that the 38 million
6 you have come up with in additional funds for the coming
7 year points out it is not a retained earnings issue. And in
8 looking at the response we received back in December, the
9 Enclosure 7 of it, the retained earnings in Maine Yankee is
10 only \$3.8 million, so 38 million is a factor of 10 larger
11 and it is probably not practical to expect retained earnings
12 to solve these sorts of problems.

13 Nevertheless, there is this question as to why the
14 financing wasn't provided sooner. What was it that kept --
15 implied in the press has been, and Mr. Frizzle, the former
16 president, basically has said it's my fault, I didn't ask,
17 if I had asked I would have gotten the money I needed to
18 deal with these backlogs and to deal with these problems.

19 Why was the financing issue not dealt with
20 earlier.

21 MR. FLANAGAN: As I indicated earlier, Maine
22 Yankee has been a low-cost provider in a high-cost region
23 and that's been an important factor to the benefit of the
24 New England economy. We have wanted to run the plant as
25 efficiently as we could, at the same time meeting the

1 expectations of our industry and our regulators.

2 Commissioner, we had, until the last year, we had
3 been under the impression that we were meeting those
4 expectations, that the level of expenditures was consistent
5 with our obligations to the NRC and to the industry.

6 As I say, I think we did not keep up with the
7 state of the art and we were too isolated from, maybe, from
8 what was going on in the rest of the country. But I'll tell
9 you, personally, since I became chairman, I have gone to
10 ever SALP exit interview, I've gone to every INPO exit so
11 that I could hear, unfiltered, whether there were any
12 concerns that we should be addressing.

13 The management was making recommendations based on
14 their judgment of what was needed to operate the plant
15 safely. The objective indicators we were getting from
16 outside were consistent with the recommendations and they
17 were operating the plant in a way that was making a
18 significant contribution to the economy of our state.

19 So if one of those factors had changed, in fact,
20 you know, some people at the NRC have said don't -- we don't
21 want to judge you by your words, we want to judge you by
22 your actions.

23 CHAIRMAN JACKSON: That's me.

24 MR. FLANAGAN: Okay.

25 [Laughter.]

1 MR. FLANAGAN: Somebody in the highest authority.
2 And as soon as the ISA report started indicating some issues
3 where there was Commission dissatisfaction, we didn't even
4 wait for the October 7th report to come out. Graham and Bob
5 and Doug had started working in the summer on things that
6 were identified by that team or were in collaboration with
7 that team or SALP identified in the ISA process. And we've
8 done it. We've tried to be very responsive.

9 What I've outlined here has tried to be very
10 responsive in a very timely way when the NRC said, you know,
11 that they weren't satisfied. But that was not the case up
12 until 1996.

13 CHAIRMAN JACKSON: Let me see if I can follow on.
14 This is an interesting question that the Commissioner has
15 raised because a question I had for you was, other than the
16 steam generator sleeving, the money for that, you know, had
17 management specifically asked the board for anything above
18 the kind of residual level of financing.

19 But the more important question really relates to
20 this: Of course, we would like you to be regulatorily
21 responsive but the real question though is, now that the
22 threat has been pulled, there are all these emergent issues
23 that are the subjects of confirmatory action letters and
24 supplements to them. And so it says there were some real
25 issues there that were not discovered.

1 And so the real question is not so much are you
2 jumping through hoops because we have given attention to you
3 but, rather, you know, your own true belief and
4 understanding as to whether there is something missing in
5 terms of how you discover your own problems and address
6 them. You know, and that would give me more comfort than
7 your coming here and saying that, because, you know, the NRC
8 is giving you all of this attention and "coming down on you"
9 that you are doing this, this, this and this.

10 MR. FLANAGAN: Right.

11 CHAIRMAN JACKSON: Because, in the end, you have
12 to run the plant. And so if we have to come along and find
13 things through special teams, then there is some fundamental
14 problem there.

15 MR. FLANAGAN: I quite agree, Madam Chairman, and
16 I just want to understand the distinction you're drawing.

17 I just wanted to respond to the Commissioner that
18 there wasn't some irrational, arbitrary and capricious
19 course of action that we were engaged in.

20 But to get to your point, as I said, this concept
21 of complacency was never universal. And, in fact, besides
22 the cultural assessment team that was already under way, we
23 also have had under way and have just completed this
24 January, for some 18 months they have been working on what's
25 called a learning process which, I think, in the usual

1 parlance is a corrective action program and one that now --
2 Paul can speak to this better than I can, but any employee
3 of the plant at any level, down to the security guy, can
4 access and put concerns or issues into the -- into a
5 computer and require a response or an analysis. So we are
6 trying to get everybody -- we want to be self-critical, we
7 don't want to be complacent. Both from the top down and
8 from the bottom up we are making fundamental changes.

9 This learning process, the cultural assessment
10 from the bottom up, the nuclear committee, the nuclear
11 oversight assistance that we have gotten and bringing in
12 some national experts are all intended to change the
13 corporate culture and assure that there is, going forward, a
14 universe -- not a spotty, not a sporadic but a universal
15 critical attitude of making assessments.

16 CHAIRMAN JACKSON: Do you believe that there
17 are -- that you have real safety issues that could have and
18 should have been identified before? Or do you believe that
19 you are in a position where you are just having to respond
20 to regulatory pressure?

21 MR. FLANAGAN: I have to defer to others here who
22 have expertise on safety-related issues to be able to make
23 an assessment. I'll tell you this, I understand -- I
24 understand the concept that I think was articulated at the
25 Wiscasset exit meeting that what's important is having a

1 margin of safety.

2 I think one of the people on your staff used the
3 analogy or the metaphor of a key in a lock and the tumblers,
4 you know, normally will be in such -- so many permutations
5 that you can't get the key in there and turn it and cause a
6 problem. But some things can be all lined up and you can
7 have all the tumblers lined up and the key will operate and
8 you can have a problem.

9 So that I think it's important that we increase
10 our margins of safety and I understand the importance of the
11 backlog reduction, the work-around reduction and some of the
12 changes, the physical changes that have been proposed as
13 achieving that goal. But as to the specific safety
14 significance of specific actions, I would have to defer to
15 Graham on that.

16 MR. LEITCH: I believe we have both. I think
17 there have been some issues that have been bona fide safety
18 issues. I think particularly with some of the work we did
19 related to 96-01, Generic Letter 96-01, the logic system
20 testing where we found that a contact in the HPSI circuit
21 had not worked properly, perhaps for a number a years.

22 That, I think, clearly speaks to a safety issue.
23 There were issues related to the qualification, the
24 environmental qualification of the equipment in the
25 containment where the post-accident flood level would have

1 submerged some of that instrumentation post accident.

2 There have been a number of cable separation
3 issues. The linkage between those cable separations and
4 safety is a little less clear, perhaps, in my mind.
5 Nonetheless, the -- what we're talking about here is margin
6 to safety and clearly we have to make those cable separation
7 issues right and get those issues resolved as well, although
8 the apparent impact of those on safety in my mind is
9 somewhat more remote than the other two situations I
10 described.

11 So I would say we have had both, both real safety
12 issues as well as other things that we need to do to improve
13 our compliance with regulation, improve the margins to
14 safety.

15 COMMISSIONER MCGAFFIGAN: May I follow up just a
16 little longer?

17 CHAIRMAN JACKSON: All right.

18 COMMISSIONER MCGAFFIGAN: Last year, as this issue
19 of what level of power you could operate at and all these
20 issues started to emerge, was there additional money
21 provided by the board last year above the previous years'
22 level or is this \$38 million increment for '97 the first
23 major increment in funding provided?

24 MR. FLANAGAN: No. We made some incremental
25 expenditures in 1996, mid way during the year, as I recall.

1 MR. LEITCH: Yes.

2 MR. FLANAGAN: As we started dealing with some --

3 MR. LEITCH: There was an additional \$10 million
4 added to the 1996 budget and, as I recall, the budget
5 overran by on the order of \$2 million. Perhaps Mr. Lydon
6 can clarify that situation. So what I am saying is, all
7 told, the expenditures were of the order of \$12 million
8 greater than budgeted in 1996, although those problems
9 occurred somewhat late in the year.

10 COMMISSIONER MCGAFFIGAN: Could I also ask on the
11 governance issue -- is it --

12 COMMISSIONER DIAZ: Go ahead.

13 COMMISSIONER MCGAFFIGAN: The structure of your
14 board is largely made up of the representatives of the
15 owners, is that correct?

16 MR. FLANAGAN: Yes.

17 COMMISSIONER MCGAFFIGAN: With only until recently
18 Mr. Feigenbaum, someone with nuclear experience?

19 MR. FLANAGAN: No, no, there has always been
20 someone with nuclear experience on the board.

21 COMMISSIONER MCGAFFIGAN: But the vast majority of
22 the board is made up of people with primarily, would it be
23 fair to say, economic experience, management, running
24 company experience?

25 MR. FLANAGAN: Well, there is a regulatory

1 attorney on the board, Lillian Coco. There are some chief
2 executives on the board, there are some financial officers
3 and there are some other -- some other counsel on the board.

4 COMMISSIONER McGAFFIGAN: The question really goes
5 to, on these governance changes, which look to me to be very
6 sound, having a nuclear committee, having some real focus on
7 nuclear issues. That is good. Is part of the root cause
8 analysis that perhaps, in the past, I mean, given you are
9 making that change, there wasn't enough sensitivity to
10 nuclear issues or safety issues among the board members?
11 Mr. Frizzle could possibly have received a financial focus
12 when he went before the board more than a safety focus?

13 MR. FLANAGAN: Commissioner, we, prior to this
14 time, recognizing that we didn't have very many people on
15 the board with direct nuclear experience, we had had a
16 former nuclear oversight committee to try to give us that
17 perspective that was made up entirely of people with nuclear
18 experience. But the -- that was not a very effectual
19 committee and I think one of the reasons for that was it
20 reported to the board as a whole, rather than to a
21 subcommittee with a specific charter, the way this one does,
22 and a specific focus.

23 They just -- either those particular individuals
24 just looked at the technical issues and thought they were
25 fine or somehow they weren't able to convey -- either didn't

1 have or weren't able to convey a message of you ought to be
2 looking at some of these underlying design issues or things
3 that hadn't been looked at for 20 years.

4 So I think this new -- I know -- I think -- I
5 know, this new committee is a lot more robust and I know
6 that the input they gave on preparing the ISA response was
7 extremely relevant and extremely helpful in making sure this
8 squarely addressed the concerns you had raised.

9 You have to forgive me, I'm kind of disorganized
10 and I failed to point out at the outset that Mr. Hinson is
11 here to talk about Entergy's perspective and Mike Sellman
12 would be glad to talk about his philosophy for running the
13 plant and Paul Stover, you might be interested in the
14 perspective of the employees in the plant, about how they
15 look at the new management and the cultural changes that we
16 are talking about.

17 CHAIRMAN JACKSON: No, I will. We will.
18 Commissioner Diaz?

19 COMMISSIONER DIAZ: Yes.

20 Mr. Flanagan, early in your testimony you actually
21 stated and I might be paraphrasing that, although there was
22 a deterioration in overall performance in the plant probably
23 due to root causes as have been identified, you said
24 something like, throughout this period there was always a
25 focus on safety and safety issues.

1 Looking at the question by Chairman Jackson and
2 your response, I would like to ask specifically the
3 question, was there a continuous focus on safety issues?
4 And let me be very specific, okay? We are talking of those
5 structures, systems and components, that are important to
6 safety or any and all of those systems that can prevent or
7 mitigate the consequences of an accident.

8 Was there a continuing focus on those systems
9 although we have identified two or three issues that
10 certainly have safety significance?

11 MR. FLANAGAN: Commissioner, that is my belief.
12 We have had a lot of discussion about that in the last
13 couple of months as we have tried to reflect on all of these
14 developments and I am advised that operations always got
15 priority and that operations got the funds and resources it
16 needed in order to do what it felt was necessary to meet the
17 safety requirements for the plant.

18 But I have to defer to Graham and Doug Whittier,
19 our engineering VP, and Bob Blackmore, who runs the plant
20 who can tell you more authoritatively than I can.

21 MR. LEITCH: Let me say that in the incident that
22 I referred to earlier, that is the severed wire in the HPSI
23 circuit, when that came to my attention, which was within 45
24 minutes of the discovery of that situation, I immediately
25 ordered the plant to cold shutdown because I didn't fully

1 understand the integrity of the rest of the wiring and I
2 felt that the conservative operating decision was to take
3 the plant immediately to cold shutdown and that was what we
4 did. So I think that is a clear indication of our safety
5 perspective.

6 Another issue that I think is in the same vein is
7 in July, in fact, while the ISA team was on site, we were in
8 the process of doing design review and we found a scenario
9 where in a post-accident situation, the primary component
10 cooling system inside containment might be overpressurized.
11 It lacked thermal relief protection. Once again, the plant
12 was immediately ordered to cold shutdown in that
13 circumstance.

14 Again, even more recently, when we were dealing
15 with the cable separation issue, in the initial phases of
16 that, the plant was being maintained at hot shutdown and we
17 found an error in the cable separation that would call into
18 question the integrity of our emergency core cooling systems
19 and the plant was there, again, ordered to cold shutdown.
20 It was already in a hot shutdown configuration and it was
21 taken to cold shutdown. That was on December 31.

22 So I would say that, through this entire period,
23 what I have cited is three incidents, one in July, one in
24 the September time frame and one in the December time frame
25 of 1996 where I believe conservative operating decisions

1 were made with a focus on plant safety.

2 COMMISSIONER DIAZ: I thank you very much.

3 I would like to probe a little deeper and ask you
4 in the same sense that Chairman Jackson did, do you agree
5 with the statement of Chairman Flanagan that even amongst
6 this deteriorating performance in a series of areas, the
7 plant overall continued to have focus on safety?

8 MR. LEITCH: Yes, absolutely. Yes.

9 COMMISSIONER DIAZ: Thank you.

10 CHAIRMAN JACKSON: Commissioner Rogers?

11 COMMISSIONER ROGERS: Just to follow up on that a
12 little bit more, you gave three examples but they are within
13 the last year or so.

14 Do you have any examples prior to the time in
15 which increased focus on Maine Yankee's operations came
16 about through the NRC where you behaved the same way? It
17 seems to me that's really the heart of the question here.

18 MR. FLANAGAN: I think Bob Blackmore --

19 COMMISSIONER ROGERS: Whether you were performing
20 conservatively before this increased attention fell upon
21 you.

22 MR. FLANAGAN: This is Bob Blackmore, our plant
23 manager.

24 MR. BLACKMORE: Good morning. My name is Bob
25 Blackmore. I am currently plant manager of the plant. I

1 was previously the plant manager and I also was the team
2 manager on the INPO response team with an INPO loanee
3 assignment in between there. But I think that, as David
4 indicated, from the beginning of time, there has been a very
5 strong focus on operations.

6 If you go back to the '91 -- '90-'91 time frame,
7 we actually received commendation from the NRC for our
8 actions on a relatively fast developing steam generator tube
9 rupture that was something that had not been seen in the
10 industry and, in fact, kind of flew in the face of the North
11 Anna curve that had been developed and had, up to that point
12 in time, been believed to be what you could expect from a
13 tube rupture.

14 So I think that, notwithstanding the events of the
15 recent past, like I say, I was on assignment with INPO
16 immediately prior to the ISA and came back to the plant to
17 serve as the team manager for that inspection and I can tell
18 you that the ISA response team that worked directly for me
19 during that period of time was totally involved with the ISA
20 team in trying to get at some of these issues. We did
21 everything that we could do to try to identify everywhere
22 that there was an issue.

23 We had 25 people at the plant that were extremely
24 bright, extremely talented and expertise that you don't see
25 every day. And it was one of our goals to learn as much

1 from that inspection as we could learn with the definite
2 intent of making improvements in areas that were identified.

3 COMMISSIONER DIAZ: Excuse me. If I may
4 piggy-back on Commissioner Rogers's excellent questions, I
5 would like you to be a little more specific. You say the
6 focus was on operations.

7 The question is, is the focus on the safety of
8 operations?

9 MR. BLACKMORE: Yes. As a matter of fact, if you
10 look at even the budgeting process, which has had quite a
11 bit of discussion here, the prioritization system that we
12 had for capital budgets, projects, it was always focused on
13 safety. Any issue that was a regulatory issue or a
14 safety-related type issue always got priority over
15 everything else.

16 That is really one of the problems that resulted
17 in some of the backlogs that we had because some of the less
18 important projects were deferred.

19 COMMISSIONER DIAZ: And that contributed to --

20 MR. BLACKMORE: That contributed to the backlog,
21 right.

22 COMMISSIONER DIAZ: Thank you.

23 CHAIRMAN JACKSON: Tell me the order in which
24 people --

25 COMMISSIONER McGAFFIGAN: Do I get to ask another

1 question?

2 CHAIRMAN JACKSON: Well, I don't know.

3 [Laughter.]

4 COMMISSIONER MCGAFFIGAN: This goes to earlier you
5 said you had attended all of the INPO and SALP briefs and
6 implicit -- and also your own nuclear committee.

7 Implicit in that is that perhaps INPO and NRC and
8 your own previous nuclear committee may have let the board
9 down a little in providing good information. Was it a goal
10 of the board that you get INPO 1, SALP 1 scores? Was that
11 articulated to Mr. Frizzle and were you hearing that you
12 were -- I honestly don't know what your previous SALP and
13 INPO scores were. Were you getting close to that and was
14 this whole incident a total surprise? What is your
15 perspective about various -- you mentioned three different
16 groups now that could have been scoring you.

17 MR. FLANAGAN: Right.

18 Our last SALP score was 1.5 in October of 1995. I
19 think we had two 1's and two 2's as I recall, the 1's being
20 in operation and engineering.

21 Our expectations were that what we articulated for
22 expectations was that we should try -- we should strive to
23 improve our SALP scores and industry ratings. I don't think
24 we ever set out a specific goal of getting all 1's but that
25 we should be trying to improve. And that one of the things

1 I thought we should do more of is to have -- as happened
2 with Bob Blackmore, is to have more involvement with INPO
3 circulating people around and getting them out of the state.

4 But we are also -- we are trying to make that
5 balance that -- between how much to stress those and how
6 much to stress continuing the operation of the plant on an
7 economic basis. There was no question about it. There was
8 no -- we were always conscious of the economic costs. I
9 think that's probably true of anybody trying to run an
10 enterprise, that any kind of enterprise you don't just give
11 a blank check to.

12 So we were trying to improve our SALP ratings.
13 When we found -- when things were said to be wrong, for
14 example, there was dissatisfaction with security and fire
15 protection in October '95, we tried to take steps to correct
16 those but we tried to do it in an efficient and economic
17 manner.

18 CHAIRMAN JACKSON: Any other questions? I think
19 we should move along, but if you have a burning question.

20 COMMISSIONER McGAFFIGAN: It is just to follow up
21 on that, I have been shown charts primarily by people who
22 are in the SALP 1 category that show that safety pays. If
23 you actually do get to SALP 1, you probably are also going
24 to be low cost.

25 Do you accept that?

1 MR. FLANAGAN: Absolutely. Absolutely. Not only
2 now but always. That is one of the reasons that we thought,
3 if we learn more from the industry and strove to improve our
4 scores that we would be better off. That's always been the
5 case -- or, I don't want to say always; for several years
6 that's been the case.

7 CHAIRMAN JACKSON: Who else are you planning for
8 us to hear from?

9 MR. FLANAGAN: What I would like to do is have Don
10 Heintz speak about Entergy's contemplated role and to
11 introduce you at least to Mike Sellman, our president-elect.
12 And I do think that you would be interested in the views of
13 Paul Stover, the head of our union. If time permits, Graham
14 can talk about some of the physical changes, the fact that
15 we are ahead of schedule on meeting those ISA physical
16 change and backlog issues, if that would be of interest.

17 CHAIRMAN JACKSON: And that's the order in which
18 you would like to go?

19 MR. FLANAGAN: Yes.

20 CHAIRMAN JACKSON: Okay.

21 MR. HEINTZ: I will try to be short.

22 Madam Chairman, Entergy is pleased to be here to
23 address the Commission today as part of the Maine Yankee
24 team. I noticed on my placecard here they have me as the
25 President and CEO of Entergy. I am the President and CEO of

1 Entergy Operations, and we take a lot of pride in that
2 Entergy Operations is completely dedicated and focused on
3 the safe operation of nuclear plants, and I think Ed
4 Lupberger, the Chairman and CEO, would be upset if he
5 thought I was trying to take over the rest of Entergy.

6 [Laughter.]

7 CHAIRMAN JACKSON: Let the record show that you
8 corrected that.

9 MR. HEINTZ: Although Entergy has not done an
10 extensive evaluation of Maine Yankee at least up to the
11 present time, so I really can't speak to any specific
12 challenges facing the plant, but I have had extensive
13 discussions with Dave Flanagan and other members of the
14 management team, and I do believe that there is a common
15 vision of how Maine Yankee does need to be operated in the
16 future. That is to be operated at the highest standards of
17 the industry, so we feel that we are aligned on how that
18 plant should be operated and believe that we would get the
19 support from the Maine Yankee Board to be a successful
20 operation.

21 I would like to also say that we at Entergy are
22 fully committed to support Maine Yankee, and I believe
23 there's a number of things that we can bring to Maine
24 Yankee.

25 We do have the bench strength and the management

1 depth to provide people that have been very successful in
2 the nuclear business. These are people like Mike Sellman
3 and Mike Meisner, who is with us today, and Mike will be
4 speaking shortly.

5 The other thing is I think we really do have two
6 core competencies in Entergy operations that I think are
7 particularly important to Maine Yankee, the plant. Those
8 two core competencies are I think we are a recognized leader
9 in the development of management strength, not only
10 providing management at the Entergy nuclear plants but we
11 have been heavily recruited and we have a number of the
12 Chief Nuclear Officers at the other plants in the industry
13 and other senior management and they have been successful,
14 so I think we have done a good job.

15 We do bring some people in from outside our
16 organization but a very high percentage of them have been
17 developed and groomed within the Entergy organization.

18 I think the other core competency that is
19 extremely important to the situation that we have at Maine
20 Yankee is we have been successful in turning around
21 operations at nuclear plants, both the boiling water reactor
22 and pressurized water reactor.

23 In the early days of EOI, shortly after it was set
24 up, we took over the Arkansas Nuclear I plant that had just
25 received a diagnostic evaluation and the results were very

1 concerning to Entergy, and we put together an extensive,
2 comprehensive three-year improvement program and today that
3 plant does operate we believe at some of the highest
4 standards in the industry and has been selected by a
5 nationally-known magazine as the most improved nuclear plant
6 in the country.

7 The second case was as a result of the merger with
8 Gulf States Utility at the end of 1993 we did take over the
9 operation of the River Bend Nuclear Plant, again a plant
10 that had struggled in the regulatory area and a plant that
11 did not have very good operational performance capacity was
12 quite low.

13 Again using some of the very same tools that we
14 used at ANO we put together a comprehensive improvement
15 program where we tried to identify everything that was
16 needed, all the way from the management issues to processes
17 improvement to improving the material condition of the
18 plant, such that today River Bend is operating very well
19 with minimal shutdowns, well planned outages, and so I think
20 we have shown that we can take a plant that is struggling
21 both in the regulatory area and in operational performance
22 and turn around that in a relatively short period of time
23 through a comprehensive assessment of the plant and a
24 comprehensive improvement program.

25 I think both of those core competencies that we

1 think Entergy has I think are both very applicable to the
2 situation as I understand it that we have at Maine Yankee.

3 Also, in the case of Mike Sellman, who is the
4 President-Elect at Maine Yankee, he has been involved in a
5 very critical role in both of those turn-arounds. He was
6 the General Manager at Arkansas Nuclear I through part of
7 that turn-around, and was one of the first people that we
8 put at River Bend in the General Manager position when we
9 took over the operational responsibilities for River Bend,
10 and more recently he had been moved to Waterford because
11 there was some culture changes that we wanted to bring
12 around at the Waterford plant, so I think we are bringing to
13 the Maine Yankee organization a very experienced person that
14 has experience in turning around the performance of nuclear
15 plants not only in the operational performance but in the
16 regulatory performance.

17 With that, I would like to turn it over to Mike
18 Sellman, who is President-Elect at Maine Yankee.

19 MR. SELLMAN: Thanks, John. Good morning

20 CHAIRMAN JACKSON: Good morning.

21 MR. SELLMAN: I'll be brief also.

22 As Don said, we have not had a chance to go to
23 Maine Yankee and do a detailed evaluation yet. I have met
24 with all the employees. I have talked to the management
25 team. I am looking forward to arriving on site Monday

1 full-time.

2 There's a few reasons I'd just like to highlight
3 that I think Entergy can be successful at Maine Yankee and
4 can add value. Don mentioned experience and we do have
5 people available that can come, that can help who have been
6 through turn-around situations at our ANO and River Bend
7 sites.

8 I want to introduce Mike Meisner now because Mike
9 has just taken a trip up to Maine and he's agreed to join me
10 there on Monday.

11 Mike, do you want to stand up?

12 Mike has played a key role through the years with
13 Entergy, first at -- well, he worked at Grand Gulf for a
14 number of years -- in charge of licensing -- and now he is
15 in charge of licensing for all of Entergy.

16 On Monday he will be in charge of licensing for
17 Maine Yankee. This is a position that has not existed in
18 the past at Maine Yankee and we think it is absolutely
19 critical.

20 A third strength that we think Entergy will bring
21 is that we have proven processes in place and we can
22 directly transpose those to Maine Yankee.

23 Fourth, we are going to try to do a lot of mixing
24 of people. We talked earlier, David mentioned earlier some
25 insularity, and Entergy is a fairly large organization. We

1 want to have complete involvement of people Maine Yankee in
2 a number of support groups that currently exist at Entergy.

3 We have peer groups where, for example, all the
4 Operations Managers get together on a quarterly basis to
5 talk about issues. Maine Yankee will be a part of that.

6 We have assessments where we bring in people from
7 all our plants to assess one plant, and Maine Yankee will be
8 part of that. I think that will help.

9 Let me just mention briefly philosophy. There's
10 certain key principles that I found to be true at all the
11 plants that I have been at, and I began with Prairie Island
12 and then through ANO, River Bend, and Waterford.

13 I keep my philosophy in a little wallet-sized
14 card. I'll be happy to give you a copy of this, but just to
15 highlight a few points, the first key principle is
16 ownership.

17 We need to make sure that everybody at the site
18 owns the plant just as if it was their own home.

19 The second one is improving staff competence. We
20 do that with a very effective, try to install a very
21 effective training program, and in addition make sure that
22 we have good supervision and we give good performance
23 appraisals to people.

24 The third and one that I think is one I have
25 always had a lot of focus on is maintaining the equipment in

1 absolutely top-notch working order.

2 There's three parts to that. One is that you need
3 to have a very low corrective maintenance backlog so that
4 you can be proactive in addressing equipment issues and you
5 do that through the second part, which is a very good
6 preventive and predictive maintenance program, and a third
7 one is equipment obsolescence.

8 We all know that when you build a plant in the
9 early '70s after awhile it becomes hard to find parts for
10 certain components and we need to have an ongoing program
11 where we replace equipment that becomes obsolete.

12 Those are the things that have been tried and
13 true, proven true at the Entergy sites and we will continue
14 those at Maine Yankee.

15 Another principle is to run safe, effective,
16 timely refueling outages. As you know, you can get into
17 some trouble in outages if you don't carefully preplan them
18 and look at the risks associated with what you are doing.

19 Fifth principle is to write technically correct
20 procedures, human factor procedures and make sure people
21 follow them. It isn't uncommon for plants to have very
22 cumbersome procedures. In fact, you often develop lengthy
23 procedures because you are building in procedural
24 work-arounds, procedural solutions to problems rather than
25 physical solutions. That is what we will try to avoid.

1 Sixth principle -- operate conservatively. Don't
2 be afraid to shut the plant down. Put the operators first.
3 They are the customer. We need to make sure that operators
4 don't have to work around problems. If they have got
5 problems we have got to eliminate the problems, make it
6 easier for them to operate the plant.

7 Seventh and I would say most important, be
8 self-critical and being self-critical means that we'll find
9 our own problems. Once we find the problem we will have to
10 get to the root cause, and aggressively pursue solutions
11 that are in the broadest sense, and that's what we intend to
12 do.

13 When we arrive on site on Monday we are going to
14 begin to develop a comprehensive improvement plan. That
15 plan will build on the Maine Yankee response to the ISA and
16 on the business plan, which we think are pretty good
17 documents, but we are going to bring in a number of people
18 and do our own assessment and couple what we find with those
19 two documents and come up with a comprehensive improvement
20 plan.

21 We will prioritize the efforts in that
22 comprehensive improvement plan. We'll establish key
23 milestones. We'll develop a reporting process so we can
24 brief you and Maine Yankee on progress and make sure we are
25 successful.

1 Finally, and probably most importantly, we'll
2 assess the effectiveness as we go, and if we need to check
3 and adjust, we'll do that.

4 In conclusion, I would just like to say that we
5 intend to apply the same principles at Maine Yankee that we
6 have applied and have proven successful at the four Entergy
7 sites. Thank you.

8 CHAIRMAN JACKSON: Thank you. Let me ask you this
9 quick question.

10 If I look at your timeless principles, have you
11 had the opportunity to make an assessment relative to Maine
12 Yankee on where they stand in each of these areas?

13 MR. SELLMAN: All I know right now is what I have
14 read. It probably wouldn't be fair. I can answer that
15 question a lot better a month from now, if you can wait that
16 long.

17 CHAIRMAN JACKSON: Okay. We'll ask you a month
18 from now.

19 [Laughter.]

20 MR. FLANAGAN: During that month I would like to
21 introduced

22 [Laughter.]

23 MR. FLANAGAN: -- Paul Stover, who is President of
24 Local 497, and we thought it might be helpful to have the
25 perspective of a worker, and Paul, step forward. We thought

1 it might be a good idea.

2 MR. STOVER: As noted, I am part of the Utility
3 Workers Union and we have a Local 497 at the facility.

4 I have held the position of President for the past
5 12 years. We represent operators, maintenance workers, and
6 technicians within the group.

7 As President, as Dave had noted, I asked for the
8 opportunity to come forth to address two issues and very
9 briefly.

10 One of the issues at Maine Yankee is the permanent
11 staff is highly trained, educated and dedicated to the
12 facility. I have spent the last 20 years working at the
13 facility myself as a Radiation Controls Technician and I can
14 say that we are committed both personally and as a group to
15 the safety of the facility.

16 On a personal note, I chose to live in the
17 Wiscasset area, raise a family, and build a home all within
18 two and a half miles of the plant. I consider Maine Yankee
19 extremely safe.

20 Number two, and in conclusion -- I don't want to
21 take away from Graham's thunder -- the workers at our
22 facility and within our bargaining unit look to the
23 relationship with Entergy as vital for the facility, as well
24 as fostering a new partnership between the union and
25 management.

1 We can build a team and bring Maine Yankee back to
2 the position that he once held.

3 With that said, I'll turn it over to Graham
4 Leitch, who is the Vice President, Operations, at Maine
5 Yankee.

6 CHAIRMAN JACKSON: Before you do that --

7 MR. STOVER: I knew you were going to say that --
8 [Laughter.]

9 CHAIRMAN JACKSON: I am becoming too readable. I
10 am not inscrutable enough. I'll have to work on that.

11 Let me ask you this question. Why do you feel the
12 relationship with Entergy is vital? What is it going to do
13 for you?

14 You said that the permanent staff is highly
15 trained with a dedicated safety focus. What is it that you
16 need from Entergy and what is it that Entergy is going to do
17 for you that wasn't already going on?

18 MR. STOVER: It was already going on with the
19 former management staff. It's vital in the cause that our
20 union, which is 140 members, if Maine Yankee fails, we fail.
21 If Maine Yankee shuts down, we shut down. We have a vested
22 interest for all the goals, and that is what I meant by
23 vitally important that we foster a good partnership.

24 CHAIRMAN JACKSON: And so you feel you have to get
25 through this process successfully?

1 MR. STOVER: We have to learn from it, not only
2 get through it, but learn from it.

3 CHAIRMAN JACKSON: Let me ask you this one other
4 question. Has Management specifically asked plant staff to
5 bring forward any and all potential safety concerns?

6 MR. STOVER: Through my office we have -- and the
7 union hierarchy -- we have a system where employees can and
8 often do bring forth safety concerns, and while I have been
9 President I have had the opportunity to work with five plant
10 managers. Each one has always taken any issue that I brought
11 forward with a keen respect and putting it higher on their
12 priorities.

13 Now, although I am going to be put out of business
14 because of the learning process, employees can go to a
15 terminal and punch in a problem or an issue and get
16 resolution that way.

17 CHAIRMAN JACKSON: Okay.

18 MR. STOVER: It is all-encompassing.

19 COMMISSIONER ROGERS: May I ask a question?

20 CHAIRMAN JACKSON: Commissioner?

21 COMMISSIONER ROGERS: Yes. I wonder if you could
22 just comment on your feelings about, as a radiation
23 protection technician, how the level of radiation exposure
24 at the plant fared for the average worker?

25 MR. STOVER: Well, through the years in the

1 implementation of the ALARA department our dose per employee
2 has drastically been reduced.

3 The emphasis now on ALARA is extremely important
4 and all the workers take that to heart, so I think we are in
5 a downward trend. The thresholds have been lowered and it
6 is down to the working guy on the floor.

7 COMMISSIONER ROGERS: Have you looked at other
8 comparable plants to see where you stand?

9 MR. STOVER: I have not, no.

10 CHAIRMAN JACKSON: Commissioner Dicus, do you have
11 any questions?

12 COMMISSIONER DICUS: No.

13 CHAIRMAN JACKSON: Commissioner Diaz?

14 COMMISSIONER DIAZ: Yes. Somebody said ask the
15 question three times and be ready to be surprised.

16 Do you believe that throughout this last period
17 and even before union members or all of the members of the
18 Maine Yankee workers had safety focus that was adequate to
19 provide protection to the health and safety?

20 MR. STOVER: Commissioner Rogers asked a similar
21 question on operator safety and I can address that in a very
22 few sentences.

23 Within our group we have the operations and the
24 ROs, the reactor operators, with a license.

25 Prior to standing watch they are all required to

1 go and have a personal interview with Graham Leitch to check
2 on philosophies and how conservative they will be to operate
3 the facility.

4 A couple of them came to me and asked me about
5 this. It is a practice that gives Graham the warm and fuzzy
6 feeling that the plant itself is going to be run in a very
7 conservative manner and that safety is paramount above
8 everything else, so that is built into our philosophy.

9 COMMISSIONER DIAZ: So you agree that this
10 philosophy is there?

11 MR. STOVER: It is there. Yes.

12 COMMISSIONER DIAZ: Thank you, sir.

13 CHAIRMAN JACKSON: Commissioner McGaffigan?

14 COMMISSIONER MCGAFFIGAN: No.

15 CHAIRMAN JACKSON: Okay.

16 MR. FLANAGAN: Our final presenter is Graham
17 Leitch, who will bring you up to date on the actual physical
18 and programmatic changes that we have already undertaken in
19 the ISA.

20 MR. LEITCH: Madam Chairman, Commissioners, I will
21 attempt to be brief as well.

22 The ISA report was issued on October 7 and our
23 response was submitted on December 10. I know that you are
24 more interested in our actions than in our words and how we
25 deliver on our commitments.

1 Since that time and, in fact, well before the time
2 of our response, even while the ISA team was still on site,
3 we were beginning to address a number of the issues that
4 were raised and we have been aggressive and vigorous in
5 responding to those findings since the time the ISA team was
6 there. That response, that vigorous response, continues
7 even until today.

8 We have been able to make substantial progress on
9 most issues. We were able to accelerate some issues due to
10 the current outage situation. During the outage, the plant
11 is in a configuration that certain issues are able to be
12 worked now whereas our previous plan was not to work those
13 issues until the refueling outage in the fall of this year.
14 However, with the plant down now and the head off the
15 reactor, that gives us the opportunity to work certain ISA
16 issues that were not planned until later in the year.

17 And I can report today that 95 of 373 tasks are
18 complete. If I can call your attention to the pie chart,
19 you will see that in addition to those 95 that are complete,
20 there are 263 items that are on schedule and only five at
21 this point that are behind schedule.

22 I would like to discuss with you on the next
23 viewgraph --

24 CHAIRMAN JACKSON: Please, no, you first.

25 COMMISSIONER DICUS: Back to the pie chart?

1 MR. LEITCH: Yes.

2 COMMISSIONER DICUS: Of the issues and the tasks
3 that you have been addressing, could you characterize them
4 in terms of their difficulty to complete or their safety
5 significance and so forth? Basically, what I am going
6 toward, the ones that have been completed, were they the
7 easier ones to do, were they the less significant ones to
8 do? And of these that are behind, are they particularly
9 safety significant?

10 MR. LEITCH: We have -- certainly there are a
11 number in the done column, the complete column, that are
12 relatively easy things to do. But I would also say that
13 there are a number of issues that are completed that are
14 very difficult issues to do.

15 An example of one of those is an issue that came
16 up during the ISA concerning the performance of the HPSI
17 pump at run out. It is very difficult to confirm whether
18 that was or was not problematic, particularly with the head
19 on the reactor.

20 This current outage gives us an opportunity to
21 confirm that situation and we have tested the HPSI and found
22 it to be acceptable. That was a considerable amount of --
23 considerable amount of work. It required a very detailed
24 procedure, required perhaps two days of critical path time
25 to implement that procedure. So that was a very significant

1 piece of work.

2 I know another issue that is particularly of
3 significance is the reliability of what we call P.25.B, the
4 auxiliary steam-driven feed pump and we have spent a great
5 deal of time attempting to improve the reliability on that,
6 at this outage installing a new controller, making other
7 modifications to that piece of equipment which we believe
8 will significantly improve the reliability of that
9 component.

10 The proof of that issue is still in the balance.
11 We have to operate the plant and continue to take data on
12 that to be sure that the expected reliability improvements
13 have actually been achieved. So I would say there are some
14 in that grouping that are very, very significant issues. We
15 have not just been dealing with the easy ones, although
16 frankly there are some easy ones in there too. But there
17 are also some very difficult ones that we have been dealing
18 with in that situation.

19 COMMISSIONER DICUS: What about the five that are
20 behind schedule?

21 MR. LEITCH: The five that are behind schedule are
22 largely due to prioritization of work associated with the
23 cable separation. Right at the moment, we are saturated, if
24 you will, with electrical work. We have been doing a great
25 deal of work on 96-01 logic system testing, which is

1 intensive electrical work. We have also been doing a great
2 deal of work on cable separation. Again, intensive
3 electrical work. We are going to relocate some devices
4 inside containment, switches, instruments, again electrical
5 work.

6 So we are behind on some of our electrical work.
7 That is behind schedule. Those are not actually late at
8 this point and we believe the schedule is still recoverable
9 but we have to focus on that as soon as we get out of the
10 current cable separation issues.

11 CHAIRMAN JACKSON: This is actually related. The
12 fact that you have completed 26 percent of the issues, does
13 that imply then that you have completely defined the scope
14 and depth of your response to each of the ISAT findings and
15 is there concurrence between you and the NRC staff on that?

16 MR. LEITCH: No. I think we have not, we have not
17 reached that level of concurrence. I think we would apply
18 sort of a weighting factor. In other words, this represents
19 26 percent of the items that are done. If your question
20 related to have we assigned a weight to those and is that a
21 weighted --

22 CHAIRMAN JACKSON: No, no. In terms of what the
23 scope and depth of what the fix is and is there concurrence
24 between --

25 MR. LEITCH: We have not, in all cases, we have

1 not had detailed discussions with the NRC staff in that
2 regard. In a few of these cases, we have. For example, the
3 HPSI issue that I have mentioned before, that testing was
4 done under the direct observation of an NRC inspector so the
5 NRC staff is well aware of exactly what was done in that
6 regard.

7 CHAIRMAN JACKSON: I guess what I am really trying
8 to get at is with the things that you have completed, is
9 there agreement that they are complete and in terms of what
10 you are planning to do on those that are not completed, is
11 there agreement that what your proposed response is will
12 resolve the issue?

13 MR. LEITCH: No, we have not resolved those issues
14 on a line-by-line basis with the staff at this point.

15 CHAIRMAN JACKSON: Okay, so perhaps the staff is
16 going to speak to that when they talk to us.

17 Have you assessed the impact of the ISAT findings
18 on the remainder of the plant? More specifically, what
19 implications do you draw from the report as to the adequacy
20 of the structures, systems and components that were not
21 inspected as part of the ISAT?

22 MR. LEITCH: That, I think, goes to a very large
23 extent to our response which we plan to submit in a day or
24 two to the 5054(f) letter. In that response, we commit to
25 review, to do basically a design basis reconstitution of

1 safety-related systems which have not recently had a design
2 basis reconstitution and we have committed in that 5054(f)
3 letter to complete that design basis reconstitution of all
4 safety systems by the last quarter of 1998.

5 The -- I believe in order to fully assess the
6 impacts, the type of things that we found in ISA on the rest
7 of the system, that work needs to be completed. Let me say,
8 however, that we are also doing a margins review. That is
9 one of the issues that was pointed out in the ISA is that at
10 a number of places in the plant designs -- in the plant
11 design, our margin was quite small.

12 As you know, we are operating at 2440 megawatts
13 thermal and we have committed in the ISA response that,
14 before we seek permission to exceed 2440 megawatts thermal,
15 we will have completed our margin review to confirm that
16 other systems have adequate margin.

17 CHAIRMAN JACKSON: So you will also then be
18 addressing the accessibility and retrievability of your
19 design basis data for those safety-related systems as part
20 of the design basis constitution?

21 MR. LEITCH: Yes. Yes.

22 CHAIRMAN JACKSON: Let me ask you this, has your
23 quality organization or, for example, your independent
24 assessment of the environmental qualification area raised
25 any new issues beyond those that have already been spoken

1 to?

2 MR. LEITCH: The independent assessment of the
3 environmental qualification?

4 CHAIRMAN JACKSON: Right, or just in terms of any
5 other assessments or self-assessments or through your QA
6 organization or whatever.

7 MR. LEITCH: It appears, if we are looking for
8 some common threads here, it appears to me at least that
9 there is a common thread that lies through modifications
10 that were done in the early 1980s. It is not an absolute
11 correlation but it seems to me that we have a great deal of
12 difficulty and many of our problems have been discovered in
13 work related to those modifications that were done in the
14 early 1980s or in the power upgrade immediately following
15 that time frame.

16 I believe that the post-TMI period when there were
17 a number of modifications that were installed in the plant
18 appeared to have stressed the organization's ability both to
19 design and to install modifications in a high-quality
20 manner. So it looks to me as though we need to take a hard
21 look and, in fact, we are taking a very hard, in depth look
22 at modifications and, in fact, in the issue of cable
23 separation, for example, we are finding that a very high
24 percentage of the cable separation issues are associated
25 with those modifications.

1 CHAIRMAN JACKSON: Let me ask you two other quick
2 questions.

3 You mentioned that you had completed 95 of 373
4 issues but the pie chart shows 363. Are there 10 missing
5 ones or is that just a mislabeling?

6 MR. LEITCH: I misspoke.

7 CHAIRMAN JACKSON: So is it 363 or 373?

8 MR. LEITCH: It's 363.

9 CHAIRMAN JACKSON: But, of more import perhaps,
10 the ISAT report identified that you were tracking 3,200 open
11 issues at that time using a large number of different
12 tracking systems. So the question is from me to you is, how
13 have you gotten your hands around those 3,200? Have you
14 prioritized them in terms of safety and what assurance or
15 decisionmaking can you provide or have you been able to do
16 as to a judgment in terms of whether each issue that's been
17 identified should be resolved prior to restart from your
18 current outage?

19 MR. LEITCH: We have looked at those issues and
20 the safety-related issues are being loaded into the learning
21 bank. That is, the new learning process. We have taken --
22 what I am saying is the learning process started on January
23 6 and is going forward with new issues. On the old issues,
24 we are loading those issues into the learning process and,
25 as we do that, we are reviewing the prioritization of those

1 issues. That work is not yet complete at this time.

2 CHAIRMAN JACKSON: Commissioner?

3 COMMISSIONER DIAZ: A quick question.

4 In this backlog reduction program, you stated that
5 the level of backlogs will be reduced to minimal level, you
6 think, to operating cycles. Do you have a specific
7 quantitative target that addresses that?

8 MR. LEITCH: We are in discussions with INPO in
9 that regard. The issue is that different people count
10 backlogs in different ways. We are trying to be sure that
11 our performance indicators are consistent with industry
12 tracking systems and working to establish a goal, a specific
13 numeric goal that will be reflective of industry practice.

14 We have a work order system that in some cases has
15 several different work orders for one activity. For
16 example, one work order might be to install scaffolding,
17 another to remove insulation and a third to make a repair.
18 We're not sure that that practice is entirely consistent
19 with industry practice and we are verifying that situation
20 to be sure that we are consistent and then we will establish
21 goals in accordance with the best plants in the industry.

22 COMMISSIONER DIAZ: I just want to make sure that
23 the word "minimal," you have a specific target area?

24 MR. LEITCH: Yes, yes. We do plan to establish a
25 specific numerical goal.

1 COMMISSIONER DIAZ: Thank you.

2 CHAIRMAN JACKSON: When do you think you will have
3 your hands totally around all of this?

4 MR. LEITCH: I'm not --

5 CHAIRMAN JACKSON: I'm thinking of, you know,
6 the -- when you will have --

7 MR. LEITCH: The numerical goal for the
8 maintenance backlog?

9 CHAIRMAN JACKSON: That's right, and have the
10 total assessment of these 3,200 open issues done.

11 MR. LEITCH: We -- I would say the maintenance
12 item is going to be sooner than the total assessment of the
13 3,200 issues. I would expect the maintenance item, and I am
14 not familiar with the specific of the schedule that we have
15 for that but I believe that it would be within about two
16 months that work could be done. The 3,200 items, I don't
17 have a specific schedule. That activity has not been
18 specifically scheduled.

19 CHAIRMAN JACKSON: Let me ask you about a specific
20 issue having to do with your off-site power supply
21 capability.

22 MR. LEITCH: Yes.

23 CHAIRMAN JACKSON: Last November, you experienced
24 a complete loss of off-site power.

25 MR. LEITCH: Yes.

1 CHAIRMAN JACKSON: And my understanding is that
2 the ISAT team had previously questioned whether the off-site
3 power system satisfied the facility design and licensing
4 basis. Now, I know that the NRC staff has this issue under
5 review and has corresponded with you. And I note with some
6 viewgraphs that you didn't use that you had indicated that
7 you expect that the design change -- the design change
8 relative to that to be completed before startup.

9 There is also an issue having to do with the tech
10 specs.

11 MR. LEITCH: Yes.

12 CHAIRMAN JACKSON: And you also intend to have the
13 tech spec change done and approved.

14 MR. LEITCH: That's correct.

15 The tech spec change will require two operable
16 lines and prescribe allowable out-of-service time with one
17 line out of service and allowable out-of-service time with
18 the second line out of service. The first time, I believe,
19 is 72 hours and the second time is 24 hours.

20 We are preparing that tech spec change this week
21 and that tech spec change should be submitted within a week.
22 That is, the application for that tech spec change. There
23 is a modification in the plant to facilitate the operation
24 of our feed pumps in that configuration and that
25 modification will be installed during the current outage.

1 Although there is not a direct correlation between that and
2 the tech spec, but it is an operating preference issue that
3 we want to install a modification on the autostart of the
4 feed pumps.

5 CHAIRMAN JACKSON: So this was not an issue though
6 that had been previously identified. Will this then be the
7 kind of thing, with your looking at your -- dealing with
8 your design basis issues, that is likely to be uncovered?

9 MR. LEITCH: It is my understanding that, speaking
10 quite frankly, that that is an issue that has previously
11 been identified and, frankly, for years has been somewhat of
12 a bone of contention between the NRC staff and Maine Yankee.

13 CHAIRMAN JACKSON: Until you had the loss of
14 off-site power event?

15 MR. LEITCH: That certainly heightened -- that
16 certainly heightened interest in it.

17 CHAIRMAN JACKSON: Okay.

18 Commissioner?

19 COMMISSIONER MCGAFFIGAN: I'd like to ask one
20 question. Really, this might bring Mr. Sellman back into
21 the conversation. But he introduced a colleague who is
22 going to be in charge of licensing as of next week.

23 MR. LEITCH: Yes.

24 CHAIRMAN JACKSON: And he said that was a function
25 that you didn't previously have or at least a position you

1 didn't previously have.

2 MR. LEITCH: Mr. Meisner is going to be in charge
3 of licensing.

4 COMMISSIONER MCGAFFIGAN: Mr. Meisner, right. He
5 introduced Mr. Meisner, who will be in charge of licensing.

6 How was that function carried out in the absence
7 of a person like Mr. Meisner in the current organization and
8 was that the part of the problem that emerged in the last 18
9 months?

10 MR. LEITCH: Doug Whittier is our vice president
11 of licensing and engineering and what we are doing here by
12 this move is separating out that responsibility so that
13 there would be both a vice president of licensing and a
14 separate individual as vice president of engineering.

15 MR. FLANAGAN: Commissioner, that was one of the
16 first steps that the board itself recommended taking in
17 response to the ISA report. We decided in our first
18 reaction to the ISA report to establish a separate licensing
19 position at a higher level in the organization so that
20 licensing and compliance would be a full-time occupation for
21 an officer level individual.

22 COMMISSIONER MCGAFFIGAN: So that was something
23 you were planning to do irrespective of Entergy --

24 MR. FLANAGAN: That's right. But in fact we had
25 interviewed a number of candidates, very good candidates.

1 But hopefully the board will support the election of
2 Mr. Meisner and we can get started very quickly. We are
3 going to have a board meeting on February 10 and I am
4 optimistic of his chances.

5 CHAIRMAN JACKSON: You will have embarrassed him
6 if the board doesn't.

7 [Laughter.]

8 CHAIRMAN JACKSON: Do you have a system
9 engineering group?

10 MR. LEITCH: We do not now. In fact, that is one
11 of the actions that we are embarking upon and in fact I
12 referred to that at the bottom of my last slide. We do, at
13 the moment, we have appointed someone in charge of that
14 system engineer group and we are just in the early stages of
15 putting together a system engineering group.

16 One of the things that we have requested in that
17 regard is a special assist visit from INPO because we want
18 to get their insights with regard to how a system
19 engineering group should be organized, exactly what their
20 responsibilities should be. There have been some people who
21 have done system engineering concepts rather poorly. There
22 have also been some that have done it very well and we want
23 to be sure that we get the benefit of all of that experience
24 and we are looking to INPO as well as some other folks that
25 are familiar with the system engineering concept.

1 We have a plan in mind as to how we think it
2 should be organized but we want to test that plan out with
3 some other industry experts before we proceed to actually
4 implement that. But that is part of our commitment and we
5 are moving forward with that process.

6 CHAIRMAN JACKSON: Any other questions?

7 [No response.]

8 MR. FLANAGAN: If I could just sum up, Madam
9 Chairman, I would like to make five points.

10 The first is that we have already taken a number
11 of significant steps, both organizationally, financially, in
12 terms of management, in terms of physical changes to address
13 the issues that have been identified and we look forward to
14 the opportunity to meet and collaborate with the regional
15 staff on how well we have done in squarely meeting the
16 concerns on that.

17 The second point I would like to make is we are
18 going to be emphasizing and concentrating on teamwork now
19 with Entergy. We have a challenge here to integrate their
20 culture, their processes, their skills with those that
21 already exist at the plant and that is something that I look
22 forward to working with Don and Mike and Jerry Yelverton and
23 other people at Entergy on. I am sure we can do it.

24 In fact, one of the reasons we got together with
25 Entergy was we saw some commonality of values and visions.

1 The third is, and I want to emphasize this, Madam
2 Chairman, we are trying all the things we can think of to
3 ensure the institution of a long-term self-critical culture
4 at Maine Yankee. That is why we brought in a new board
5 member, that's why we brought in an oversight committee,
6 that's why we brought in a whole new management team from
7 another part of the country. That's why we got the team --
8 the learning process and why we are trying to make the
9 cultural changes that we have identified. We are very, very
10 serious about that.

11 I would also like to point out that we continue to
12 put an emphasis on conservative decisionmaking and I think
13 Graham and Bob have indicated some specific instances of
14 that.

15 Finally, I want to assure you that we are not
16 jumping through hoops. We are focusing on results here.
17 The mandate of that nuclear committee of the board really is
18 to track progress on these various issues and to verify that
19 the changes we made aren't a sham but result in the --
20 produce the results that are wanted by both the NRC and by
21 ourselves.

22 So I think that, in summary, we are doing all we
23 can think of in what we believe is a very comprehensive
24 program to respond to the issues that have been identified
25 and make the changes that are necessary. I want to thank

1 you for the time and consideration you have given us here
2 this morning.

3 CHAIRMAN JACKSON: Well, thank you for your
4 presentation. It has been quite detailed. I am not going
5 to lecture you about anything. I think that -- and I am not
6 going to talk about whether you have three safety-related
7 issues or safety-significant issues or 300. The point
8 really has to do with your own ability to look outside, to
9 benchmark, to not be insular, to identify your own problems,
10 understand their safety significance and to correct them
11 with the spirit of safety first in mind.

12 And in the end, results are what always matters.
13 I told my staff I wouldn't use my hackneyed phrase but I
14 will use it anyway, which is performance is as performance
15 does. So we will be looking forward to seeing your progress
16 and results.

17 MR. FLANAGAN: Thank you.

18 CHAIRMAN JACKSON: Thank you.

19 I think we will now hear from the NRC staff. At
20 the rate we are going, we will be here all day.

21 Mr. Thompson.

22 MR. THOMPSON: Chairman Jackson, Commissioners, it
23 is always nice to fill a warm seat.

24 [Laughter.]

25 MR. THOMPSON: At the table with me this

1 morning --

2 CHAIRMAN JACKSON: As long as it's not a hot seat.

3 MR. THOMPSON: That's right. I was worried about
4 that myself.

5 COMMISSIONER DIAZ: But it might get hot.

6 [Laughter.]

7 MR. THOMPSON: I'm sure it will.

8 With me today, slide one shows you the NRC
9 executives who are here to respond to you.

10 For those of you who are here in the audience who
11 may not know them, Ed Jordan, who is the Deputy EDO for
12 regulatory effectiveness, also led the ISAT team which was
13 the subject of quite a bit of the discussion. To my right
14 is Frank Miraglia who is the acting director of NRR and Hub
15 Miller who is the regional administrator for Region I and,
16 as you know, Region I has the lead responsibility for
17 oversight of the restart activities along with the specific
18 support from NRR.

19 I would also like to take this opportunity to note
20 that there are two representatives from the state of Maine,
21 Mr. Wiley and Mr. Vanags, and they are here today.

22 CHAIRMAN JACKSON: Please. I will invite you to
23 the table.

24 MR. THOMPSON: Now joining us at the table.

25 They had, as far as I know, no specific prepared

1 remarks but they certainly have been a part of our oversight
2 and observing what we have done before.

3 CHAIRMAN JACKSON: Welcome.

4 MR. THOMPSON: As you have heard, we really have
5 focused our activities on a number of things. The Maine
6 Yankee response to the ISAT report findings and, of course,
7 some of the design issues that have arisen since that. And,
8 of course, we have a process in place to look at those
9 issues, evaluate the safety significance of them as they are
10 found and, in essence, we have identified a number of
11 specific issues which we believe we will require to be fixed
12 prior to restart. Those will be addressed, as well as the
13 process that we have in place to look at all the other
14 issues. As we said, there were many issues that are ongoing
15 today and we will address those.

16 So, with those opening remarks, I would like to
17 turn it over to Frank Miraglia who will discuss some of the
18 NRR and headquarters perspectives.

19 MR. MIRAGLIA: Thank you, Hugh.

20 Good morning, Madam Chairman, Commissioners.

21 May I have slide three?

22 This is a brief background and I think we have
23 covered much of it in the conversations up to this point.
24 As a point of departure, December of '95, an allegation
25 regarding code and use of codes for small break LOCA

1 analysis was brought forth to the Commission and, as a
2 result of that, the agency -- Commission issued an order on
3 the 3rd of January that restricted power operations to 2440
4 megawatt thermal.

5 At that time, the staff also initiated a lessons
6 learned effort internal. That report will be coming to the
7 Commission in the near future and an action plan to respond
8 to those activities and the generic lessons that come out of
9 the ISA finding and action plan is due to the EDO at the end
10 of February and would be provided to the Commission shortly
11 thereafter.

12 CHAIRMAN JACKSON: Let me make sure I understand.
13 The staff initiated lessons learned efforts. Is this the
14 broad lessons learned from both Millstone and Maine Yankee?

15 MR. MIRAGLIA: No, this was a specific Maine
16 Yankee look and we have looked at that in concert with the
17 Millstone to incorporate some of the features that are
18 common.

19 CHAIRMAN JACKSON: Okay. Before you leave that
20 graph, let me just ask you, you talk about the January 3
21 order and it provides a basis for operation at 2440
22 megawatts thermal until the reanalyses have been performed
23 for potential operation at 2700. What is the status of the
24 review necessary for increasing from 2440 and specifically
25 then will this review be done in conjunction with the net

1 positive suction head issues?

2 MR. MIRAGLIA: There are several aspects. In
3 terms of the current restart, we would be at 2440 so some of
4 the issues that need to be readdressed for 2440 will be
5 addressed prior to restart. There are long-term activities
6 for 2700 megawatt operation that we are dialoging with the
7 utility and, as you heard from Mr. Leitch, they are not even
8 going to even ask for that until much later on.

9 There are ongoing activities with Maine Yankee in
10 terms of some of the small break LOCA analysis and
11 developing an approved model. The MPSH issue, we are still
12 waiting for submittals and dialogue on that so it is
13 something that is planned activity but it stands before us,
14 in front of us and is further down the pike.

15 CHAIRMAN JACKSON: So the MPSH issues, the
16 resolution of them relate to the 2700 megawatt thermal not
17 to the 2440?

18 MR. MIRAGLIA: In the long term, yes. The
19 complicating factor is that in terms of the ISA there were
20 some issues raised by the ISA, some questions whether there
21 was sufficient margin MPSH for 2440. Those were examined at
22 the time, those issues were -- and we will get into those a
23 little more in detail. Those issues were raised to the
24 region and headquarters staff and were dealt with in terms
25 of using our existing processes did those concerns raise

1 operability issues that had to be dealt with.

2 CHAIRMAN JACKSON: For 2440.

3 MR. MIRAGLIA: At the time of its identification
4 that had to be resolved.

5 CHAIRMAN JACKSON: Now, someone here, Mr. Miller,
6 you are going to speak to that at some point?

7 MR. MILLER: Yes, ma'am.

8 CHAIRMAN JACKSON: Let me ask you another
9 question. This order, does it relate to resolution of the
10 TMI action items?

11 MR. MIRAGLIA: In terms of the -- yes, the 2-K-30
12 and 31.

13 CHAIRMAN JACKSON: Right, the 2-K-30 and 330 and
14 331.

15 MR. MIRAGLIA: The small break LOCA analysis would
16 be once approved and then once applied in the right kind of
17 manner for Maine Yankee would address those issues for 2700
18 megawatt.

19 CHAIRMAN JACKSON: So those relate again to
20 operation at 2700 megawatts not 2440 megawatts?

21 MR. MIRAGLIA: And the order dealt with those
22 issues in the context of 2400 and the basis for the order
23 addresses those.

24 CHAIRMAN JACKSON: So let me make sure I
25 understand what you're telling us here. I don't understand

1 it either.

2 Will they be resolved or not before the operation
3 of the plant at 2440 or are they the basis of operation --
4 they have to be resolved for operation at 2700?

5 MR. MIRAGLIA: Those two TMI issues had to do with
6 small break LOCA analysis and those LOCA analyses were
7 needed to confirm that the existing analysis of record for
8 the ECCS was bounded by large break LOCA analysis.

9 In issuing the order last January, we went back to
10 a code that goes back to the '70s, I believe, 1977. And
11 that code was sufficient. And based upon our experience
12 with the other codes, the small break LOCA was not bound and
13 LOCA analysis was sufficient to justify operation in terms
14 of 5046. so the resolution of the small break LOCA analysis
15 was not needed to do that; it's encompassed within the other
16 code. We had sufficient information.

17 CHAIRMAN JACKSON: The one thing we are trying to
18 get to is, this bounding, does it cover operation at 2440?

19 MR. MIRAGLIA: Yes.

20 CHAIRMAN JACKSON: All right. But it does not
21 bound for --

22 MR. MIRAGLIA: In order to go to 2700, additional
23 analysis would have to be done to extend that to 2700.

24 CHAIRMAN JACKSON: Did you have another question?

25 [No response.]

1 MR. MIRAGLIA: With respect to the next slide, the
2 independent safety assessment inspection was an outgrowth of
3 some of the concerns and the Chairman instituted that
4 inspection last spring and it has been the subject of most
5 of the discussion here this morning.

6 There are a number of ongoing staff actions since
7 the ISA was conducted. The current status of the plant, it
8 is in a shutdown condition and a number of restart issues
9 have been identified. Those issues are either flowing from
10 concerns raised by the ISI or from further actions taken by
11 the utility or by the NRC.

12 The Generic Issue 96-01 issue was an issue that
13 came from the ISI -- ISA inspection and that followup and
14 additional testing has raised additional concerns and as the
15 utility has indicated to you this morning, as a result of
16 some of that, additional cable separation issues have been
17 identified and those were the subject of a confirmatory
18 action letter last December.

19 Since that time, two other issues have been
20 identified, the off-site power and the circ lines were
21 identified and it was a concern expressed by the ISA, as the
22 Chairman indicated toward the end of the presentation by the
23 licensee, as a result of those concerns the agency staff and
24 the licensee were exchanging information. About that time,
25 there was a loss of off-site power event. In further

1 dialogue and the information received, the staff has
2 concluded that they did not meet the commitments in the FSAR
3 and the design basis and changes had to be made and the tech
4 specs had to be modified as appropriate. There has been
5 dialogue with the utility on that issue and they have
6 indicated to the staff that they will take those kinds of
7 actions and, as you heard from Mr. Leitch, the tech spec
8 amendment will be coming in in a week or so.

9 CHAIRMAN JACKSON: Let me ask you a couple
10 questions on it and I am not trying to put you on the hot
11 seat but I think we want to try to understand a couple of
12 things. These issues related to off-site power specifically
13 were issues out of the ISAT and now my understanding is that
14 they are restart issues today. Does that put us in the
15 position of being criticized for not having shut them down
16 with respect to those issues or, put another way, how did we
17 arrive at the safety significance of these issues relative
18 to now their becoming restart issues?

19 MR. MIRAGLIA: The issues at the time the
20 decisions were made at the ISA, the ISA raised questions
21 regarding that issue. There was not a definitive finding.
22 They were saying, we see certain discrepancies within the
23 FSAR and the licensing basis and our familiarity with other
24 plants that this deserves further review. So that was an
25 issue that was left to the staff for followup and further

1 review and was not seen as an operability issue at that
2 point in time.

3 Since that time, we, the staff, in concert with
4 the region and the utility, have dialogued on that issue and
5 then have determined that they did not. There was a
6 conflict between the FSAR and the -- and how the plant was
7 configured and due to modifications that were made they were
8 not meeting the design basis in their FSAR and --

9 CHAIRMAN JACKSON: I guess the question becomes,
10 we feel it's a safety significant issue?

11 MR. MIRAGLIA: It has safety implications for loss
12 of off-site power. The issue comes down to they could make
13 transfers with -- I think it was on the order of six hours
14 and, in looking at the systems, we felt that rapid transfer
15 and the time was too long and we took the position that they
16 had to make the change. And on a relative basis it has
17 safety significance.

18 MR. MILLER: If you compare the tech specs at
19 Maine Yankee with a standard plant, they were far more
20 liberal in terms of what the licensee could do, action
21 statements, notifying the NRC and the like. So it was
22 really a combination of the importance of this line and the
23 vulnerabilities that the licensee talked about with respect
24 to its reliability under certain circumstances and it talked
25 about making modifications to the feed pump to help make it

1 more reliable. And, coupled with that, concern about the
2 tech specs not being sufficiently prescriptive on what
3 needed to be done where there were problems with the line.

4 CHAIRMAN JACKSON: The licensee indicated there
5 had been some difference of opinion between the NRC and
6 themselves with respect to this particular set of issues and
7 I guess the question becomes one of the time frame for
8 assessing the safety significance and then was this loss of
9 off-site power event that occurred in November the driver
10 for both you and the licensee in terms of heightening the
11 significance of it and therefore pushing it to the point
12 where it's now a restart issue?

13 MR. MIRAGLIA: I think the issue was raised even
14 prior to the loss of off-site and it was an issue that
15 needed to be examined in the ISA, left as an issue and that
16 was being reviewed by the staff even prior. The fact that
17 it was a loss of off-site power event gave us the ability to
18 perhaps look at the issue even closer and looking at the
19 actions and how did the systems actually perform since they
20 process was in place.

21 CHAIRMAN JACKSON: Mr. Jordan, did you want to
22 make a comment?

23 MR. JORDAN: No, I think the process that we went
24 through of identifying the issue, leaving it as a loose end,
25 we were unable to come to closure on whether it was

1 unacceptable or acceptable so we left it as a loose end.

2 MR. MILLER: The part that was at contention was
3 really -- required going back into the deep bowels of the
4 bowels of the licensing basis and I don't know that there
5 was contention or disagreement over the safety significance
6 of the line. I think it ended up being in one of these very
7 difficult licensing issues that took some time for the
8 licensing staff to research. That effort was hastened
9 clearly by the loss of off-site power event.

10 CHAIRMAN JACKSON: Commissioner Diaz?

11 COMMISSIONER DIAZ: Yes. Has the staff made a
12 determination whether sufficient redundancy was provided by
13 emergency and auxiliary systems in the plant in the case of
14 off-site power loss?

15 MR. MIRAGLIA: I think one of the things that was
16 looked at, Commissioner Diaz, is in the context of looking
17 at what had to be done and the timing for a rapid transfer
18 and the operator actions is some of the consideration and
19 those were the issues where the staff felt the rapid
20 transfer in six hours was too much time.

21 In addition, there have been other issues that
22 have been identified with respect to the facility in the
23 electrical area that makes the risk significance of loss of
24 off-site power for this plant an important kind of
25 consideration. So all of those considerations were there in

1 reaching the judgment that the system needed to be modified
2 and the tech specs needed to be upgraded.

3 COMMISSIONER DIAZ: I understand that but, going
4 beyond that, you know, in the case of off-site power, you
5 know, in the case, you know, you know, significant load
6 being imposed on a safety and emergency system. Has it been
7 determined that the auxiliary feed water pump and the DC
8 generators and all the components that are supposed to
9 activate in case of off-site power, are those sufficient to
10 provide adequate protection to health and safety?

11 MR. MIRAGLIA: Yes, and there was one concern with
12 respect to the reliability of the aux feed system that they
13 are talking about upgrading. So I think in the context of
14 that, one has to examine the issues in their totality. So
15 we saw them as safety significant and risk significant in
16 this case.

17 COMMISSIONER DIAZ: Thank you.

18 CHAIRMAN JACKSON: So it wasn't just a question
19 of -- let me make sure I understand then, that they have a
20 certain capability in terms of protection of public health
21 and safety but are you saying that the rapidity with which
22 they could be loaded, the condition of certain parts of the
23 system is what led to the concern?

24 MR. MIRAGLIA: Those are all factors that were in
25 the consideration, yes, Madam Chairman. I think we tried to

1 look at the information before us.

2 In terms of the question that you raised in terms
3 of the issue that was the decision we made in October, that
4 information was still yet undecided or being evaluated as
5 Mr. Jordan said.

6 CHAIRMAN JACKSON: Okay, so it was identified then
7 through the ISAT?

8 MR. MIRAGLIA: As an issue and we were exploring
9 that issue. Some of these other issues are also outgrowths
10 of the utility's followup and our followup to some of the
11 ISAT.

12 CHAIRMAN JACKSON: Commissioner McGaffigan.

13 COMMISSIONER MCGAFFIGAN: Just one technical
14 question.

15 Are these other issues going to be the subject of
16 an additional confirmatory action letter that we are going
17 to deal with --

18 MR. MIRAGLIA: Both of those issues that are on
19 the slide as other issues were subject of a supplement to
20 the confirmatory action letter that was issued, I believe,
21 on the 30th.

22 MR. MILLER: And I will be speaking to that.

23 CHAIRMAN JACKSON: Okay. Thank you.

24 COMMISSIONER MCGAFFIGAN: Thank you.

25 MR. MIRAGLIA: We have already addressed that

1 there are longer-term followup of licensee's actions for
2 going to the power-up rate and I have addressed those.

3 CHAIRMAN JACKSON: So they are not part of CAL;
4 they are part of the ISAT followup?

5 MR. MIRAGLIA: For the power upgrade to 2700?

6 CHAIRMAN JACKSON: Right.

7 MR. MIRAGLIA: Yes.

8 CHAIRMAN JACKSON: Okay.

9 MR. MIRAGLIA: At this point, Mr. Miller will talk
10 about some of the activities since the ISAT.

11 MR. MILLER: I want to do three things. First of
12 all, I will talk a little bit about what we have done since
13 the ISAT, actually starting during the ISAT and then
14 subsequently, to oversee licensee efforts. Secondly, talk
15 about our observations, what we have seen over that period,
16 and then talk about next steps, where we go from here.

17 First of all, it is very important to point out,
18 and there has been a lot of discussion today about
19 significance of issues, actually during the ISAT, while the
20 team was independent of the region and of NRR, we were very
21 close to the ISAT and to what it was finding to assure that
22 at any point if there was information that called into
23 question the operability of equipment that that information
24 was assessed very promptly by the licensee and a conscious
25 and a technical decision was made on the impact of that on

1 functioning of equipment. In other words, an operability
2 call was made.

3 I know there have been some questions about how
4 this is done. The NRC does not make the operability calls;
5 that is the obligation of the licensee.

6 We do, however, check very carefully, look over
7 their shoulder, so to speak, to determine that the judgments
8 that they are making are founded on -- have a reasonable
9 foundation. So throughout this whole effort and certainly
10 subsequently, as issues have emerged, such as the issues
11 regarding cable separation and equipment qualification, we
12 have been following closely what the licensee has done in
13 terms of assessing those issues and their impact on
14 operability.

15 MR. MIRAGLIA: May I just add to that, I think it
16 is important the word that has been used by the utility at
17 the table, by Mr. Sellman in talking about the processes.
18 And the processes are to deal with the issues as they are
19 identified. I think there have been examples of issues that
20 were identified by the ISA that raised questions about
21 degraded or nonconforming conditions and what did they mean
22 to operability. And Hub has examples of those in terms of
23 the EQ issue that was identified and dealt with and the MPSH
24 issue with respect to 2400. Those were dealt with at the
25 time.

1 The licensee has provided examples today.

2 Mr. Leitch indicated, in following up on the logic testing,
3 that raised concerns and they made operability calls. So
4 there is a disciplined type process to look at each of these
5 discrepancies and deficiencies to determine what does it
6 mean to operations, what is the safety significance, what
7 are the licensing requirements bound to be and what
8 corrective action programs must there be. So there is a
9 disciplined process that exists to deal with all of these
10 issues.

11 Further, Mr. Leitch gave another example in terms
12 of cable separation wasn't clear. But it had issues and
13 questions and they took the conservative approach. So I
14 think it is important that the processes are also broad
15 enough and rich enough where the licensees identify and
16 evaluate and our oversight is, you know, oversight on their
17 primary responsibility. So it is a balanced hierarchial
18 kind of system that provides that kind of balance for
19 evaluating the safety significance and the licensing
20 significance of issues as they are identified.

21 CHAIRMAN JACKSON: Okay, thank you.

22 Mr. Miller?

23 MR. MILLER: We have, of course, also continued to
24 conduct the core inspections, the inspections of operations
25 and maintenance. Principally, this is the resident

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1 inspectors at the site and they are, of course, backed up by
2 specialists from the regions who conduct the inspections,
3 for example, in the radiological protection area and there
4 have been a number of events that have occurred since the
5 ISAT and we have, of course, followed up on those.

6 There was a reactor trip on October 9 and the loss
7 of off-site power event. What I am trying to say here is
8 that we have maintained the continuing normal kind of
9 inspection effort that goes with any plant.

10 We have engaged very heavily, we have been very
11 much engaged in assessing the findings of the ISAT with
12 respect to enforcement. This is often a very tedious task
13 because it does require you to go and look very carefully at
14 the licensing and design basis to assure that we are on firm
15 foundation when we move forward on that. And then, the last
16 two bullets on this slide really speak to the efforts that
17 we have had under way to monitor the actions that are being
18 taken by the licensee as they have addressed these emerging
19 issues.

20 Mr. Leitch talked about the testing of the
21 high-pressure safety injection pump. And he talked about
22 that being a very extensive undertaking and it is. We are
23 in the process of reviewing the details of that test as we
24 speak. That's an example of the kind of thing that we have
25 done in the region with help from the program office.

1 CHAIRMAN JACKSON: In terms of this emerging issue
2 review by specialists, do any of these issues have the
3 potential of becoming restart issues and when will you know?

4 MR. MILLER: Yes, ma'am, I mean there is always
5 the potential. In fact, after the ISAT we didn't know, for
6 example, about the cable separation issue or the additional
7 equipment qualification issues which arose out of the
8 reviews that the company had done of calculations which
9 specified the flood level inside containment.

10 Upon revising that calculation it was found that
11 there were additional instruments that were submerged and
12 weren't qualified for that, so there are a number of
13 emerging issues. As they are found, we have had specialists
14 there that understand the significance of them and,
15 importantly, who understand whether the licensee is looking
16 broadly enough at these issues as they arise to not just
17 deal with the instant issue but to look for broader
18 patterns.

19 CHAIRMAN JACKSON: I guess the real question has
20 to do with do you have some sense of when or if that will
21 come to closure?

22 MR. MILLER: I am very reluctant to answer that,
23 because my experience has been, and I was going to say it in
24 the next slide, that if a licensee is shifting from an
25 approach to business which doesn't get to the low level

1 issues is not highly probing and questioning, then one has
2 to expect, as you shift to the lower threshold higher volume
3 problem reporting process, more aggressive testing, and the
4 ISAT was very critical of the testing that was done at the
5 station.

6 You have to expect that more problems are going to
7 emerge. Backlogs are going to go up initially and in fact I
8 think it would be good news when the backlogs rise initially
9 Now eventually they have to deal with those backlogs but I
10 mean I think that is the pattern really at all stations that
11 are engaged in some sort of turn-around.

12 CHAIRMAN JACKSON: I guess really what I am trying
13 to get at is simply this -- and I understand what you are
14 saying -- the question then becomes do we have our own, to
15 paraphrase some of your comments, process in place that will
16 allow us to get quickly at, given that there are these CALs
17 on the licensee as it is, to get at what may be other
18 restart issues.

19 MR. MILLER: Yes, two things.

20 First of all, it's the licensee that will
21 determine the pace at which these things are first
22 identified and then resolved, but we have decided within the
23 last several days to invoke the manual chapter 0350 process
24 which really simply is a process that assures a coordinated,
25 integrated response between the Region and Headquarters.

1 It involves things like the establishment of a
2 panel that is overseeing the whole scope of activities that
3 are involved.

4 It involves keeping a list, a formal list if you
5 will, of issues that need to be resolved prior to restart.

6 In other words, it forces a systematic approach
7 towards these things to assure, you know, that we are timely
8 but also complete in assessing the issues and making
9 determinations and judgments will be made.

10 CHAIRMAN JACKSON: Is this going to require
11 additional inspection resources?

12 MR. MILLER: I am not certain of that. I mean we
13 are already applying heightened attention, if you will, and
14 additional resources to Maine Yankee, and I think this is
15 honestly a bit of -- Maine Yankee is still somewhat in an
16 investigation and as they are discovering, I mean it's not
17 possible at the beginning to know all of what is needed.

18 I intend to talk in broad terms about what we are
19 planning to do and maybe when I do that it will answer your
20 questions.

21 CHAIRMAN JACKSON: Commissioner Diaz.

22 COMMISSIONER DIAZ: I keep hearing about cable
23 separation. I am getting more concerned about it.

24 Have we determined that this cable separation
25 implies some correction due to, you know, requirements of

1 IEEE 279 or reactor protection system, ECCS instrumentation
2 and uranium safeguards instrumentation?

3 MR. MILLER: Yes.

4 COMMISSIONER DIAZ: All of the above?

5 MR. MILLER: Well, they have not provided the
6 cable separation that is required by their licensing
7 commitments, which are to various IEEE documents and the
8 like.

9 MR. MIRAGLIA: And until that is resolved and
10 looked at in some kind of detailed way, that question needs
11 to be further investigated and examined.

12 CHAIRMAN JACKSON: Commissioner McGaffigan.

13 COMMISSIONER MCGAFFIGAN: On the resource issue
14 from the Region's perspective, you have -- you don't have
15 Millstone any longer. We have got a separate project office
16 which I am sure is welcome at least from a resource
17 perspective --

18 MR. MILLER: But not from my perspective --

19 [Laughter.]

20 COMMISSIONER MCGAFFIGAN: Not from your
21 perspective.

22 MR. MILLER: I still have --

23 COMMISSIONER MCGAFFIGAN: We have Salem, we have,
24 you know, you have a significant fraction of the plants that
25 are currently on the Watch List.

1 Is there a resource issue as you go through this
2 manual 3050 process both at Salem and Maine Yankee that
3 needs to be called to the Commission's attention?

4 MR. MILLER: Well, I don't know that it needs to
5 be called to the Commission's attention but, yes, there is a
6 resource issue. The way we are dealing with that and
7 without getting into a lot of detail is that we are getting
8 contract help in several cases and in a number of the issues
9 in the electrical area for example contract specialists who
10 work for our people will be looking at those. Salem the
11 same way.

12 We have had a number of people that the program
13 offices release funds to help us or to augment our staff
14 with specialist, but it is an issue that we will be working
15 with.

16 CHAIRMAN JACKSON: How many manual chapter 0350
17 processes do you have in Region I at the moment?

18 MR. MILLER: At the present time with Maine
19 Yankee, it will be two -- Salem and then Maine Yankee.

20 MR. MIRAGLIA: Millstone is not set up as a
21 separate thing --

22 MR. MILLER: Right.

23 MR. MIRAGLIA: But in terms of the resources, I
24 mean we have a programmatic -- the requests come in. We
25 evaluate them and we try to get help not only from our own

1 resources, from contractual dollars as well, and there's the
2 resources that are at the other regions.

3 They do stress the organization overall in terms
4 of providing that sort of support. That support is coming
5 from somewhere else.

6 CHAIRMAN JACKSON: But at this point you feel that
7 with that support from somewhere else you have a
8 methodology?

9 MR. MIRAGLIA: The methodology is there and the
10 resource. We are going to have to deal with those type of
11 issues. The Acting EDO indicated this morning that we
12 need -- when we feel that we need more, we need to make sure
13 we bring those issues to them.

14 CHAIRMAN JACKSON: Okay.

15 MR. MIRAGLIA: And I think that is clearly the
16 process. It's going to dislocate work and shift things
17 around and we'll have to look at that and it might have
18 programmatic impact in other areas and we'll have to -- our
19 responsibility is to identify those and then make the
20 appropriate decisions relative to prioritization.

21 MR. THOMPSON: And we will do that and we will
22 address this on an agency-wide basis as necessary.

23 We will work within my organization first, and I
24 may turn to Ed for some additional help from his
25 organization but we will certainly identify what our

1 programs will be.

2 We do have some additional resources that the CFO
3 will be able to make available to us.

4 CHAIRMAN JACKSON: Why don't we press on.

5 MR. MILLER: The next slide captures I think our
6 observations.

7 First of all, I would say that in the area of
8 operations the ISAT was positive with respect to most
9 aspects of operations and we have continued to see good
10 performance with respect to the evaluations that have been
11 conducted, a number of startups and shutdowns.

12 They recently disassembled the reactor vessel to
13 deal with failed fuel and the evolutions involved with that
14 were well-handled, communications -- briefs and that sort of
15 thing.

16 The independent team of course was quite critical
17 and in fact one of the several root causes went to the
18 question of questioning attitude and complacency. So the
19 next two bullets really speak to that and our observations,
20 and there has been talk about the recent implementation of
21 the new learning process.

22 What we observe is what we have observed in many
23 other cases where a new process is installed and that is
24 growing pains.

25 The staff is struggling with how to use the system

1 and how to categorize issues, what to report, what not.

2 Perhaps more importantly what we are following is is there a
3 change and a shift in questioning attitudes.

4 It is one thing to have a process but it's also
5 more important to have people who know it's expected that
6 problems get reported and we see some improvement there in
7 the recent identification of some chemical volume control
8 system valves that had been leaking for some time and had in
9 fact contributed to an event that occurred earlier in the
10 year were raised -- but we have seen some other instances
11 where practices had gone on and it was our view that they
12 needed to be reported and weren't.

13 These weren't major issues but what I am saying is
14 that it is the sort of thing that you would expect. While
15 it is getting better, it is still somewhat mixed.

16 With respect to engineering, it is too early to
17 judge what the effect of the systems engineering initiative
18 will be certainly, but we have noted that on some
19 longstanding issues, a diesel fire pump, for example, the
20 aux feed pump issue, the licensee formed teams that focused
21 on those to in a more comprehensive way attack the issues.
22 That seems to be an improvement to us.

23 The follow-up on the specific issues from the ISAT
24 has been by and large quite good and in fact it was an
25 engineer who was pursuing issues relative to logic system

1 functional testing who identified the problem with cable
2 separations and that emerged as a whole new area of problem,
3 and I think that speaks to the thoroughness with which the
4 licensee is approaching the identification of issues in the
5 engineering area.

6 The quality of evaluations -- I think our feeling
7 is that it is improving but still somewhat mixed.

8 Some of the early responses, the first responses
9 to the cable separation issue in our view were not as broad
10 as they needed to be and the steps taken did not adequately
11 bound in our view the potential extent of that condition and
12 as a result we in fact in December issued the Confirmatory
13 Action Letter, which among other things required the
14 licensee to develop a plan and to execute a plan that more
15 comprehensively assessed the extent of that condition.

16 I won't go into the next item on equipment
17 problems but I can confirm that the licensee has utilized
18 this time of the shutdown to go after a number of the
19 equipment problems and the aux feed pump issue that was
20 talked about, the ventilation supply to the spray building
21 which would ice up and cause the operators a lot of grief
22 and difficulty -- a number of these things are being taken
23 care of.

24 During this time though, as the licensee has
25 looked, I mentioned the cable separation issue, another

1 issue was found with respect to the failure to have proper
2 isolation between a safety-related electrical component and
3 the non-safety related equipment and it was, as these things
4 began to emerge and with the increased attention on the
5 service circuit line that we felt it important to expand the
6 Confirmatory Action Letter and to stipulate a number of
7 additional things that needed to be examined prior to -- and
8 addressed prior to startup.

9 One of the issues really is the broad question of
10 given the issues that have emerged with respect to design
11 and design control, plant configuration, we are asking the
12 licensee or requiring the licensee to do some sort of a
13 broad review of that and to evaluate its root causes, and to
14 determine what things, if any, need to be done prior to
15 restart in that broad area.

16 CHAIRMAN JACKSON: These observations, are they
17 being -- are they from and being documented in inspection
18 reports?

19 MR. MILLER: Yes, ma'am. They are all part of the
20 public record. A number of the things that I have talked
21 about are so recent that they haven't been documented yet
22 but they will be.

23 Just very briefly with respect to our view of the
24 licensee response which was submitted in December, on
25 December the 10th, you have heard yourself and you can make

1 your own judgments about what was presented today.

2 At the broad level the plan does appear to address
3 the issues that were raised by the safety team.

4 It's really a mix of things, the plan is. It's
5 the sort of things that Mr. Flanagan and others were talking
6 about with respect to commitment of funds and a number of
7 initiatives to deal with organizational effectiveness
8 issues, teamwork, communications and that sort of thing.

9 It also includes a plan on specific equipment.
10 There are milestones and schedules for addressing equipment
11 problems on a several cycle basis, and this next refueling
12 outage for example will have them deal with the atmospheric
13 steam dump valve capacity issue which was a fairly
14 significant issue in the ISAT.

15 But importantly also it lays out the licensee
16 response to broad programmatic issues such as just the whole
17 question of testing and how they test the plant, the margins
18 improvement program, configuration management and the like.

19 What we find is that the details are somewhat
20 sketchy on some of these program issues. In fact, the issue
21 relating to design is something that the company has
22 deferred to their response to the 5054(f) letter that was
23 issued to all the licensees, and so at this point and
24 knowing -- I mean the devil of course is in the details and
25 so we are reserving judgment on much of what is being

1 presented.

2 We expect to have meetings with the licensee. We
3 will be providing a response, written response, to the
4 licensee on the plan, but I am certain that it will say that
5 we will need additional meetings, but then perhaps even more
6 important than that in the inspection context as we go out
7 to the site and really dig into the details, it would only
8 be then that we will fully understand the scope and have
9 confidence that the schedules that they are on and their
10 plans are indeed comprehensive.

11 As I mentioned, on the one area of design we did
12 expand because we felt it important, even before restart to
13 have some sense, more detail than we have now, their
14 direction in that area. We felt it important to stipulate
15 that as a condition of restart.

16 CHAIRMAN JACKSON: So you mentioned the one area.
17 Are you clarifying then those areas where you do feel that
18 you need the detail as well as some movement before their
19 proposed restart?

20 MR. MILLER: Yes, ma'am. I mean we have
21 identified four or five very specific things that we can say
22 right now are indeed issues for restart.

23 If there are other things that emerge through the
24 0350 process those things will be identified.

25 CHAIRMAN JACKSON: And how many of them do you

1 feel will be flushed out again? It's probably the same
2 situation before the enforcement conference that is slated
3 for March.

4 MR. MILLER: I don't have an answer for that one.

5 CHAIRMAN JACKSON: Okay.

6 MR. MILLER: I just really can't say.

7 CHAIRMAN JACKSON: All right, okay.

8 MR. MILLER: If I go to future plans, which is the
9 next slide, there is the enforcement conference that the
10 Chairman just referred to. That's on the schedule for March
11 the 11th. That will focus on the safety and the technical
12 issues that came from the ISAT.

13 There are a number of matters that are under
14 investigation and that will not be included in that.

15 CHAIRMAN JACKSON: Will that be a public, an
16 open --

17 MR. MILLER: This will be a public enforcement
18 conference held in the area to permit the public to of
19 course observe the meeting.

20 Electrical issues. The slide was written over a
21 week ago. As I said, we have expanded a bit the scope of
22 the confirmatory action letter but, of course, we will be
23 conducting the reviews that are necessary prior to restart
24 and our having confidence that the company has addressed all
25 those issues that are required before restart.

1 I expect that also that will involve some level of
2 public participation, most likely a public meeting. In
3 fact, the confirmatory action letter does require for them
4 to present results to us in a meeting that will certainly be
5 a public meeting.

6 Thinking and looking very long term, we of course
7 will be following up on all of the issues that have arisen.
8 There have been a number of conversations or discussions
9 here regarding the size of the backlog and the like and we
10 obviously cannot check the status and the resolution of
11 every item and so we have the resource limitation and
12 constraint that we have talked about here. So our effort
13 will be a risk-informed, smart-sampling approach and
14 fundamentally what we are looking for, of course, is there
15 in fact change with respect to problem identification, with
16 respect to the processes that the ISAT has pointed out as
17 being weak, in addition to checking to make sure that
18 specific items are, in fact, addressed.

19 CHAIRMAN JACKSON: Who is going to be doing this
20 risk-informed smart sampling?

21 MR. MILLER: Well, this is the regional inspection
22 force. An example of this kind of inspection is one that
23 begins next week. It is an inspection that involves, of
24 course, folks from the region, human factors specialists
25 from the program office. Of course, we have our -- the

1 experts who are savvy on the IPEEE and that sort of thing,
2 the PRA, to help inform our judgments about what to look at.

3 But the inspection next week that begins, we will
4 be looking at the whole area of corrective actions. It's
5 just one inspection and I expect that, as I mentioned
6 earlier, will be a byproduct of all the inspections that we
7 will do.

8 We have other inspections that are planned in the
9 area of looking at ventilation issues, the electrical issues
10 that I have talked about, maintenance and so on. But a
11 thread running throughout all of those will be an assessment
12 of basic corrective action and the sampling that will be
13 done will always be informed of what the IPEEE is telling us
14 about what's important.

15 CHAIRMAN JACKSON: I know you haven't completed
16 your review, according to this slide, of the Maine Yankee
17 response to the ISAT report but do you have any preliminary
18 assessment as to the sufficiency of Maine Yankee's response?

19 MR. MILLER: I would say, as I mentioned a moment
20 ago, and at the broad level, it covers all of the issues and
21 in some areas there is a lot of detail but in some areas,
22 such as in the area of design, design reviews, I mean, there
23 are all kinds of things that can be done and talked about
24 with respect to configuration management and it takes really
25 sitting down in a detailed meeting to understand does that

1 involve critical slice --

2 CHAIRMAN JACKSON: So it is premature to give some
3 in-depth assessments?

4 MR. MILLER: I think it is on some of the broad
5 programmatic issues. With respect to the individual
6 equipment problems, I have mentioned commitment to fix the
7 atmospheric steam dump valve this coming fueling outage and
8 it is my impression, and the staff hasn't completed their
9 work but on those things the staff's first cut at it is that
10 those plans appear to be reasonable.

11 But we will be completing that review and having
12 something back to the company sometime in February.

13 MR. MIRAGLIA: In response to I believe it was
14 your question, Madam Chairman, relative to what do all of
15 these design issues mean and what's in the backlog and those
16 kinds of issues that were addressed to the utility, there is
17 indication that they are still looking at those kinds of
18 things. I think we need to have an understanding of how
19 they are going to approach that and how are they going to
20 say what's needed before restart, what can come later and
21 their basis for that and do we have agreement. That
22 dialogue is ongoing and some of it is yet to come.

23 MR. MILLER: Lastly, I am glad that Peter Wiley
24 and Uldis Vanags are at the table. But I think there was
25 good cooperation with the state throughout the whole ISAT.

1 We continue to be in touch and close contact with the folks
2 from the state and we expect to continue that, not just here
3 in the near term as the plant resolves the issues that need
4 to be resolved before restart but over the longer run as we
5 gauge their performance.

6 CHAIRMAN JACKSON: Let me stop you for a second.
7 I mean, I am going to -- have you, one of you represents the
8 governor and the other is the state safety officer. Have
9 you been satisfied with your degree of involvement,
10 understanding of what we are doing and plans for how things
11 are being monitored going forward?

12 MR. WILEY: Yes, absolutely, Madam Chairman.

13 CHAIRMAN JACKSON: Could you say who you are?

14 MR. WILEY: I am the special projects director in
15 the governor's office. Uldis Vanags is our state nuclear
16 safety advisor.

17 We do not come today with any prepared statement
18 but I would be remiss if I did not pass along the governor's
19 appreciation for the collegiality, the consensus building
20 relationship that we have developed with the NRC throughout
21 this process.

22 We are here basically today not only to observe
23 but to send you the message that we support and we reaffirm
24 the process as it is going on.

25 I think just a couple of points first to pick up,

1 Chairman, on an analogy you used earlier. I think the ISA
2 has put the significant threads on the table. As those
3 threads have been pulled, the process continues to work. We
4 have seen actual improvements on safety and beginning to
5 restore those margins.

6 Secondly, and probably from our perspective most
7 importantly, we do feel that we have formed from a
8 relationship that has had to, in the cauldron of events, if
9 you will, over the last 18 months has gone to a different
10 level. It is a relationship that we do feel has the best
11 interests of the citizens of Maine at heart. It has been a
12 difficult 18 months from the -- I work with the ISA. The
13 work of Ed Jordan, Alice Merschov and the others our
14 continued, our new and our continued relationship, I am
15 sure, in the future with Hub Miller. We do bring to you the
16 confidence that your process is working.

17 So we look forward to the continued opportunity to
18 do that. I will say that I hope the intensity and
19 frequency, however, of that does diminish somewhat over
20 time. But we just appreciate the opportunity to be here
21 today and to have been part of this process throughout the
22 last year-and-a-half.

23 CHAIRMAN JACKSON: Thank you. Mr. Vanags, do you
24 have any comments you wish to make at all?

25 MR. VANAGS: I will just say a few words. I think

1 the cooperation we received has been exceptional. Being
2 part of the ISAT was personally a very valuable experience
3 for myself. I have never been through such a detailed
4 search of a nuclear power plant looking at problems that may
5 be embedded. It was quite an eye opener.

6 I would like to say that the professionalism and
7 the quality of the people on the team was outstanding. I
8 can't say enough about that. It says a lot for NRC.

9 To this date, if we just continue the cooperation,
10 it is working very well and I hope it continues. Maybe not
11 at this high a level, as Peter said, but I look forward to
12 continuing in our close cooperation and understanding the
13 issues and just working forward.

14 CHAIRMAN JACKSON: Thank you.

15 MR. MILLER: I guess just in closure I am an
16 inspector so I have to put this last slide out there.

17 Maine Yankee is in transition. Entergy is going
18 to assist but still the organization is in transition and
19 frankly is under some stress. We know that even when
20 proceeding on the best of intentions and having recognized
21 problems, it will be a struggle. So it bears close
22 watching, not just with respect to the design-related issues
23 but from an operational safety point of view.

24 Are they able to both deal with the problems that
25 have emerged and the investigations and in the

1 investigations that will continue in the design arena but
2 will they be able to maintain their focus with respect to
3 operational safety.

4 Lastly, I have to say that judgments, final
5 judgments about whether there has been permanent and lasting
6 change, someone earlier talked about looking for a long-term
7 self-critical, sort of a self-sustaining approach to life
8 and making judgments about that is going to take some period
9 of observation.

10 CHAIRMAN JACKSON: By that, do you mean hard
11 inspection?

12 MR. MILLER: Hard inspection and -- and some time,
13 not just --

14 MR. MIRAGLIA: I might observe it is a paraphrase
15 of your performance is as performance does, Madam Chairman.

16 CHAIRMAN JACKSON: Right.

17 MR. MIRAGLIA: And I think Mr. Flanagan has heard
18 it from a number of places within the agency and the staff
19 as well.

20 MR. THOMPSON: That completes our prepared
21 presentation and we would be pleased to respond to any
22 questions.

23 CHAIRMAN JACKSON: Commissioner Rogers?

24 COMMISSIONER ROGERS: No, I have no questions.

25 CHAIRMAN JACKSON: Commissioner Dicus,

1 Commissioner Diaz, Commissioner McGaffigan?

2 COMMISSIONER MCGAFFIGAN: Just one question. It
3 may lead into the next panel.

4 Implicit in Mr. Flanagan's comments earlier was --
5 you know, he's trying to do his job as chairman of the
6 company and he is reading the INPO and SALP reports and
7 basically 1.5 was the last SALP he had gotten.

8 Did we and perhaps others let him down in terms of
9 prior to this proceeding year in terms of the vigor of our
10 inspections? Does anybody want to comment on that?

11 MR. THOMPSON: I think I will turn here to my
12 right for that.

13 MR. MIRAGLIA: I think, in a number of instances,
14 Commissioner McGaffigan, every time we have something like
15 this the question is, what did we miss.

16 CHAIRMAN JACKSON: And how did you miss it.

17 MR. MIRAGLIA: And how did we miss it and what is
18 the significance of it, not only to this plant but to our
19 program. As I indicated, the allegation that came forth in
20 December, we took action. That action was with respect to
21 Maine Yankee and we put -- what does it mean from a lessons
22 learned from a lessons learned and what can we learn from
23 those type of processes.

24 In addition, the ISAT looked at not only those
25 issues for this facility but what did it mean to the program

1 and there were specific recommendations that we're
2 developing an action plan that is going to go to the EDO at
3 the end of the month.

4 So in terms of did we focus and see some of these
5 issues, I think it would be fair. The normal performance
6 indicators would tell you this plant was performing very,
7 very well.

8 Mr. Vanags indicated that perhaps there were some
9 embedded issues and we've looked deeper. We're pulling the
10 threads, as Mr. Wiley said and we have a process for
11 evaluating where we are, what does it mean to the continued
12 operation of this plant, what's the safety and risk
13 significance of that so we can make considered judgments in
14 a disciplined kind of way.

15 CHAIRMAN JACKSON: And you are bringing forth the
16 lessons learned.

17 MR. MIRAGLIA: In addition to that, yes, not only
18 for Maine Yankee but in the broader sense as well.

19 MR. MILLER: If I could add, and this really goes
20 to the discussion we had last week on this, many of the
21 issues that have come forward are really issues that require
22 a -- I'll call it a deep vertical slice type of inspection
23 and they require a certain level of expertise and I think
24 that there has been a lot of discussion over how the NRC's
25 abilities in that area and what we have done over the past

1 several years has been somewhat limited. And we have
2 supplemented the staff with some architectural engineering
3 help to begin to do these vertical slice inspections at all
4 of the plants and at some point virtually all of them will
5 have some sort of a safety system functional inspection to
6 use one technique performed on it.

7 So part of it is that. Part of it is that we were
8 not, as a routine, looking as deeply as the ISAT did with
9 the large team and the kind of expertise that was there, but
10 not all of it. I mean, there are other lessons to be
11 learned and we are about learning those.

12 CHAIRMAN JACKSON: Okay.

13 MR. MIRAGLIA: Madam Chairman, you had a question
14 for the staff early on that we haven't address and it's in
15 terms of Entergy and what it might mean to potential
16 licensing activities.

17 CHAIRMAN JACKSON: Thank you. That's correct.

18 MR. MIRAGLIA: In brief, we have indicated to the
19 company at various levels that this is important to us
20 because it does have potential significance in terms to our
21 license and amendments and we need to know the extent and
22 scope for us to fully understand it to determine whether
23 there are licensing matters to be dealt with.

24 CHAIRMAN JACKSON: But the point you are making to
25 me is that that is something that you intend to specifically

1 review?

2 MR. MIRAGLIA: We have to understand in each case
3 where are they and what's the implication to that and I
4 think the company understands that. They are in a
5 developing kind of relationship and at the appropriate time
6 we will sit down and discuss it, their staff with our staff,
7 to determine what implications are to the licensing.

8 CHAIRMAN JACKSON: Because this has some larger
9 implications, not just with respect to this particular
10 licensee but as the industry itself is restructuring and
11 working out various arrangements, when you feel that you
12 have gleaned what issues there may be within licensing space
13 with respect to this licensee, it would be, I think, helpful
14 for you to propagate that solution.

15 MR. MIRAGLIA: We are looking --

16 CHAIRMAN JACKSON: Because I think that will
17 inform our process in terms of what we need to do relative
18 to the various changes.

19 MR. MIRAGLIA: We are looking at this issue in the
20 context of that overall plan as well.

21 CHAIRMAN JACKSON: Commissioner Dicus, did you
22 have a comment you wanted to make?

23 COMMISSIONER DICUS: I think Mr. Miller partially
24 addressed it but maybe I'll go ahead and make that comment
25 or ask my question.

1 In light of the fact, if we were to pick a plant
2 at random, a fairly good performer or average performer, and
3 do the kind of look that we are doing at Maine Yankee and
4 others, are we going to find similar problems?

5 MR. MIRAGLIA: I think the answer would have to be
6 our expectation is that issues would be identified. It is
7 the question of pervasiveness, degree, significance and
8 these kind of things. The issues, I think it would be naive
9 to say that we would not identify issues and problems.

10 The regulatory program is a process and I think
11 the context is that when these discrepancies, weaknesses,
12 deficiencies are identified, they need to be looked at and
13 examined as to what did they mean in and of themselves, what
14 did they mean in the broader context for that facility and
15 it is an ongoing, evolving type of process.

16 The design basis reconstitution was an issue that
17 was addressed and looked at by the Commission in '92. The
18 policy statement was there. It has been a longstanding
19 understanding that that's licensee's responsibility. We
20 need to go out and make sure they are fulfilling those
21 responsibilities.

22 I think the processes are in place. I think the
23 50.54(f) letter in that is part of our processes. So I
24 think we are responding to what we find and I think we have
25 to deal with these issues as they are identified in terms of

1 number, significance and corrective actions as mandated by
2 the regulatory process.

3 MR. MILLER: Let me just add, in selecting who is
4 next to be the subject of these safety system functional
5 inspections, we have tried to pick those plants that when
6 you look at the processes like problem identification and
7 the like, where would we most likely next find it? So what
8 you might see is as things emerge, we are going after those
9 plants that -- I believe this is how we are selecting
10 them -- which ones would, if you were to say, might have
11 problems, go after those first.

12 CHAIRMAN JACKSON: I guess my only question to you
13 is the 50.54(f) letter is a particular -- will provide a
14 particular snapshot in time and I think, as I have been
15 told, you know, the Commission has gone on record in terms
16 of its position in the past with respect to the importance
17 of these design basis issues and our expectation was that
18 licensees would be addressing them and we had stepped back
19 from doing the design basis inspections.

20 So the question becomes, once we have the 50.54(f)
21 responses and we use what we glean from those responses as a
22 basis for going out and taking these deeper looks in cases
23 where it seems to be warranted, then we've done that. The
24 question is, what is the going forward approach? Are we
25 going to have a heightened sensitivity in looking at the

1 engineering area, particularly as it relates to operability
2 of key systems and use that as a basis to give us a heads up
3 as to where we may need to take a deeper look at some point
4 down the line? The real question is how do you keep a
5 handle on the overall envelope here without going overboard?

6 MR. MIRAGLIA: I think the answer to all pieces of
7 that question is, yes, we are looking at those aspects and
8 how do we redirect the inspection program to make sure that
9 we are testing that process. In terms of what may need to
10 be done in addition to that process, I think we need to see
11 what some of the results are.

12 We've done three architect engineering inspections
13 to date. The reports are in the process of being written.
14 I think we have had the exits on all three facilities. They
15 have found some issues, some more significant than others
16 and I think the results will be informative and instructive
17 to us as well as to the following steps. I think we have
18 engaged in the process and I think we need to keep moving
19 down the line.

20 CHAIRMAN JACKSON: I think Commissioner Diaz has a
21 question.

22 COMMISSIONER DIAZ: Just a final thing, I heard it
23 three times and when something is three times, it racks my
24 brain. You said twice, Mr. Miller, and once, Mr. Miraglia,
25 that safety system function inspections are essentially at

1 the core of this. Is that correct?

2 MR. MILLER: I think it's one of the more
3 penetrating kind of inspections that we do. And it is
4 principally because of the level of expertise that we tapped
5 to perform --

6 COMMISSIONER DIAZ: Commendable.

7 CHAIRMAN JACKSON: Mr. Thompson.

8 MR. THOMPSON: Although we are focusing new
9 attention to the aspect of design and engineering design,
10 that's not to say we don't focus also on operational safety.
11 So it's a balance we have to do. We have to obviously work
12 within our resources but obviously it is -- we look where
13 the risk-informed aspect is and that's what Hub was saying
14 earlier, that we will make smart decisions and we will try
15 to do that as best we can and, likewise, we will give
16 attention to operating plans that need attention to
17 operating plans, as you well know.

18 CHAIRMAN JACKSON: As we well know.

19 Thank you very much.

20 We have four members of the public from whom we
21 will hear in turn who will go to the podium. Okay, thank
22 you, each for five minutes.

23 We will first hear from Mr. David Lochbaum of the
24 Union of Concerned Scientists.

25 MR. LOCHBAUM: Thank you. Good afternoon. I am

1 David Lochbaum, Nuclear Safety Engineer for the Union of
2 Concerned Scientists.

3 I came here today for two reasons, to convey two
4 points, the first point being that the Independent Safety
5 Assessment Team's conclusions reached at Maine Yankee
6 regarding its primary objective are not supported by its own
7 findings.

8 The second point is that the ISAT was absolutely
9 wrong to use the SALP evaluation criteria in its assessment.
10 Slide 2, please.

11 Regarding the first point I would like to make
12 today, quoting the ISAT report, the overall goals of the
13 Independent Safety Assessment were "to independently assess
14 the conformance of Maine Yankee to its design and licensing
15 basis."

16 The ISAT report concluded that Maine Yankee was in
17 general conformance with its licensing basis, although
18 significant items of nonconformance were identified, and
19 also that despite uncorrected and previously undiscovered
20 design problems the design basis and compensatory measures
21 adequately supported plant operation at a power level of
22 2440 megawatts thermal.

23 Maine Yankee had not operated -- had been operated
24 to operate above 2440 since June of 1978 so it wasn't part
25 of its current licensing basis to operate at only 90

1 percent.

2 Slide 3.

3 CHAIRMAN JACKSON: Repeat that statement.

4 MR. LOCHBAUM: It wasn't part of its current
5 licensing basis to operate at 2440. The ISAT should have
6 focused at was it safe to operate at 2700. That was its
7 current licensing basis.

8 On Slide 3 the ISAT documented numerous changes or
9 numerous problems that resulted in physical plant changes at
10 Maine Yankee, those that have already been made and those
11 that are scheduled.

12 Examples are the thermal release that required a
13 plant shutdown last summer, the EQ components that are being
14 relocated to keep them below the water -- or keep them above
15 the water level inside containment; spray building dampers
16 were blocked open and 15 feet of missing circuitry were
17 replaced on a safety pump.

18 The ISAT conducted this evaluation using two
19 vertical slice reviews, two deep vertical slice reviews of
20 two safety systems and vertical slice reviews to a lesser
21 degree of two other safety systems. There are far more than
22 four safety systems at Maine Yankee.

23 Maine Yankee is currently shut down under a
24 Confirmatory Action Letter to correct numerous safety
25 problems.

1 CHAIRMAN JACKSON: Let me ask you, what is your
2 message with respect to the fact that there are many systems
3 with safety functions?

4 MR. LOCHBAUM: Well, it gets to a point I'm making
5 later is that going in and doing a sampling of four systems,
6 finding problems in all four systems, and then concluding
7 that everything else is okay just doesn't seem appropriate
8 and it doesn't seem to be supported by the ISAT's own
9 findings.

10 If you do a sampling and everything you looked at
11 is problematic, I don't see how you can conclude that the
12 other 36 systems were okay.

13 CHAIRMAN JACKSON: Okay.

14 MR. LOCHBAUM: Slide 4. The NRC still refuses to
15 permit Maine Yankee to operate at 100 percent power, which
16 is its current licensing basis due to insufficient cooling
17 water, inadequate suction pressure for the containment spray
18 pumps. That licensing basis has been in effect for 17.5
19 years.

20 The ISAT's charter was to determine if Maine
21 Yankee was in compliance with its design and licensing
22 basis, not to determine if Maine Yankee could fix those
23 things that the NRC brought to their attention or if Maine
24 Yankee could operate safely at some fraction of its license
25 power level.

1 Slide 5. The ISAT's conclusions reflect at best
2 the condition of only the four safety systems evaluated, not
3 the other 36 some-odd safety systems.

4 In my opinion, it is extremely poor judgment to
5 conclude that these systems satisfy their design or
6 licensing basis at the time of the ISAT, not afterwards but
7 at the time the ISAT arrived on site.

8 It is even worse judgment to conclude that the
9 remaining safety systems at Maine Yankee conform with their
10 licensing basis based on the results from this sampling
11 exercise.

12 If I get pulled over for speeding coming up here
13 today, I couldn't have hoped to avoid getting a ticket by
14 showing the officer my speedometer is now reading zero
15 unless it's an NRC cop.

16 Slide 6. According to the ISAT -- this is the
17 second point where we contend that it was absolutely wrong
18 for the ISAT to use the SALP criteria.

19 Quoting from the ISAT report, "The assessment
20 relied on existing NRC benchmarks for assessing performance
21 utilized in the NRC Systematic Assessment of License
22 Performance program, SALP.

23 During the December 16th Commission briefing on
24 SALP and inspection programs, the Staff stated that the
25 reason for not have an Unacceptable SALP category is that

1 the SALP lags the reporting period and that any necessary
2 corrections will be made prior to the time of the SALP.

3 We have no argument with that.

4 Slide 7.

5 However, the ISAT's charter was completely
6 different. It was to determine plant safety status at that
7 moment, not six months or 18 months previously but at that
8 moment. Therefore, it was wrong for the Staff to use the
9 SALP scoring system for such an inspection.

10 Unlike SALP an Unacceptable score for such an
11 inspection is extremely necessary, especially when
12 warranted. In fact, not to have an Unacceptable score for
13 such an inspection makes the whole effort unnecessary. Why
14 bother looking when the answer must be Acceptable?

15 In addition in conclusion the use of the SALP
16 scoring system corrupts the NRC's enforcement action
17 process.

18 We find it difficult to see how the NRC could turn
19 around and fine take civil penalties against the licensees
20 for behavior it finds acceptable.

21 Thank you for listening and considering these
22 remarks.

23 Do you have any questions?

24 CHAIRMAN JACKSON: Commissioner Rogers, do you
25 have any questions?

1 COMMISSIONER ROGERS: No.

2 CHAIRMAN JACKSON: Commissioner Dicus?

3 COMMISSIONER DICUS: No.

4 CHAIRMAN JACKSON: Diaz?

5 COMMISSIONER DIAZ: No.

6 CHAIRMAN JACKSON: McGaffigan?

7 COMMISSIONER MCGAFFIGAN: I would like to at least
8 just note commendation for UCS playing the role it did in
9 December of 1995, if you are the person to thank --

10 MR. LOCHBAUM: No, it's the organization.

11 COMMISSIONER MCGAFFIGAN: The organization?

12 CHAIRMAN JACKSON: It's his predecessor.

13 COMMISSIONER MCGAFFIGAN: Your predecessor. I do
14 think that obviously helped us get into the situation where
15 we were taking very deep looks at the facility.

16 MR. LOCHBAUM: I was going to appreciate that --
17 or acknowledge the appreciation for it but I would also like
18 to point out that we didn't send the allegations to the NRC.
19 We sent them to the State of Maine because we thought the
20 State of Maine was more concerned about getting the result,
21 the concerns resolved, so we didn't send them to the NRC.

22 CHAIRMAN JACKSON: It's okay. You raised the
23 issue and that is the point the Commissioner is trying to
24 make.

25 MR. LOCHBAUM: Thank you.

1 CHAIRMAN JACKSON: Thank you very much. Mr.
2 Linnell, who is a Town Councilman from Cape Elizabeth,
3 Maine.

4 MR. LINNELL: Chairman Jackson, members of the
5 Commission, ladies and gentlemen, my name is Bill Linnell.
6 I am a Town Councilor from Cape Elizabeth. I am the
7 spokesman for both the oldest nuclear watchdog group in the
8 state of Maine, Committee for a Safe Energy Future, although
9 you'll see on the letterhead we have shortened our name to
10 Maine Safe Energy.

11 I am also the spokesperson for Cheaper, Safer
12 Power, which you will hear about in days ahead. It is
13 formed with the specific intention of shutting down the
14 nuclear plant, and I need to just tell you that in terms of
15 full disclosure -- in the interest of full disclosure.

16 One thing I have just heard today, it sounds to me
17 like the contract with Entergy is not yet signed and so that
18 is still on the drawing board as I understand it, and that
19 is just a comment.

20 If I could have the first slide.

21 I think one of the issues we have to look at is
22 has Maine Yankee credibility been a problem?

23 Everyone in this room is aware of the problems
24 which the anonymous letter brought into the open, and what
25 you see on the overhead is the official company response to

1 the anonymous letter, and I just think that we should not
2 forget what the company had to say about that.

3 Furthermore, I was surprised to hear today that
4 dealing with the steam generators was mentioned as a
5 proactive approach to dealing with problems at the plant.
6 If you look back in your files to 1990, December 17th, when
7 Maine Yankee had a steam generator tube rupture, you'll see
8 or at least the press releases were that it was a small
9 leak.

10 In fact, it rose to over a 2000 gallon a day leak
11 rate by the time they got the plant shut down.

12 I went to several of the presentations on steam
13 generators in Washington, so forth, when they were wrestling
14 with this issue and I encourage you to go back and look at
15 the files and I think you will see that the biggest problem
16 they ever had with the steam generators was not in their
17 presentations. When they were talking about the history of
18 steam generator problems at Maine Yankee it was noticeably
19 absent and it took me about three years to find out what I
20 have just told you.

21 Next slide, please.

22 The ISAT report identified economic pressures, the
23 first of two root causes of safety problems at Maine Yankee.
24 We have touched on that already to some degree. Next slide,
25 please.

1 As we have already heard today the ISAT report
2 further identified the lack of retained earnings as the
3 cause of economics at Maine Yankee. In other words, the NRC
4 Staff concluded that Maine Yankee owners were taking the
5 profits away from the company, not leaving Maine Yankee
6 enough earnings to run and maintain the plant properly.
7 Next slide, please.

8 The Commissioners will perhaps recall their
9 October 18th discussion in which Commissioner McGaffigan
10 attributed the first root cause, economic pressure, to the
11 retained earnings issue, stating that it must come from
12 pressure from the owners. I certainly agree with that.

13 Slide 5, please.

14 Maine Yankee disagrees strongly with the cause of
15 the first root cause and has been touched on already today
16 the company response now is that the actual limiting factor
17 was management's funding requests. I'll wait to see how
18 you, what ultimately your decision is on that, but I find
19 that really hard to believe, that there wasn't some pressure
20 from management.

21 Number 6, please.

22 I call TMI Action Plan Items II.K.3.30 and 31 the
23 "mother and father of all work-arounds." Operator
24 work-arounds have been appropriately identified as chronic
25 problems, yet Maine Yankee has been allowed to work around

1 these critical TMI Action Plan items, II.K.3.30 and 31.

2 Meanwhile, the NRC has not produced the analysis
3 to justify operation of Maine Yankee at any power level. I
4 have heard again today the bounding argument and I have
5 heard this -- this was explained to me by Bob Pollard and
6 others -- Henry Myers you have gotten a lot of literature
7 from -- he is a physicist also.

8 What they explained to me is that the assumption
9 that a small pipe break is covered by the large pipe break
10 analysis is simply wrong. They tell me you just can't do
11 it. I just will leave that up to you. You know better than
12 I.

13 Next slide, please.

14 What I would like to point out is I see it's very
15 difficult for the NRC to expect licensees to follow NRC
16 regulations to avoid work-around conditions if the
17 Commissioners allow the biggest work-arounds of them all to
18 continue. Thank you. Next slide.

19 I think now we all have to consider is Maine
20 Yankee's owners' credibility an issue. I encourage you to
21 ask them what replacement power costs, or what they pay for
22 it when Maine Yankee is shut down.

23 Maine Yankee's owners have been leading the public
24 to believe that replacement power is more costly than Maine
25 Yankee power. In truth, Maine Yankee power is now about 50

1 percent more expensive than replacement power. CMP has been
2 saving over \$2 million a month on replacement power
3 purchases.

4 They have been doing some interesting math at
5 Maine Yankee and at Central Maine Power. Apparently they
6 are adding their overhead costs to what they say the are
7 paying for replacement power. If they are willing to
8 deceive the public, I wonder why the NRC or anyone else
9 should trust them. Next slide, please.

10 Conclusions -- Maine Yankee's owners' excuse for
11 inadequate funding is simply not believable.

12 Number two, if the NRC intends to deal with the
13 first root cause of economic stress, the NRC must act
14 decisively and forcefully on the retained earnings issue. I
15 think the fact that the Chamber of Commerce is here to speak
16 today at a safety meeting demonstrates the degree to which
17 economics has negatively impacted safety. Slide 10, please.

18 CHAIRMAN JACKSON: I thought there were 9 slides.

19 MR. LINNELL: Should be 10.

20 CHAIRMAN JACKSON: Okay, go ahead. How many
21 slides do you intend --

22 MR. LINNELL: This is the last one, number 10.

23 CHAIRMAN JACKSON: Okay.

24 MR. LINNELL: It's the second one entitled
25 "Conclusions."

1 The NRC must set a reasonable example by not
2 allowing Maine Yankee to restart without complete resolving
3 safety violations nearly two decades old.

4 Finally, the first root cause of safety problems
5 at Maine Yankee, economic pressure, is very likely to
6 increase because replacement power is cheaper. Thank you.

7 CHAIRMAN JACKSON: Thank you.

8 MR. LINNELL: Any questions?

9 CHAIRMAN JACKSON: Mr. Rogers, do you have any
10 questions?

11 COMMISSIONER ROGERS: No, I don't.

12 CHAIRMAN JACKSON: Commissioner Dicus?

13 COMMISSIONER DICUS: No.

14 CHAIRMAN JACKSON: Commissioner Diaz?

15 COMMISSIONER DIAZ: No questions.

16 CHAIRMAN JACKSON: Commissioner McGaffigan.

17 COMMISSIONER McGAFFIGAN: Let me just ask the
18 obvious question.

19 You heard Mr. Flanagan earlier today talk about
20 the additional resources he is putting in and the additional
21 resources he says the Board is willing to put in for some
22 very sustained period of time. I don't remember his exact
23 words but it was something along those lines.

24 Did that change your opinion in any way?

25 MR. LINNELL: Not really, because they certainly

1 need, with all the attention that's on them, they certainly
2 need to throw some money at the problem and they say they
3 are committing \$30 million or so to the issue.

4 There's no requirement, there is nothing in
5 writing that says they are going to spend \$50 million next
6 year, \$30 million the following year, and so on. I think it
7 strikes me as sort of a confession on the courthouse steps.

8 Then I'd return to the issue -- we can buy, there
9 are about 20 sources of power available to the New England
10 Electricity Grid which are cheaper than Maine Yankee. The
11 more they spend, the more desperate their economic situation
12 may become.

13 CHAIRMAN JACKSON: You were talking about their
14 adding two figures together that shouldn't be added. What
15 were they?

16 MR. LINNELL: Right. Most of this is their
17 message to the public. When asked what they pay -- for
18 example, they will tell the public, well, we have got to get
19 that plant back on line because we are paying a thousand
20 dollars -- I'm sorry, a million dollars a week for
21 replacement power.

22 Well, that is half the truth. The other half of
23 the truth is that if Maine Yankee were on line today they
24 would paying about \$1.5 million a week for replacement
25 power, and apparently when I have engaged them in

1 conversation they explained to me that they are taking Maine
2 Yankee's fixed and I would submit uncontrollable costs and
3 adding them to the cost of replacement power when they talk
4 about the cost of replacement power.

5 But what they actually pay for replacement power
6 on the market is significantly cheaper now than Maine Yankee
7 power and that is a bigger reason why we are moving forward
8 with a referendum, because we believe their economic issue
9 has a lot of holes in it.

10 CHAIRMAN JACKSON: So what is the fundamental
11 point that you want to make with us today or that you are
12 asking the Commission to address?

13 ~~MR. LINNELL~~ ~~COMMISSIONER MCGARRIGAN~~: I am asking the
14 Commission not to let the plant restart until the plant is
15 significantly in compliance with NRC regulations.

16 I am asking that the other 36 systems be looked at
17 and I won't repeat what Dave Lochbaum said.

18 I'd point out that even if Entergy came in and
19 worked for free for Maine Yankee that would not change the
20 fact that replacement power is cheaper.

21 I do have a question which I didn't write down. I
22 want to, at some point I would like to know an estimate from
23 the NRC what the cost of the added oversight, the being on
24 the Watch List, and those inspections, just a rough idea at
25 some point what that might be.

1 I am assuming that is passed on to the licensee.

2 Thank you.

3 CHAIRMAN JACKSON: Thank you. Mr. Raymond Shadis,
4 with the Friends of the Coast.

5 MR. SHANDIS: Chairman Jackson, Commissioners,
6 good morning to you. You have my admiration for your
7 stamina in being able to sit this long. I am, frankly, very
8 much relieved to get up out of that chair. If you would
9 like to stretch and take part of --

10 CHAIRMAN JACKSON: I think the best thing we can
11 do is to move along.

12 MR. SHANDIS: Okay.

13 I have been asked by the 400 members of Friends of
14 the Coast Opposing Nuclear Pollution, most of whom reside
15 within the plant evacuation area, to present their
16 sentiments, citizen sentiments, to you, the government. I
17 hope that in your busy schedules you have had a chance to
18 read our written submissions.

19 I must tell you that we found a number of
20 typographical errors in the submission that was sent by mail
21 and we have placed a corrected copy with some small
22 amendments at your places at the table.

23 In the additions, we have included some additional
24 material on reactor embrittlement and on the condition of
25 welds in the primary piping, primary side.

1 I want to introduce you to our attorney who is
2 with me today, Mr. Jon Block. He is seated right here to my
3 right and if any legal questions arise during our
4 conversation today, I hope you will ask him.

5 We are not here to deliver a lecture. We have
6 submitted detailed written submittals, both the citizen
7 critique of the ISAT and our comments in response to the
8 ISAT.

9 Our comments in response to the ISAT are
10 essentially a call to action. We have listed six different
11 items, two of which are solidly in the examination and
12 safety area, the other four, which are also safety related,
13 which are four items relating to the dissemination of
14 information to sharing information.

15 I was reminded in looking at the form here today
16 of the cry that came out of the social justice movement of
17 the '60s. We, too, would like a place at the table.

18 This is a very fluid situation and it has put me
19 in the position of extemporanizing today. It is a fluid
20 situation because a few weeks ago we would have been asking
21 you to put Maine Yankee on the watch list and we would have
22 met that obligation with the same kind of trepidation that I
23 feel today in trying to ask the Commission to go from the
24 very laudable step of examining Maine Yankee with the ISAT
25 to the next step, which is to finish that examination, to

1 the next step which is to act on the findings of that
2 finished examination.

3 The ISAT prospected through Maine Yankee. I like
4 their analogy that they did a vertical slice and a
5 horizontal slice. They certainly did. And old-time
6 prospectors did very much the same thing, cut down through a
7 hillside, cut into the hillside, get an idea of what's in
8 there. That assay said that there are design problems at
9 Maine Yankee. Now, the task remains to find out what is in
10 the rest of the mountain.

11 I want to tell you that Maine Yankee's association
12 with Yankee Atomic Electric is one of the primary causes of
13 the problems in the ISAT. The ISAT identified two, as I
14 recall. One is an attitudinal thing and the other thing had
15 to do with the allocation of resources. But the third
16 problem leading to Maine Yankee's troubles was their
17 intimate bond with Yankee Atomic Electric, a confusion over
18 who held the license.

19 We had the CEOs of both companies testifying
20 before an NRC meeting, I believe in this very building, on
21 July 30 at which they issued conflicting statements about
22 who held the license for the first eight years. We have
23 included excerpts from that transcript in the material we
24 submitted to you.

25 They testified, some of the same officers who were

1 here today, that there was a confusion of shifting
2 information, intermeshing at the interstices of the two
3 companies so that responsibilities were lost in track in
4 passing from one company to the other. Accountability was
5 lost in track.

6 Yankee Atomic Electric ought to be a deep concern
7 for this Commission. It has left a trail of devastation
8 across all the power plants of New England. You are now
9 concerned with the Pilgrim plant has some problems, Haddam
10 Neck has some problems, Millstone has some problems, Maine
11 Yankee has some problems. And if you pry up that rock, you
12 are going to find underneath it Yankee Atomic Electric and
13 their involvement as a hot-shot consulting company.

14 Now Maine Yankee has proposed to bring in some
15 other hot shots. They are going to bring in some
16 consultants from down south. I think they used to be called
17 Mid-South Utilities, if I am not mistaken. Fine. Can they
18 handle it, is the question.

19 In the meantime, the plant is shut down. The
20 owners are expending something on the order of \$24 million a
21 month on the work while it is being shut down. I think CMP
22 said their share was 9 million, they own 38 percent. Let me
23 figure that backwards, about 24 million.

24 CHAIRMAN JACKSON: Mr. Shadis, you have
25 approximately one minute.

1 MR. SHADIS: Thank you for that warning. You
2 could tell I was getting wound up and might carry on for a
3 while.

4 Okay.

5 Now you have the golden opportunity. Maine Yankee
6 is safer than it has been in a long time because it is shut
7 down. The reactor vessel head is off. Now is the time to
8 examine the faulty welds in the primary piping. NRC ought
9 to do it with contractors, not rely on the sworn testimony
10 of a company whose sworn testimony has proven faulty in the
11 past.

12 NRC ought to go in and take a look at the --
13 revisit the reactor embrittlement issue with Maine Yankee
14 because they depended on Maine Yankee analysis and Yankee
15 Atomic Electric analysis for the results on that issue.

16 NRC ought to do a thorough -- what we call a
17 global examination of Maine Yankee. There have been faulty
18 fasteners, there have been faulty welds. We had a steam
19 line break. The issues have been raised before. And I just
20 want to point this out to you and I'm done, if you'll allow
21 me.

22 May I?

23 CHAIRMAN JACKSON: Make your final point, please.

24 MR. SHADIS: Thank you, ma'am.

25 This, 600 pages worth, is a Franklin Institute

1 report done for the NRC, is a review of licensee's
2 resolution of outstanding issues from NRC equipment,
3 environmental qualification, safety evaluation reports. It
4 was done in 1983. It raises submergent issues, it raises
5 issues of the high-energy line break scenarios that were
6 also raised by the ISAT.

7 I want to commend the ISAT for compressing a
8 thorough -- we called it the world's largest, most extensive
9 examination of a nuclear power plant anywhere in the
10 world -- into a document this thick when one phenomenon and
11 two items got compressed into 600 pages years ago. I
12 believe it shows we are making progress.

13 Thank you very much.

14 CHAIRMAN JACKSON: Thank you.

15 Commissioner Rogers?

16 COMMISSIONER ROGERS: No questions.

17 CHAIRMAN JACKSON: Commissioner Dicus.

18 COMMISSIONER DICUS: No questions.

19 CHAIRMAN JACKSON: Commissioner Diaz?

20 COMMISSIONER DIAZ: No questions.

21 CHAIRMAN JACKSON: Commissioner McGaffigan.

22 COMMISSIONER MCGAFFIGAN: No questions.

23 CHAIRMAN JACKSON: Mr. Connors from the chamber of
24 commerce. Thank you.

25 MR. CONNORS: Thank you very much.

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1 Chairman Jackson, Commission members, my name is
2 Dana Connors and it is a pleasure for me to have the
3 opportunity to appear before you today.

4 First of all, to have the opportunity to listen
5 and learn, it has been very instructive and I only wish that
6 more had the opportunity to avail themselves of this
7 occasion. I also thank you for the opportunity to appear to
8 present testimony.

9 I appear today as president of the Maine Chamber
10 and Business Alliance, Maine's largest business
11 organization. Our non-profit organization represents
12 approximately 1,000 businesses across the state of Maine
13 from the largest employers to the individual entrepreneurs.

14 We are financed entirely by dues and contributions
15 from private companies and for more than 20 years our
16 organization has supported the Maine Yankee nuclear facility
17 in Wiscasset, Maine.

18 I am pleased to appear before you today to once
19 again voice our support for an important economic and energy
20 asset in Maine. Since 1972, Maine Yankee has provided
21 roughly one-quarter of Maine's electricity at one of the
22 lowest available costs. During the plant's 25 years of
23 operation, its safety record has ranked it among industry
24 leaders, the fact which Maine citizens have come to both
25 rely upon and appreciate.

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1 In addition to the low-cost electricity that the
2 plant continues to provide, Maine Yankee employs over 500
3 Maine citizens with a 1996 payroll of \$30 million.

4 Last year, the corporation purchased more than \$30
5 million in state and local taxes and fees and goods and
6 services. As you can see, the plant represents an important
7 part of the state's economy and its continued operation will
8 mean much to Maine's overall economic health.

9 The environmental benefits of nuclear power are
10 well known to the Commission. They only observe that the
11 business community in Maine has made every effort to
12 successfully meet the requirements of the Federal Clean Air
13 Act Amendments of 1990. Generation of electricity that
14 Maine Yankee provides our state with a source of electricity
15 that does not add greenhouse gases to Maine's air and
16 generates significantly fewer ozone causing pollutants than
17 comparable fossil fuel electric generation alternatives.

18 At a time when the state may be facing additional
19 clean air mandates as a result of new ambient air quality
20 standards, continued operation of Maine Yankee allows us to
21 meet our federal clean air environmental obligations into
22 the next century as well.

23 I am here today because Maine citizens are
24 concerned about the future of Maine Yankee. As you well
25 know, the people of Maine have voted in three referenda over

1 the past two decades, each time supporting continued
2 operation of the plant in the face of a vocal minority to
3 shut Maine Yankee down. Indeed, a January 24, 1997, public
4 opinion poll by the Portland Press Herald found that 54
5 percent of Maine people oppose an early shutdown of Maine
6 Yankee despite the fact that the plant's operating problems
7 have been in the news almost continuously over the past
8 several months.

9 I believe that Maine people continue to support
10 Maine Yankee while at the same time holding the plant to the
11 highest operating and safety standards. I repeat, holding
12 the plant to the highest operating and safety standards.

13 In that regard, recently you have placed the Maine
14 Yankee facility on your watch list. I understand from press
15 reports and certainly it has been confirmed here today that
16 watch list designation will require and will mean even
17 greater regulatory scrutiny of Maine Yankee in the months
18 and years ahead.

19 We welcome your efforts and we believe them to be
20 fully consonant with the desire of Maine people and the
21 Maine business community for safe, efficient and a well-run
22 nuclear plant in Wiscasset. We also view the watch list
23 designation as an opportunity for the plant's new operators
24 to work in even closer cooperation with yourselves and your
25 staff to guarantee that Maine Yankee will provide low-cost

1 electricity and economic stability for Maine into the next
2 century.

3 Two paths lie before us in the next 10 years,
4 along one, a vocal minority of nuclear power opponents may
5 succeed in shutting down Maine Yankee prematurely. Our
6 organization is committed to do whatever we can in
7 conjunction with the Maine business community and the
8 majority of Maine citizens to oppose this outcome.

9 The other path before us leads to a difficult
10 period of increased regulatory scrutiny but emerges in the
11 years ahead with a Maine Yankee facility that leads the
12 nation in the safe and efficient operation of the nuclear
13 facility in Wiscasset. On this path, Maine's investment in
14 Maine Yankee is allowed to fully deliver its returns without
15 any compromise in safety or efficiency.

16 We believe that people of Maine support Maine
17 Yankee. We believe that this Commission is appropriately
18 engaged in the process of ensuring that operation of Maine
19 Yankee will be among the safest nuclear power plants in
20 America and we look forward to a day when the plant will be
21 removed from the watch list and will continue to produce
22 low-cost power to Maine citizens and Maine businesses for
23 years to come.

24 Undoubtedly, some opponents of nuclear power will
25 never be satisfied with the safety or continued operation of

1 the Wiscasset facility. However, Maine's business community
2 and, I believe, the majority of Maine's citizens feel
3 otherwise.

4 We look forward to supporting this Commission's
5 work with Maine Yankee, Entergy, its new operators, and the
6 more than 500 employees of the facility as you all work
7 together to ensure a safe and secure nuclear energy future
8 for Maine.

9 I thank you for the opportunity to appear before
10 you today. I thank you for listening. I hope I have
11 conveyed a sense of the importance that Maine Yankee has to
12 the businesses, the people and the economy of Maine and the
13 faith that we have in the problems being able to be fixed
14 and that our future will be secure. And the faith that we
15 have, particularly in listening today, of the ability for
16 all of you to work together to make that happen.

17 Thank you once again.

18 CHAIRMAN JACKSON: Thank you very much.

19 Commissioner Rogers?

20 COMMISSIONER ROGERS: No questions.

21 CHAIRMAN JACKSON: Commissioner Dicus?

22 COMMISSIONER DICUS: No questions.

23 CHAIRMAN JACKSON: Commissioner Diaz?

24 COMMISSIONER DIAZ: Just a quick comment. I think
25 that it is important that we establish a little more clarity

1 sometimes when we communicate to the public. I was
2 concerned with slide number two from Mr. Lochbaum in the way
3 that --

4 CHAIRMAN JACKSON: Do you have any questions?

5 COMMISSIONER DIAZ: I'm sorry.

6 CHAIRMAN JACKSON: So he's not standing there.

7 COMMISSIONER DIAZ: I thought we were finished.

8 I'm sorry.

9 CHAIRMAN JACKSON: Okay.

10 Thank you very much.

11 Go on.

12 COMMISSIONER DIAZ: I'm sorry.

13 I was drawn back to slide number two from
14 Mr. Lochbaum's presentation. Let me read quickly on it. It
15 says, despite uncorrected and previously undiscovered design
16 problems, the design basis and compensatory measures
17 adequately supported the plant to operate at a power level
18 of 2440 megawatts.

19 In the staff presentation in slide number three,
20 it clearly says the staff has concluded that operation is
21 permitted under this order and poses no undue risk to public
22 health and safety. I see there is a problem in here. I
23 think that the staff make a very good, informed decision on
24 an issue, they studied it thoroughly. I don't think anybody
25 has any problems, at least I don't, with the ISAT level of

1 scrutiny and the way that they look at it.

2 But when it was presented, it was trying to
3 provide information so detailed that, in doing so, it
4 actually confused the issue. And this statement concludes,
5 operations as permitted under the order poses no undue risk
6 to public health and safety, is what the staff was really
7 concluding and trying to say.

8 I have tremendous trust in the capability of the
9 American public to catch what is the significant issue. I
10 think we should state clearly what our position is and then
11 whatever additional information is needed to support it.
12 But this dichotomy needs to be, I think, finished. We need
13 to really state it properly.

14 CHAIRMAN JACKSON: On behalf of the Commission, I
15 would like to thank the licensee, the NRC staff, for
16 briefing the Commission on the status of actions regarding
17 the Maine Yankee plant. This has been a long Commission
18 meeting. In addition, the Commission values the public
19 views and does appreciate the time sacrifice and the
20 comments of those who attended today.

21 To make sure that your views are thoroughly
22 considered, my understanding is that they are already being
23 addressed, the Commission looks forward to hearing from the
24 staff with respect to any particular safety issues that have
25 been raised in the comments today.

1 As an aside, I met with the governor of Maine last
2 week and he continues to express his interest in matters
3 affecting the Maine Yankee site. We briefly discussed the
4 status of the plant, that it is shut down and requires,
5 under a confirmatory action letter, certain corrective
6 actions prior to restart.

7 We also discussed the recent addition of Maine
8 Yankee to the NRC's list of facilities requiring increased
9 attention, the watch list.

10 To Maine Yankee and the NRC staff, you have
11 presented summaries of the root causes, issues and
12 corrective action plans relating to the various deficiencies
13 existing at Maine Yankee and this has helped to clarify the
14 picture for the Commission on how the plant declined to its
15 current level of performance. The Commission will continue
16 to follow closely the regulatory activities and actions
17 related to Maine Yankee. Much work needs to be done by the
18 licensee as well as by the staff in addressing the
19 corrective actions and verifying their acceptability.

20 To detect clearly any similar degradations at
21 other facilities, the Commission has asked the staff to
22 identify measures that can help decide where economic stress
23 may be impacting safety and as one aspect of this emphasis,
24 the Commission has recently approved for public comment a
25 paper entitled Establishing and Maintaining a Safety

1 Conscious Work Environment. The paper addresses
2 cost-cutting measures at the expense of safety
3 considerations. This paper should be out for public comment
4 shortly and the Commission encourages comments.

5 If none of my fellow commissioners have any
6 additional comments, we are adjourned.

7 [Whereupon, at 12:59 p.m., the meeting was
8 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 BY MAINE YANKEE, NRR AND
REGION I - PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Tuesday, February 4, 1997

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: Rosalie Johnston

Reporter: Jon Hundley

MAINE YANKEE ISAT COMMISSION BRIEFING BY NRC STAFF



FEBRUARY 4, 1997

PURPOSE: TO INFORM COMMISSION OF ON-GOING STAFF ACTIVITIES FOR MAINE YANKEE

Hugh L. Thompson
Acting Executive Director for Operations

Edward L. Jordan
Deputy Executive Director for Regulatory Effectiveness,
Program Oversight, Investigations and Enforcement

Frank J. Miraglia, Acting Director
Office of Nuclear Reactor Regulation

Hubert J. Miller
Regional Administrator
Region I

NRC ACTIONS REGARDING MAINE YANKEE ISSUES

- **December 1995 Allegation from UCS**
- **January 3, 1996, Order**
 - **Restricts Power to 2440 MWt (90% of license limit)**
 - **Provides basis for operation at 2440 MWt until reanalyses performed for operation at 2700 MWt**
 - **Concludes operation as permitted under the Order poses no undue risk to public health and safety**
 - **Licensee required to perform revised ECCS and containment pressure analyses for operation at 2700 MWt**
- **Staff initiated lessons learned effort**

NRC ACTIONS REGARDING MAINE YANKEE ISSUES (Continued)

- **Independent Safety Assessment Inspection**
- **On-Going Staff Actions**
 - **Plant is shutdown - Restart issues include**
 - **CAL 1-96-015 (December 18, 1996)**
 - Cable separation
 - Generic Letter 96-01 on Circuit Testing
 - **Other issues**
 - Offsite power (Suroweic 115Kv Line & TSs)
 - Design related and configuration control issues
 - **Long term followup of licensee actions**
 - Power Uprate review (NPSH, CCW, SBLOCA)

NRC ACTIVITIES SINCE ISAT

- **Addressed Issues with Potential Immediate Impact on Operations**
- **Continued Review of Facility Operations by Residents and Specialists**
 - **Inspections**
 - **Event Follow-up**
- **Fact Finding and Assessment of Key Issues for Enforcement from ISA Team**
- **Emergent Issue Review by Specialists**
- **Review of Technical Issues from ISAT**

RECENT OBSERVATIONS

- **Continued Good Operator Performance on Plant Evolutions**
- **Problem Identification – "Learning Process" Early Implementation Growing Pains**
- **Questioning Attitudes – Still Mixed but Improving Trend**
- **Engineering**
 - **Improved Involvement on Equipment Issues**
 - **Thorough Follow-up on ISAT Identified Issues**
 - **Quality of Evaluations – Mixed but Improving**
- **Equipment Problems – Some Progress**
- **Confirmatory Action Letter on Restart Issues**

ISAT RESPONSE

- **At Broad Level, Licensee Accepts ISAT Findings**
- **Specific ISAT Issues – Corrective Action Plans Identified**
- **Details Needed in Some Areas**
 - **e.g., Design Related Issues**

FUTURE PLANS

- **Enforcement Conference - March 1997**
- **Electrical Issues Resolution Prior to Restart - CAL Closure**
- **Complete NRC Staff Review of MY Response to ISA Report**
- **NRC Staff Follow-up - Risk Informed / Smart Sampling**
- **State of Maine Interaction**

PERFORMANCE TURNAROUND

- **Maine Yankee Organization in Transition**
- **Judgement about Whether There is Lasting Change at Maine Yankee Requires Significant Period of Continuous Performance Observation**

EVENTS SINCE ISAT AUGUST 1996

- **September 23 Power Excursion to 2457 (Ordered Limit 2440) During Delithiation**
- **October 9 Reactor Trip During Surveillance Testing of Undervoltage Coils for Reactor Trip Breakers**
- **October 22 Loss of Plant Computer and SPDS Function**
- **November 9 Loss of Offsite Power**
- **December 5 Shutdown for Reactor Protection System and Other Systems Cable Separation Problem**
- **December 18 CAL Issued to Assure High Confidence in Resolution of Cable Separation Problem and Safety System Logic Testing**

MAINE YANKEE MEETING WITH THE COMMISSION
FEBRUARY 4, 1997

PARTICIPANTS

DAVID FLANAGAN

**CHAIRMAN OF THE BOARD,
MAINE YANKEE**

MIKE SELLMAN

**PRESIDENT ELECT, MAINE
YANKEE**

DON HINTZ

**PRESIDENT AND CHIEF
EXECUTIVE OFFICER, EOI**

JERRY YELVERTON

**EXECUTIVE VICE-PRESIDENT
AND CHIEF OPERATING
OFFICER, EOI**

PARTICIPANTS (CONT)

MIKE MEISNER

**DIRECTOR, NUCLEAR SAFETY &
LICENSING, EOI**

PAUL STOVER

**PRESIDENT, UWUA LOCAL 497,
MAINE YANKEE**

GRAHAM LEITCH

**VICE-PRESIDENT, OPERATIONS,
MAINE YANKEE**

MARY ANN LYNCH

**VICE-PRESIDENT AND
GENERAL COUNSEL, MAINE
YANKEE**

PARTICIPANTS (CONT)

PAT LYDON

**VICE-PRESIDENT, FINANCE AND
ADMINISTRATION, MAINE
YANKEE**

DOUG WHITTIER

**VICE-PRESIDENT, LICENSING
AND ENGINEERING, MAINE
YANKEE**

BOB BLACKMORE

**PLANT MANAGER, MAINE
YANKEE**

DON DAVIS

**CHIEF EXECUTIVE OFFICER,
YANKEE ATOMIC**

AGENDA

February 4, 1997

**OVERVIEW/RETURNING
TO EXCELLENCE**

**David Flanagan,
Chairman of the Board,
Maine Yankee**

ENTERGY ROLE

**Don Hintz, President and
Chief Executive Officer,
EOI; Mike Sellman,
President - Elect, Maine
Yankee**

EMPLOYEE PERSPECTIVE

**Paul Stover, President,
UWUA Local 497**

AGENDA

February 4, 1997

ISA STATUS

**Graham Leitch, Vice
President, Operations, Maine
Yankee**

CONCLUSION

David Flanagan

OVERVIEW/RETURNING TO EXCELLENCE

David Flanagan

CENTRAL MAINE POWER	38%
BANGOR HYDRO ELECTRIC	7%
MAINE PUBLIC SERVICE	5%
CONNECTICUT LIGHT & POWER	12%
WESTERN MASS ELECTRIC	3%
PUBLIC SERVICE CO. OF NEW HAMPSHIRE	5%
NEW ENGLAND POWER COMPANY	20%
CAMBRIDGE ELECTRIC	4%
EASTERN UTILITY ASSOCIATES	4%
CENTRAL VERMONT PUBLIC SERVICE	2%

ENTERGY ROLE

Don Hintz, Michael Sellman

TIMELESS PRINCIPLES

- **PRACTICE OWNERSHIP FOR WORK THROUGHOUT THE SITE**
- **IMPROVE STAFF COMPETENCE**
- **CORRECT EQUIPMENT PROBLEMS**
- **COMPLETE OUTAGES IN A TIMELY, EFFECTIVE MANNER**
- **ADHERE TO TECHNICALLY ACCURATE HUMAN-FACTORED PROCEDURES**
- **OPERATE CONSERVATIVELY**
- **PRACTICE SELF-CRITICAL BEHAVIOR**

EMPLOYEE PERSPECTIVE

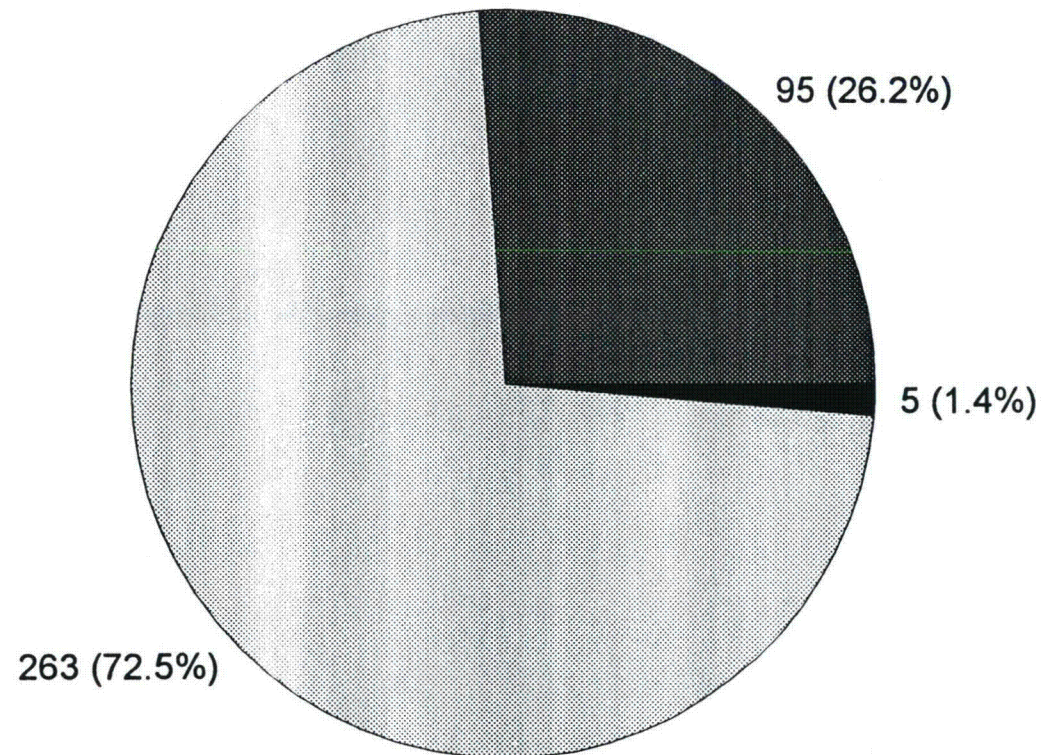
Paul Stover

ISA STATUS
Graham Leitch

ISA STATUS

- **ISA ISSUED ON OCTOBER 7, 1996; RESPONSE
DECEMBER 10, 1996**
- **AGGRESSIVE, VIGOROUS RESPONSE TO FINDINGS**
- **SUBSTANTIAL PROGRESS ON MOST ISSUES — ABLE
TO ACCELERATE SCHEDULE DUE TO OUTAGE**
- **95 OF 373 TASKS COMPLETE**

STATUS OF ISA ISSUES



■ COMPLETE

■ ON SCHEDULE

■ BEHIND SCHEDULE

ISA ROOT CAUSE FOCUS

- **BUSINESS PLAN — RESOURCE ALLOCATION AND COMMITMENTS ARE ALIGNED — ACCOUNTABILITY EMPHASIZED**
- **UPGRADED CORRECTIVE ACTION PROGRAM (LEARNING PROCESS)**
- **DESIGNING SYSTEMATIC PROTOCOLS TO MEASURE PROGRESS & EFFECTIVENESS OF CORRECTIVE ACTIONS**
- **ENHANCED WORKER COMMUNICATION PROGRAMS AIMED AT CULTURE CHANGE**

KEY ISA INITIATIVES

- **MARGIN IMPROVEMENT PROGRAM**
- **BACKLOG REDUCTION**
- **LICENSING AND DESIGN BASIS**
- **OPERATING PHILOSOPHY**
- **TESTING**
- **SYSTEM ENGINEERING**

CONCLUSION

- **SIGNIFICANT STEPS HAVE BEEN TAKEN TOWARDS IMPROVEMENT**
- **EMPHASIS ON TEAMWORK — INTEGRATING THE SUBSTANTIAL CAPABILITIES OF THE ENTERGY ORGANIZATION WITH THE SKILLS/DEDICATION OF MAINE YANKEE STAFF**
- **INSTILLING A SELF-ASSESSING SAFETY CULTURE**
- **EMPHASIS ON CONSERVATIVE DECISIONMAKING**
- **FOCUS ON RESULTS**

SCHEDULING NOTES

Title: Briefing by Maine Yankee, NRR and Region I

Scheduled: 9:30 a.m. Tuesday, February 4, 1996 (PUBLIC)

Duration: Approx 2 hours

Participants: Maine Yankee 60 mins

- David Flanagan, Chairman of the Board
Maine Yankee
- Don Hintz, President and CEO
Entergy
- Mike Sellman, President-Elect
Maine Yankee (Effective February 10)
- Paul Stover, President
UWUA Local 497
- Graham Leitch, VP-Operations
Maine Yankee (tentative)

NRC 30 mins

- Hugh Thompson, EDO (Acting)
- Edward Jordan, Deputy EDO
- Frank Miraglia, Director
NRR
- Hubert Miller, Administrator
Region I

Union of Concerned Scientists (UCS) 5 mins

- David Lochbaum, Engineer

Committee for a Safe Energy Future 5 mins

- William S. Linnell II, Town Councilman
Cape Elizabeth, Maine

Friends of the Coast Opposing
Nuclear Pollution (FOC) 5 mins

- Raymond Shadis, Information Coordinator

Maine Chamber and Business Alliance 5 mins

- Dana Connors, President

**COMMENTS ON THE NRC'S
INDEPENDENT SAFETY ASSESSMENT
OF MAINE YANKEE**

**David A. Lochbaum
Nuclear Safety Engineer
Union of Concerned Scientists**

February 4, 1997

PRESENTATION OBJECTIVES

Convey two points:

- ☛ The ISAT's conclusions regarding its primary objective are not supported by its own findings.**
- ☛ The ISAT was wrong to use the SALP evaluation criteria.**

POINT #1: The ISAT's conclusions regarding its primary objective are not supported by its own findings.

"The overall goals of the independent safety assessment were to: (1) independently assess the conformance of MYAPS to its design and licensing bases..."

The ISAT report concludes:

"Maine Yankee was in general conformance with its licensing-basis although significant items of non-conformance were identified."

and

"Despite uncorrected and previously undiscovered design problems, the design-basis and compensatory measures adequately supported plant operate at a power level of 2440 MWt."

POINT #1: The ISAT's conclusions regarding its primary objective are not supported by its own findings.

ISAT documented numerous problems that resulted in physical plant changes that were required to permit the plant to operate safely. Examples: thermal reliefs installed on cooling system piping, EQ components relocated from below the containment submergence level, spray building dampers blocked open, and 15' of missing HPSI circuitry replaced.

The ISAT conducted deep vertical slice reviews of 2 safety systems and less extensive reviews of 2 other safety systems, documenting significant non-compliance (i.e., safety) issues in all 4 systems. There are many systems with safety functions.

Maine Yankee is currently shut down to correct safety problems and requires NRC concurrence to restart.

POINT #1: The ISAT's conclusions regarding its primary objective are not supported by its own findings.

The NRC refuses to permit MYAPS to operate at 100% power due to insufficient cooling water and inadequate NPSH for the containment spray pumps. The licensing basis for MYAPS is 100% power. MYAPS operated for 17 1/2 years at up to 100% power, not at or below 90% power.

ISAT's charter was to determine if MYAPS was in compliance with its design and licensing bases, not to determine if MYAPS could fix those things that NRC found and if MYAPS could operate safely at some fraction of its licensed power level.

POINT #1: The ISAT's conclusions regarding its primary objective are not supported by its own findings.

The ISAT conclusions reflect, at best, the condition of only the 4 safety systems examined at Maine Yankee after all of the repairs.

It is extremely poor judgement to conclude that these systems satisfied their design and licensing bases prior to the ISAT.

It is even worse judgement to conclude that the remaining safety systems at Maine Yankee conform with their licensing bases.

If I get pulled over for speeding, I cannot hope to avoid a ticket by showing the officer that my speedometer now reads 0 mph, *unless, apparently, it is an NRC cop.*

POINT #2: The ISAT was wrong to use the SALP evaluation criteria.

According to the ISAT report:

"The assessment relied on the existing NRC benchmark for assessing performance utilized in the NRC Systematic Assessment of Licensee Performance Program (SALP)."

During the 12/16/96 Commission briefing on SALP and inspection programs, the staff stated that the reason for not having an unacceptable SALP category is that the SALP lags the period it covers and that unacceptable behavior will be detected and corrected before SALP -- hence, an unacceptable SALP score is not necessary.

POINT #2: The ISAT was wrong to use the SALP evaluation criteria.

The ISAT charter was to determine plant safety status at that moment. Therefore, it was wrong for the staff to use the SALP scoring system for such an inspection. Unlike SALP, an unacceptable score from such an inspection is extremely necessary, when warranted.

In fact, not to have an unacceptable score for such an inspection makes the effort itself unnecessary -- why bother looking when the answer must be acceptable?

In addition, the use of the SALP scoring system in an inspection like the MYAPS ISAT corrupts the enforcement action process -- how can the NRC take enforcement action against a licensee for behavior it finds "acceptable"?

WRITTEN PRESENTATION
by
FRIENDS of the COAST - OPPOSING NUCLEAR POLLUTION
before the
US NUCLEAR REGULATORY COMMISSION
PUBLIC MEETING

*FEBRUARY 4, 1997 US NRC HEADQUARTERS, ROCKVILLE, MARYLAND
in the matter of*

MAINE YANKEE ATOMIC POWER STATION
(50 - 309)

FRIENDS of the COAST
OPPOSING NUCLEAR POLLUTION
POST OFFICE BOX 98, EDGECOMB, MAINE 04556
207 - 882 - 6000 FAX 207 - 563 - 6302

FRIENDS of the COAST
OPPOSING NUCLEAR POLLUTION
POST OFFICE BOX 98, EDGEComb, MAINE 04556
207 - 882 - 6000 FAX 207 - 563 - 6302

January 29, 1997

US Nuclear Regulatory Commission
Chairman Shirley A. Jackson
Members of the Commission
One White Flint North
Rockville, MD 20852-2738

RE: -MAINE YANKEE ATOMIC POWER STATION (50-309)
NRC / INDEPENDENT SAFETY ASSESSMENT and RESPONSE

Ladies and Gentlemen ,

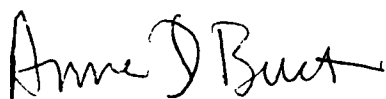
A written citizen critique of the 1996 Independent Safety Assessment of Maine Yankee Atomic Power Station (MYAPS) has been forwarded for the Commission's consideration.

Our intention in this presentation is not a critique, but a positive response. We advocate measures to promote increased safety at MYAPS and to enhance the role of the public in determining nuclear policy.

Our organization, Friends of the Coast, holds the opinion that operation of MYAPS falls under a broad social contract which encompasses stewardship for the region's environment and the natural inheritance of present and future generations of Maine people.

It is our reasoned belief that there is no greater point-source threat to the Maine coast, its people, environment, and economy than MYAPS. The enormity of the stakes is so great that any unnecessary risk is too high a risk to gamble for electric generation.

Therefore, we applaud every sincere effort of MYAPS' operators, employees, and regulators to limit its environmental impact and reduce the risk of a nuclear accident. It is to that end that we advocate the enclosed measures.



Anne D. Burt
Secretary



Raymond Shadis
Information Coordinator

FRIENDS of the COAST
OPPOSING NUCLEAR POLLUTION
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SUMMARY OF COMMENTS
IN RESPONSE TO A US NUCLEAR REGULATORY COMMISSION INDEPENDENT
SAFETY ASSESSMENT OF MAINE YANKEE ATOMIC POWER STATION

Friends of the Coast - Opposing Nuclear Pollution advocates the measures list below in response to the 1996 US Nuclear Regulatory Commission **Independent Safety Assessment** of Maine Yankee Atomic Power Station (MYAPS).

We are cognizant and appreciative of MYAPS' placement on the NRC's Watch List, but point out that few of the issues listed below are addressed, even in part, by the Watch List activities reported to date.

Friends of the Coast remains convinced that NRC regulation of MYAPS places excess emphasis on form and process, to what appears to be the neglect of physical condition. We urge the Commission to become pro-active with regard to settling NRC-identified material issues, such as reactor embrittlement, erosion/corrosion of main steamlines, potential deterioration of the steam generator vessel, reactor vessel and reactor vessel head penetrations together with control components, and the examination of welds, known to be defective, in the primary coolant piping. These welds were an issue raised in a Friends of the Coast 10 CFR 2.206 Petition upon which NRC took no action. However, it should be noted that many of the defective welds have no record of in-service inspection. In general we are advocating that NRC pay more attention to component failure related accident prevention while maintaining its increased activity in the area of accident mitigation.

We urge that NRC begin a program of review of resolved issues at MYAPS, in particular, issues of materials durability in their current applications. We say this because much of the concentration of the current round of examinations and activity focuses on design flaws, flaws built-in largely by the same designers and engineers who selected many of the materials and minor components for their applications. For the most part, the designs did not age, but the materials have.

We are also concerned with an apparent failure on the part of NRC staff to fully implement an NRC policy of openness. Trust and credibility are built more on openness and candor than any display of technical or administrative prowess.

Friends of the Coast advocates the following action-responses to the events which stimulated the Independent Safety Assessment and assessment itself:

FRIENDS of the COAST SUMMARY of COMMENTS in RESPONSE to the MYAPS / ISAT

- 1. A global inspection of Maine Yankee Atomic Power Station.**
- 2. Maine Yankee Atomic Power Company and Yankee Atomic Power Company safety-related submittals to AEC/NRC should be subject to archival and historical review.**
- 3. NRC should require a license amendment to accommodate the role anticipated for Entergy Corporation in the operation of MYAPS.**
- 4. NRC should no longer rely on statements under oath and affirmation (or otherwise) by Maine Yankee Atomic Power Company and/or Yankee Atomic Electric Company regarding, in particular, safety- related matters, pending resolution of culpability and/or professional capability in the RELAP5YA matter .**
- 5. The NRC should adopt a full-disclosure policy and subsequent full-disclosure rule which would allow the public the opportunity to examine in a timely and convenient manner all NRC business with licensees in which the public has an interest. Under this policy/rule, for example, all inspector's field reports, notes, and evidentiary material for every reportable occurrence would be available for public scrutiny. Licensee correspondence to NRC would require simultaneous service to the local public document room and to interested parties on the NRC's service list for that particular licensee.**
- 6. MYAPS should be required to be in compliance with NRC Regulations before restart is permitted.**

Friends of the Coast trusts that these action-items will generate a productive public-to-regulator dialogue and we invite questions from the Commission, our elected officials, and interested members of the public . The above items are repeated on the following pages together with some rationale for each.

1. A Global inspection of Maine Yankee Atomic Power Station (MYAPS) Would Be A Prudent Measure.

"The world that we have made as a result of the level of thinking that we have done so far, has created problems we cannot solve at the level of thinking at which we created them"

-- Albert Einstein

The Independent Safety Analysis (ISA) discovered a large number of defects and problems, many of them safety-significant, and did so at a rate unprecedented in the plant's post-construction history. The ISA accomplished this through an intense, focused effort.

An all-star team of twenty-three well credentialed members examined and analyzed narrow, two-axis slices of MYAPS operation. In addition to illuminating symptoms or pathologies in protocols and procedures at MYAPS, the ISA found a number of material, physical, and design defects, many of them safety significant.

The team's findings were handed off to NRC Region One. Appropriate actions, including enforcement actions have begun. The licensee appears appropriately contrite. It is proffering various schemes to mend its ways. MYAPS executives claim they were asleep at the switch while the rest of the industry quietly soared to new higher standards. Now that they have been awakened by the ISA and their own Cultural Assessment Team report, and can read trade journals and Generic Letters, they will better themselves. They have even brought in new contract-management.

What is wrong with this picture?

It took the intensity and focus of expertise of the ISA to root out safety significant items. These were areas where many items remained hidden from regulators and licensee, or were ignored by them, for over a decade. Some of these included design defects present from the time of construction.

However great the intensity of the ISA (with its attendant focus of expertise), it ended at MYAPS when the allocated time for the task ended.

What remains are inspection and examination efforts on the part of NRC Region I and the licensee. While attention may be heightened and focus redirected for now, these efforts will resemble the traditional strength and pace of regulation ^{more} than the energy of the ISAT. This lesser effort is also directed to a much broader scope, involving not just the four plant systems selected for examination by the ISAT, but all of approximately forty plant systems.

More work is to be accomplished with less energy. This is like the myth of perpetual motion. The effort will take time. A lot of time. Meanwhile, safety-significant defects lurk undetected, and maximizing of safety margins goes waiting. What could not be found without the ISA (before the ISA) will not be found after the ISA without that same level of effort. The reason is simple. The task now includes even more systems. In order to maintain the same level of effectiveness, any continuing effort must have greater, not less, energy than the ISA.

Safety-significant problems and issues of non-compliance were uncovered by what amounts to a mere token examination. It defies logic to assume that more would not be uncovered in a truly thorough and proper examination.

The unfortunate fact is that the thoroughness of the ISAT examination of select areas, and some of the team's assumptions and conclusions are being challenged by events which have occurred at MYAPS in the brief period (four months) since the ISA was completed. Among others, these events include: (1) complete loss of offsite power and (2) the recent discovery that thermal expansion of trapped fluid could render safety-related, motor operated valves inoperable in the event of a loss-of-coolant accident. It is significant that these two events involved systems "examined" and, "signed-off on" by the ISAT. The ISAT used the historical stability of the two offsite power transmission lines to support a rationale for accepting slim performance margins on MYAPS emergency diesel generators. Yet, in blatant contradiction to the ISAT assumptions, both offsite power lines were lost when the licensee disabled one for maintenance (on-line maintenance) and a power surge knocked out the second line.

According to the January 28th *Portland Press Herald* front page article, banner-headlined, " Problems Mount At Maine Yankee," the sheer volume of defects cropping up in the months since the ISAT has both the NRC Resident Inspector and Maine's Nuclear Safety Advisor worried.

" Frankly, I'm very concerned about the rash of problems that are occurring here," [Resident Inspector Jimi] Yerokun said, " When you see one problem after the other, it becomes a reason for concern. This is not usual, to have four, five, six problems you're dealing with. It's not a good feeling."

If NRC holds a bias in favor of public safety, why does its reasoning about the ISA not also hold a bias in favor of public safety ? Such a bias plainly dictates that if a ten percent sample shows serious defects, then samples of the remaining unexamined ninety percent would likely show even more defects.

Considering the ISA's limitations, and in the light of ongoing problems at Maine Yankee, we ask the Nuclear Regulatory Commissioners to consider:

How can the Commission justify declaring an aging, poorly maintained, and hard-used reactor adequate to ensure public safety when what is examined is not very good, and what is hidden remains the greater portion?

We suggest that a bias toward public safety would mandate that a thorough and complete examination, one with the same energy and intensity as the ISA, be completed before MYAPS is allowed to restart. We are calling for a "global" inspection of Maine Yankee Atomic Power Station. That means an inspection which includes all plant systems, all components, and all FSAR documentation of the physical make-up of MYAPS and its operation.

A global inspection would entail a careful re-examination of all in-service examination and testing records, the drawing of physical material samples, and testing of samples by independent laboratories, and dynamic *in-situ* tests (e.g. pressure testing of the primary loop and primary side components).

The alternative to this course of action is a very uncertain wager by the Commissioners that there will not be a serious nuclear accident at Maine Yankee Atomic Power Station on their watch.

2. Maine Yankee Atomic Power Company and Yankee Atomic Electric Company Safety-Related Submittals to AEC/NRC Should Be Subject to An Archival and Historical Review.

The NRC's Office of the Inspector General's (OIG) Event Inquiry (Case No. 96 - 04S), dated May 8, 1996, found that some allegations, regarding NRC staff actions associated with MYAPCo. and YAEC, had merit. The allegations were contained in an anonymous letter sent to the Union of Concerned Scientists in 1995. In a concurrent memorandum to the Commission, the OIG reported:

This OIG inquiry disclosed deficiencies in the staff's review and closure of at least one Three Mile Action Plan item associated with the Maine Yankee Power Station. The inquiry also revealed that the staff missed several opportunities to identify the inappropriate handling of the issue and take appropriate action. Additionally, the report points out the staff's inadequate documentation of significant discussions/conversations with licensee personnel as well as the staff's failure to track licensee commitment's made during those discussions.

OIG also verified the anonymous letter's indictment of MYAPC's and YAEC's inappropriate manipulation of computer codes designed to predict the behavior of the emergency core cooling system (ECCS) under accident conditions. MYAPC was ordered to reduce power until ECCS adequacy was proven. The matter was then referred to the US Justice Department.

Had this matter surfaced as a result of a systematic review of past licensee submittals, or past agency interaction with the licensee, it would be reasonable for the NRC to respond as if it ~~were~~ were an isolated incident. This defect in MYAPS' safety assurance, however, "fell from the sky," as-it-were. It came from an outside source. There was no redeeming NRC contribution. Since OIG verified MYAPS' submission of fraudulent representations and acceptances in this case, where deception was alleged, a safety-biased or pro-active regulator would presume that other defective submittals or instances of lax agency oversight would be uncovered if the history of MYAPC and/or YAEC were subjected to a thorough audit.

A case in point:

On March 3, 1978, NRC inspector Peter J. Atherton detailed numerous fire-safety violations he discovered while conducting a fire protection evaluation at MYAPS. In a 40-page handwritten memorandum to Mr. Case of NRC, Mr. Atherton demanded to know why MYAPS was not shutdown as a result of specific information and guidance concerning the fire protection problems provided to Mr. R. Ferguson of NRC on February 16, 1978. The relationship between NRC management and Mr. Atherton became adversarial and, in his words, he lost his job. Mr. Atherton considers himself the first Maine Yankee whistleblower. The licensee is in shutdown to address electrical cable separation issues arising from a recent NRC Generic Letter - issues also

raised in Atherton's memorandum! Recently, the licensee reported that personnel on fire watch were exposed to a radioactively contaminated chair in the containment area. There is insufficient information at this time to determine if fire watch was being kept in response to fire hazards which would have been eliminated had the licensee and NRC taken a pro-active, instead of, defensive, stance toward Mr. Atherton's report and memorandum.

Clearly, prudence dictates that the NRC should revisit the Atherton case in the light of cable separation issues and other fire safety issues recently uncovered at MYAPS.

The following examples may be typical of circumstances which might trigger a "second look" at previously accepted submittals.

In the early 1980's, MYAPS was ranked high on a list of US reactors with embrittled reactor vessels. After a few rounds of analysis submitted by MYAPC and Yankee Atomic Electric Company, it was agreed that embrittlement would not pass an acceptable threshold before the plant's end-of-license in the year 2008. However, concerns raised in NUREG -1511, "Reactor Pressure Vessel Status Report" - 1994, and NRC Generic Letter 92-01, Revision 1, dated May, 19, 1995, reveal that:

It has been demonstrated that some reactor pressure vessel integrity evaluations are very sensitive to the consideration of new data. For example, under certain conditions, changing the mean copper content for limiting vessel beltline material by a few hundredths weight percent can change the predicted date for reaching the pressurized thermal shock screening criteria of 10 CFR 50.61 by several years. [emphasis-ours].

The critical variables appear to be proportionally much smaller than those in question in the ECCS performance predictions. According to a table enclosed in a letter from Brian Sheron, NRC/NRR, dated August 25, 1995, the copper content of circumferential weld at MYAPS is in the upper-range of New England plants at .30 % (three-tenths of a percent). Given the vital safety-significance of accurately determining the integrity of reactor pressure vessels under accident conditions, prudence dictates revisiting and double-checking the calculated analysis, and re-determining the effectiveness of NRC oversight in this matter.

Our interest in revisiting the embrittlement issue was stimulated by MYAPC's announcement that, as part of its Excellence Action Plan, the company had retained, as a board member, Thomas E. Murley, former Director of the Office of Nuclear Reactor Regulation. This announcement followed by only a few weeks the resignation of MYAPC. Vice President, Andrew Kadak , CEO of Yankee Atomic Electric Company. As NRC-NRR Director, Thomas Murley had been involved with Andrew Kadak and YAEC in the controversial Yankee Rowe case. A series of articles in the *Boston Globe* and *The Hartford Courant* details citizen

intervenors' complaints of NRC favoritism and leniency toward Yankee Rowe. In some accounts "NRC", is personified by Thomas Murley; "Yankee Rowe" is personified by 'Andy' Kadak. The top issue surrounding the continuance of Yankee Rowe's license was, reactor pressure vessel embrittlement.

A September 11, 1990 memorandum within NRC suggests to us that there may be meat to the stories of untoward manipulation of embrittlement data by "YAEC" and at best poor oversight, if not collusion by , "NRC". The document in question is a memorandum for Thomas E. Murley, Director, Office of Nuclear Reactor Regulation, from Pryor N. Randall, Materials Engineering Branches, RES & NRR. The subject is: Yankee Rowe Reactor Vessel - Objection to August 31st Letter to YAEC:

The subject letter misrepresents the professional opinion of your technical staff and is in direct conflict with the Safety Assessment that is attached to the letter. It misrepresents the staff position by strongly implying...that the staff accepts the licensee's estimates of RT-NDT for critical beltline materials...Perhaps it is time to stop being polite in our rejection of the licensee's estimates of RT-NDT. They have been told on more than one occasion that their basis was unacceptable. Our expert consultant, Professor Odette, addressed their arguments in point-by-point fashion and found them to be without merit. I will state here for the record that the licensee's arguments that coarse grain size negates the effects of irradiation-temperature and nickel content are sophistry, a subtle, tricky, superficially plausible, but generally fallacious method of reasoning.

It is wrong to imply...that the staff believes the licensee's values of RT-NDT. Doing so will make it doubly hard to reject the inevitable requests to continue operation of Yankee Rowe and even to obtain license renewal, which would be madness.

3. NRC Should Require a License Amendment to Accommodate the Role Anticipated for Entergy Corporation in the Operation of MYAPS

“Maine Yankee Atomic Power Company will be responsible for plant operation from the start of initial fuel loading through all subsequent operations.” *MYAPS UFSAR (Rev.12) as submitted by letter dated March 12, 1996.*

Maine Yankee Atomic Power Company desires to surrender operational management of Maine Yankee Atomic Power Station to Entergy Corporation of New Orleans, Louisiana. This will put MYAPS in a situation just like its first eight years of operation. During that period, the operating license was apparently jointly held by Maine Yankee Atomic Power Company (MYAPC) and Yankee Atomic Electric Company (YAEC) of Bolton, Massachusetts. MYAPC lacked the engineering and technical resources or operational expertise to safely and efficiently run the plant.

Despite this historic deficiency, on December 29, 1981, “Full License Function” was granted to MYAPC, and on July 14, 1982, Technical Specification Change Number 61 was approved. Its provisions included a change in affiliation of plant operations manager from YAEC to MYAPC.

MYAPC continued to rely heavily upon YAEC (almost entirely) for engineering and technical expertise. Until recently, the two companies remained interlocked at the executive level. Their engineering departments remained so intermeshed as to be almost indistinguishable at the interface.

In deciding if a license amendment is needed, NRC would do well to compare what is proposed for the future with the MYAPC/YAEC history. The past, after all, is prologue to the future. In this regard, please note the confusion of perceptions in the material below:

The following is taken from the transcript of a December 18, 1995 NRC Public Meeting on Maine Yankee Licensing Basis - pp. 5, 6

My name is Andy Kadak. I'm President of the Yankee Atomic Electric Company. I'm also Vice President of Maine Yankee. And I am ultimately responsible for all the work that Yankee does for Maine Yankee...Yankee Atomic Electric Company had a major role in the design, construction, and operation of the Maine Yankee Nuclear Plant. As a matter-of-fact, up until 1981, Yankee Atomic Electric Company held the operating license of Maine Yankee. Thus, as you can see, our scientists and engineers are well versed in the design basis of the Maine Yankee Plant.

Today we continue to provide almost all of the plant safety related

work, and the technical support for the plant, and its operations in general. Although we are two separate companies, when it comes to Maine Yankee, we act as one.

The following is taken from the transcript of a July 30, 1996, NRC Public Meeting With Maine Yankee To Discuss Issues Related To RELAP5YA p. 8 - Quoting, Charles Frizzle, CEO-MYAPC .

...I [Charles Frizzle, CEO of MYAPC] want to address one relatively significant change that has gone into effect, as a matter of fact, in just the last couple of days. And it has to do with the manner in which Maine Yankee is organized, structured, especially in terms of its relationship to Yankee Nuclear Services Division, or Yankee Atomic Electric Company. This is an organizational chart as it existed up until a few days ago. You will notice it shows a direct officer level link between myself and Andy Kadak at Yankee Atomic Electric Company. Just a little history here so that people understand how this organization chart evolved. Prior to 1980, Yankee Atomic Electric operated Maine Yankee.

Maine Yankee has always held the license. Maine Yankee has always been the licensee. But Yankee Atomic Electric Company actually operated the plant up until about 1980. At that point in time, what we now call our Vice President of Operations was called Operations Manager, and that individual physically resided in Massachusetts and was a Yankee Atomic Electric employee in 1980 when we made the change with respect to who was responsible for operating the plant, in discussions with the regulator at the time, we sensed a fairly significant level of nervousness with respect to Maine Yankee taking over responsibility for its own operations ... there were concerns that we were separating ourselves too far from Yankee. So the decision was made to leave Yankee Atomic Electric Company in a corporate position. The senior officer at Yankee Atomic Electric Company, their President, was our Vice-President, Nuclear Services. And it remained that way until just last week. The problem with this is that it creates confusion both for ourselves within the licensing and engineering branch, and within Yankee. Who is ultimately responsible for the technical work that's being done by Yankee - - being done on our behalf?

Ultimately we're responsible...But this dual reporting line creates confusion as to where the responsibility lies. That confusion shouldn't exist.

Mr. Frizzle is correct, particularly as 100 tons of uranium fuel is sizzling away inside a very complicated machine. Those of us living in the immediate vicinity of the MYAPC reactor are very concerned that NRC, state officials, and the public may permit the continued confusion of "responsibility" with "accountability." We call upon the NRC to make the distinction that responsibility spans the tenses - past, present, future. By contrast, responsibility, in the sense that it is being bandied about with regard to MYAPS non-profit partners or contract-operators, is really accountability, and looks primarily to the past. It is a passive form of responsibility as in, "Who will be held responsible...if something goes wrong". To us, responsibility for a nuclear power plant license must be pro-active: it means acting responsibly. It is the exact opposite of complacency, or lack of a questioning attitude. Several Soviet engineers were held responsible for the power excursion and fire at Chernobyl. Most of the citizenry, especially the dead and dying, really do not care.

For similar reasons, we believe that licenses, or the prerogatives or duties, thereof, are not generally assignable, in whole or in part. If Maine Yankee Atomic Power Company wants to give up running their plant, they should give up their license. As MYAPC's Vice President, Licensing and Engineering, Douglas Whittier said on the issue of responsibility (From page 24 of the same meeting transcript cited above):

There seemed to be some confusion in the licensing area. There seemed to be some confusion whether or not, for example, the Yankee Safety Analysis people had responsibility for making sure their work met all legal requirements. And I made it very clear that anybody that's providing technical services, whether it's our own people or Yankee, is responsible for making sure that the work they do meets applicable regulatory requirements, guidance, license conditions and the like. [Friends of the Coast believes this to be a largely a responsibility that can not be assigned]

As you know, the detailed requirements associated with a LOCA [Loss Of Coolant Accident] are simply too intensive to expect a licensing individual to catch those or for a licensing individual to tell an analyst each and everything that he or she must do in order to be in compliance...

In the same meeting, the NRC's Mr. William Russell raised questions of accessibility of information demanded in time-sensitive situations, if engineering and technical services are at a remote location, 80 or 90 miles distance, that being the approximate distance between MYAPS and YAEC. Mr. Russell is quoted at page 36:

We've had experience with other facilities where it's been in the same organization but it's at a remote site...80 - 90 miles away. Corporate's doing something, they're working it. They haven't reached a final conclusion yet, but it doesn't get communicated and there's information

that either the operators know or others on the [reactor] site know that if they were aware of the problem would have had a different urgency associated with bringing it to resolution. The communication interface has been a significant contributor to facilities having difficulties in regulatory space in the past.

Maine Yankee Atomic Power Company, which had difficulty with delegation of authority, responsibility, accountability, assurance of regulatory compliance, and the tracking of information in a two-way interface, now proposes a much more complicated situation. Where once an intimate working and corporate relationship dating from plant concept, siting, design, and construction, and bi-located over a distance of less than a hundred miles became confused and disorganized, now a three-way interface of lop-sided engagement with technical resource nodes stretched over two thousand miles is expected to work. Where once a non-profit relationship could not find resources to address maintenance issues, including safety-related issues, because of external economic pressures, now a mercenary arrangement paying fees and incentives will cut a better bottom line while improving safety margins and overcoming two decades of physical neglect

Sounds too good to be true, doesn't it?

We believe it is, and so we ask the NRC to require a full license amendment process. Further, NRC should make a determination as to whether the proposed arrangement with Entergy Corporation will not likely lead to fewer resources being even less efficiently applied in the interest of safety than in MYAPC's previous arrangements.

4. NRC should no longer rely on statements under oath and affirmation (or otherwise) by Maine Yankee Atomic Power Company (MYAPC) and/or Yankee Atomic Electric Company (YAEC) regarding, in particular, safety-related matters, pending resolution of culpability and/or professional capability in the RELAP5YA matter. Further, statements by MYAPC and/or YAEC, and/or their contractors or affiliates should be subjected to NRC's independent confirmation. NRC must undertake a careful examination of past statements proffered to NRC by MYAPC and/or YAEC to determine whether other false and/or inaccurate statements have compromised safety.

We believe the above actions to be a conservative response to an undermining of the trust on which NRC oversight is premised.

Patrick Sears, former NRC Project Manager for MYAPS and recipient of MYAPC's assurances regarding the success of the RELAP5YA code as applied to the emergency core cooling system, did not mince words in a recent Boston Globe interview: "They lied to me", said Sears.

Mr. Sears charged in a 10 CFR 2.206 petition (August 19, 1996) that false statements led him to dispatch a confirmatory letter approving the RELAP5YA code application.

The importance of the veracity of licensee statements is that the NRC depends upon them to provide a foundation for the entire regulatory process.

In an August 14, 1980 memorandum to the Commission, Leonard Bickwit, Jr., NRC General Counsel, includes this statement with a following footnote and citation:

Every application contains numerous statements that this or that particular NRC regulation is satisfied. These statements, made under oath or affirmation by a qualified applicant, are evidence of compliance that can be relied on by NRC.⁷

⁷ - Indeed, as the Court of Appeals for the D.C. Circuit stated in connection with the Federal Communications Act, the Act which served as the model for the 1954 Atomic Energy Act, "effective regulation is premised upon the agency ability to depend upon representations made to it by its licensee". *LeFlore Broadcasting Co. v. FCC*, ___ F.2d ___ (D.C. Cir., June 5, 1980)

While MYAPS' false statements to NRC Project Manager Patrick Sears to obtain an increased-power license amendment were not by oath and affirmation, they may reasonably be understood to be encompassed by required statements of compliance with NRC regulations given under oath and affirmation for any license amendment. Even a single miscommunication in so serious a matter as Emergency Core Cooling System qualification should lead the NRC to

implement prudent measures in point 4 above until a careful investigation of all MYAPC records shows that the RELAP5YA misrepresentation , intentional or inadvertent, was a solitary digression.

5. The NRC should adopt a full-disclosure policy and subsequent full-disclosure rule which would allow the public the opportunity to examine in a timely and convenient manner all NRC business with licensees in which the public has an interest. Under this policy/rule, for example, all inspector's field reports, notes, and evidentiary material for every reportable occurrence would be available for public scrutiny. Licensee correspondence to NRC would require simultaneous service to the local public document room and to interested parties on the NRC's service list for that particular license.

By this point, Friends of the Coast requests that the NRC conduct such a rulemaking.

The following is from the NRC Mission Statement ,

The NRC adheres to the following Principles of Good Regulation: Independence - Nothing but the highest possible standards of ethical performance and professionalism should influence regulation. However, independence does not imply isolation. All available facts and opinions must be sought openly from the licensees and other interested members of the public....

Openness - Nuclear regulation is the public's business and it must be transacted publicly and candidly. The public must be informed about and have the opportunity to participate in the regulatory processes as required by law. Open channels of communication must be maintained...

We applaud the "Principles of Good Regulation," and view them as easily encompassing our recommendation of a policy of full-disclosure. We contend that openness without full-disclosure will be continue to be at least partially eclipsed by closure, exclusion, and covertness. Of course, we recognize the competing rights of personal privacy and proprietary interest where their invocation is innocent protection and not simple obstruction of a right-to-know. We believe that, ultimately, a policy of full-disclosure will have a salutary effect on NRC and the agency's public image and, ultimately, on safety.

Our belief that such a policy is necessary is informed by recent experience in dealing with NRC and , in particular, with the NRC Independent Safety Assessment Team (ISAT), though not exclusively.

The ISA mission , as spelled out by the Chairman, did not include a physical inspection of MYAPS. Even where some physical survey took place, it was largely a visual surface scan incidental to a conformance walk-down of given system. The safety assessment was, however, presented to the public as a " nuts and bolts, top-to-bottom, physical examination." This was stated, perhaps naively , by Governor King. The ISAT , which knew better, became complicit in propagating the misconception by not correcting the matter. This false representation of the ISA

has persisted through the conclusion of the project. Following the NRC ISAT team members' briefing, Governor King emerged from his office and announced to a waiting press corps and the Maine citizenry that "Maine Yankee had undergone the most extensive physical examination of any nuclear power plant ever, anywhere in the world, and was found to be safe." The NRC should have immediately debunked this utter hokum.

In a letter dated October 9, 1996, Mr. Edward L. Jordan, ISAT Team Manager responds to citizen questions regarding the ISA. Three of those questions and Mr. Jordan's answers follow:

Q. In what ways is the MYAPS ISAT project comparable to team inspections and analysis underway or recently completed at Millstone and Haddam Neck power stations? How does it, for example, in scope and depth, differ? I understand some 2500 action items were unearthed at Millstone and the approximately 1200 must be completed before start-up. Naturally, we are curious to learn if anything on that scale can be anticipated at Maine Yankee and how the thoroughness of the examination/assessment might interrelate.

A. The levels of NRC effort, scope and programmatic areas reviewed are comparable. The design of the Maine Yankee assessment benefited from review and briefings from Millstone and Haddam Neck team inspections particularly in the design and licensing basis areas and included a more extensive review of analytic codes applications.

Mr. Ellis Merschoff, ISAT Leader, stated at the exit meeting on October 10, 1996, that the Millstone exam was larger. His response in answer to a question from the public, as follows: "Was this the biggest examination in the world?" "No, Millstone was larger."

Q. In June of 1995, MYAPC President Charles Frizzle announced that the plant had no need of an independent safety analysis; an analysis then being called for in a citizen petition to Governor King. Mr. Frizzle indicated that such an analysis would be redundant as two independent safety-related component analyses of MYAPS had just been completed. The contractors were Yankee Atomic and Bechtel. Did Maine Yankee make this important resource available to the ISAT? If so: will the material be made public?, and if so, did the material save the ISAT time or provide new insights for safety assessment? If the material was not made known and/or available to the ISAT, will it now be sought and incorporated into the assessment?

A. The ISA had access to all assessments internal and external conducted at Maine Yankee. Such assessments were a valuable part of the ISA both

from their specific findings and as a measure of the utility's self assessment and corrective action program.

In other words, "No". The ISAT is devoid of any mention of these two exams, nor is there a detectable trace of material from them. Can we adulterate information to the public without weakening the effectiveness of public participation and therefore, diminishing public safety?

NRC representatives have been less than completely candid on safety issues, and quite often defensive on behalf of the industry ranging into nuclear power debates with local citizenry. A chilling example of NRC staff lack of candor in public meetings came when NRC staffers, on at least two occasions, were asked by pro-nuclear partisans if the anonymous whistleblower shouldn't be caught and punished, or at least made to pay costs, if investigations proved no wrong-doing. NRC high-level staff coyly responded, "You, may have an idea there." or words to that effect. This came after NRC had been through YAEC files and knew the RELAP5YA data and conclusions were faulty. **NRC staff knew that a search of the records confirmed at least portions of the whistleblower's letter. This confirmation, and not unsupported allegations, resulted in a power reduction order for MYAPS. Yet NRC by deliberately permitting, even encouraging, the public to believe otherwise, fanned hostility toward those who would dare to question the purity of licensees or to bring forward safety issues.** This prompts the questions: Are whistle blowers so few and so often anonymous because, one way or another, they will be thrown to the wolves?

NRC is well-aware that there would be little controversy over nuclear power if atoms could be persuaded to surrender their energy without generating ionizing radiation. Yet, as fundamental to public interest as the subject is, we are painfully aware of one interested Maine citizen who has been told by NRC that he must engage in a prohibitively expensive F.O.I.A. process to obtain Maine Yankee radiation monitoring reports; reports cited as supporting documentation in a 1996 NRC Inspection Report.

We were particularly distressed by the limitations of public access to the, "public's business", when Friends of the Coast wanted to get details on a series of irradiated fuel mishandling incidents and apparent safety violations during the 1995 refueling of MYAPS. NRC Region I spokespersons trivialized the incidents for weeks before we were allowed to get any information other than that given to the press. Resident inspectors were not forthcoming. When the inspection report covering the incidents came out, over a month later, with details not including in NRC's press statements, the media felt itself saturated on the story and responded in desultory fashion. We then asked for information beyond that contained in the inspection reports and were rebuffed. We asked that a NRC pre-decisional enforcement conference on the fuel-handling incidents be moved from King of Prussia, Pa., some 500 miles distant, to some location within 50 miles of MYAPS. We were refused. No transcripts were made of the conference. NRC staff had little to say about the meeting, displaying a collective amnesia toward details. We then

requested full and timely disclosure regarding all NRC activities at MYAPS. NRC Region I Director Thomas Martin responded on March 18, 1996:

“...the NRC does make every effort to provide official records in a full and timely manner. However, it will never be a complete disclosure of all NRC power reactor activities as you request. [emphasis ours] ...The inspection process is designed to select a sample of records and activities. This selection becomes the basis to determine if the licensee is complying with the conditions of the license.”

No thinking person in a democracy can long tolerate a game in which they are fed “selected” information, a game in which they are denied access to the “whole” truth.

This certainly presents a stark contrast to the sunny feeling of “openness” in NRC’s Mission Statement. We call upon the NRC to pro-actively engage this issue by instituting a full-disclosure policy.

6. MYAPS should be required to be in compliance with NRC Regulations before restart is permitted.

In remarks to an All Employees Meeting in Rockville, Maryland, on Thursday, October 17, 1996, NRC Chairman Dr. Shirley Ann Jackson stated the following:

...it is our responsibility to regulate, to set appropriate safety requirements, and to insist upon compliance with existing requirements. We cannot delegate regulatory responsibility to the industry.

I want to address a few remarks towards our expectations of licensee performance and the emphasis of our own regulatory oversight. I see a real danger in being ensnared by false distinctions between safety and compliance in our regulatory program. In fact, the concepts are bound tightly to each other. A licensee's compliance with our regulations and license conditions is fundamental to our confidence in the safety of licensed activities... By focusing our resources on those significant issues and maintaining high expectations for licensees' adherence to existing requirements (until and unless they change), we will strengthen the quality of our oversight and public confidence in it. We will enhance consistency and objectivity in our evaluation and enforcement, and thereby help to ensure fairness to all.

We recognize that there may be occasions when a reactor is up and running with small defects and the prudent course of action is to continue operation of the reactor rather than to shut it down immediately. However, MYAPS is currently off-line and there is no safety trade-off; there is no reason to start up the reactor until the plant is in full compliance with NRC Regulations.

We regard each start-up that requires permission of the NRC to be part of the licensing process and therefore contend that the reactor should meet all current licensing requirements. To do less is to continue erosion of the public's confidence in the NRC and its ability to regulate the nuclear power industry.

ATTACHMENTS

1. Remarks by Friends of the Coast member, Eric Hartman, concerning a July 30, 1996 NRC/Maine Yankee Atomic Power Co. meeting to discuss RELAP5YA issues.
2. A handwritten memorandum by NRC Inspector Peter J. Atherton concerning Fire Protection issues at MYAPS, dated March 3, 1978. The first two (2) of forty (40) pages.
3. A memorandum from NRC staff member Randall Pryor to NRC/NRR Director Thomas E. Marley, dated September 11, 1990. Two pages.
4. A Maine Yankee Atomic Power Company print ad, June 1995, announcing good physical plant condition.
5. A news article from the *Lincoln County Weekly*, June 29, 1995, Rally Held, Maine Yankee Repairs Continue.

MEMORANDUM

TO: Ray Shadis
 FR: Eric Hartmann
 DT: January 25, 1997
 RE: Review of "public" NRC meeting (July 30, 1996) transcript—with an eye towards the possible addition of Entergy into the calculus in the near future

On Tuesday, July 30, 1996, a public meeting of representatives from the Nuclear Regulatory Commission (NRC) and Maine Yankee (MY) was held in Rockville, Maryland, to discuss issues related to RELAP5YA. Following are some of the notable points raised during that meeting—especially in light of the imminent likelihood of Entergy, a company located out of state and many miles away, entering into an as yet ambiguous relationship with MY to continue operating a dilapidated nuclear power plant in Wiscasset, Maine:

- After an undisclosed number of years without any specific person in charge of ensuring that MY operates in conformance with the law, MY decided Doug Whittier, VP, Licensing and Engineering at MY is the person so responsible. (P. 12).¹ *If Entergy comes into the picture—who would be responsible for ensuring MY operates in conformance with the law?*
- A reference was made to complying with 10 CFR Part 21. (P. 15). *If Entergy comes into the picture—who would be responsible for complying with 10 CFR Part 21?*
- Mr. Whittier related complaints from Graham Leitch such that Mr Leitch sometimes felt like he was dealing with two engineering organizations. (P. 18). *If Entergy comes into the picture—would it sometimes seem like there were three engineering operations?*
- Mr. Whittier acknowledged that MY has a relatively small staff in nuclear engineering . . . comforting?! (P. 18).
- As Mr. Whittier recognized, when there is ambiguity over who is responsible for compliance, "you get lack of clarity," and as he astutely concluded, "that, quite frankly, isn't acceptable." (P. 23).
- Mr. Whittier noted confusion by MY and Yankee in the past in the licensing area. (P. 24). *If Entergy comes into the picture—how likely is it that this confusion would be ameliorated by the addition of another entity?*
- Mr. Whittier mentioned there was some question about Yankee's or MY's responsibility to report under 50.46. (P. 24). *If Entergy comes into the picture—which entity would be responsible for reporting under 50.46?*
- Maine Yankee has taken responsibility for Quality Assurance (QA) for activities by both MY and Yankee. (P. 26). *If Entergy comes into the picture—who would be responsible for QA?*

¹ Page number(s) refers to the transcript of the meeting.

- Mr. Russell of the NRC noted the importance of documenting activities, an area Mr. Frizzle admitted needed "beefing up." (P. 28). *If Entergy comes into the picture—who would be responsible for documenting activities?*

- Mr. Whittier acknowledged MY lacked staff for safety analysis and relied on Yankee in this area. (P. 30). *If Entergy comes into the picture—who would be responsible for safety analysis?*

- Mr. Whittier admitted that in the past, MY lacked a comprehensive tracking system for commitments (*i.e.*, promises) made to the NRC. (P. 31). *If Entergy comes into the picture—who would be responsible for ensuring that commitments made to the NRC are in fact fulfilled?*

- Much discussion was devoted to time clocks for resolving problems. (P. 34-40). Maine Yankee has a five-day limit and, as was pointed out, this obviously is inadequate for an issue which has a time clock of 24-hours, for example. (Various time clocks can be found in Generic Letter 9118, NEI guidelines on design basis, and in the Commission's policy statement on retrievability, accessibility of design basis information). Moreover, Mr. Russell pointed out that problem resolution is made even more difficult when the problem is being addressed by different divisions in separate facilities far apart. An example was given of 80-90 miles distance. (P. 36). *If Entergy comes into the picture—wouldn't this spatial separation be exacerbated?*

- Mr. Whittier noted a lack of clear understanding on the part of many of the engineering personnel of both MY and Yankee about some of the fine points of regulatory requirements. (P. 48). A nominal four hour class was provided to some, if not all, of these engineers. *If Entergy comes into the picture—who would ensure that the personnel who should know the pertinent regulations, do in fact know those regulations?*

- Page 49 was missing.

- Mr. Whittier mentioned regulations 50.59 and 50.34. (P. 50). *If Entergy comes into the picture—who would be responsible for ensuring 50.59 and 50.34 are met?*

- Mr. Russell mentioned responding to a 50.54F letter. (P. 54). *If Entergy comes into the picture—who would be responsible for responding to a 50.54F letter?*

Parting Thoughts: One is immediately struck by how this so-called public meeting, miles away from Maine, was "requested" by MY in order to inform the NRC of a new organizational restructuring—after the fact and without any prior consultation with the NRC. This could be likened to the proverbial "tail wagging the dog."

Finally, compliance with applicable laws and regulations can be broken down into maintenance, implementation, and documentation. The record of how MY and Yankee have dealt with these areas is replete with less than inspiring performance. If Entergy comes into the picture—there has been no indication that this dismal compliance would be any better.

line 0840
March 3, 1978, 8:10 AM

To: Mr. Case
From: P. J. Atherton
Subj: Maine Yankee Fire Protection

In my note to you of March 1, 1978, I enclosed an evaluation of Maine Yankee's fire protection system. I also provided enough information of some specific fire areas to require that Maine Yankee be shutdown because continued operation was unsafe, basing this conclusion on the ^{general} application of Nuclear Regulatory Commission requirements.

As of this time, I have not been notified of the status of Maine Yankee's operational condition. I must, therefore, conclude that the power plant is still operational. I have scheduled a meeting with you at 10:00 today to resolve any confusion concerning the earnestness of my note. At that time I shall present you with this note.

March 1, 1978

Subj: Maine Yankee Fire Protection Evaluation

In my note to R. Ferguson of February 14, 1978, specific information and guidance was provided concerning problems encountered during the fire protection evaluation. Certain distinct safety problems were identified which may affect the continued operation of this nuclear power plant. Commitments were made by myself to provide more specific requirements after an additional evaluation was conducted of certain specific fire areas.

By this note I enclose my evaluation of some selected plant areas. Some significant highlights of the problems encountered are identified below:

- 1) In general plant areas, redundant divisions of safe shutdown / safeguards cables are routed in the same open ladder type aluminum cable trays with an aluminum partition separator. This layout is contrary to all Nuclear Regulatory Commission safety requirements, especially those within Regulatory Guide 1.75.
- 2) Equipment required for safe shutdown is located in the turbine building, a non-safety related area.
- 3) Redundant divisions of equipment and

SEP 11 1990

Docket No. 50-029

MEMORANDUM FOR: Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

FROM: Pryor N. Randall
Materials Engineering Branches, RES & NRR

SUBJECT: YANKEE ROWE REACTOR VESSEL - OBJECTION TO
AUGUST 31ST LETTER TO YAEC

The subject letter misrepresents the professional opinion of your technical staff and is in direct conflict with the Safety Assessment that is attached to the letter. It misrepresents the staff position by strongly implying (in the second and third paragraphs) that the staff accepts the licensee's estimates of RT-NDT for the critical beltline materials, and that our concerns stem from the large uncertainties in the estimates. I realize that the decision has already been made to allow operation for one more fuel cycle, but it is important to set the record straight, because the subject letter probably will be cited by the licensee to justify continued operation far beyond one fuel cycle. In the Safety Assessment, the justification for rejecting the licensee's estimates of RT-NDT for the beltline materials is given in Section II.2, "PTS Materials Evaluations" (pp. 8-13) and Table 1. It also provides the basis for the staff estimates leading to the conclusion that RT-NDT for the lower plate and the circumferential weld is $350^{\circ}\text{F} \pm 50^{\circ}\text{F}$. This is $50\text{--}80^{\circ}$ above the screening criteria and more than 100° above the licensee's estimates.

Perhaps it is time to quit being polite in our rejection of the licensee's estimates of RT-NDT. They have been told on more than one occasion that their basis was unacceptable. Our expert consultant, Professor Odette, addressed their arguments in point-by-point fashion and found them to be without merit. I will state here for the record that the licensee's arguments that coarse grain size negates the effects of irradiation-temperature and nickel content are sophistry, a subtle, tricky, superficially plausible, but generally fallacious method of reasoning.

Thomas E. Murley

-2-

SEP 11 1990

It is wrong to imply as the August 31st letter to YAEC implies, that the staff believes the licensee's values of RT-NDT. Doing so will make it doubly hard to reject the inevitable requests to continue operation of Yankee Rowe and even to obtain license renewal, which would be madness.

Pryor N. Randall

Pryor N. Randall
Materials Engineering Branches
NRR & RES

cc: PSears
VNerses
RWessman
SVarga
AThadani
BEllict
CYCheng
JRichardson
JPartlow
WTRussell
JScinto
PSheumon, ACRS
Eigne

PHOTO ADV JUNE 1995

"Here's more information about Maine Yankee."

"Maine Yankee recently announced its decision to proceed with sleeving all the tubes in our steam generators. Following are answers to some of the most commonly asked questions about this project. If you have any questions about Maine Yankee, please contact us at the address or phone number below."

-Charlie Frazee
President, Maine Yankee



Q: How will this repair affect the cost of Maine Yankee's electricity?

A: While repairing the steam generator tubes requires an investment of approximately \$40 million, because Maine Yankee generates such a large amount of electricity, the extra expense of the repair will cause only a small temporary increase in the Company's total cost of electricity. Maine Yankee will recover the sleeving repair costs this way. Following this repair, Maine Yankee's electricity will be as low as before.

Q: What is the condition of the rest of the plant?

A: Ongoing preventive maintenance has been key to Maine Yankee's success and has contributed significantly to the excellent condition of the plant today. To date, Maine Yankee has invested over \$200 million in capital improvements. In addition to the extensive technical analysis of the steam generators, two independent studies were undertaken on the overall condition of the plant. Those studies, conducted by the Bechtel Corporation and Yankee Nuclear Services Division, examined all components in the primary and secondary sides of the plant. Both studies concluded that the overall mechanical condition of the plant is very good. A dozen plants in the United States have installed welded sleeves on their steam generators. Maine Yankee will do so in the near future. Given this excellent track record, we are confident we can continue to provide low-cost electricity through the end of our licensed life in 2008.

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Maine Yankee

Reliable Electricity for Maine Since 1972

For information, please call (207) 738-4107, or write to
Maine Yankee Public & Government Affairs, 325 Bath Road, Brunswick, ME 04011

Rally held, Maine Yankee rej

BY KRIS FERRAZZA

WISCASSET — Debate about the oversight of Maine Yankee continued last week as about 70 people went to the State House for a rally on the lawn while repairs at the plant proceeded.

Members of Friends of the Coast, the group that sponsored the rally, presented a petition bearing 1,000 signatures to the governor's office. The document asks that the state conduct an independent safety and economic analysis of the plant.

Speakers including Ray Shadis of Edgcomb, Zoe Armstrong of Wiscasset, and Bill Linnell of the Committee for a Safe Energy Future spoke about the dangers of nuclear power and argued Maine Yankee is no longer worth the risk the aging plant represents.

Repair update

Meanwhile, a sleeving demonstration is underway at the nuclear power plant, with engineers welding metal sleeves into 220 steam generator tubes.

Plant spokesman Marshall Murphy said Tuesday the repairs are proceeding well, however the 220 demonstration sleeves will not be finished next week as was initially expected.

He said the delay was not due to any problems with the sleeving process, stating the process will be given as much time as it needs "so it will be done correctly."

Although some sleeves are being inspected by a "quality assurance group" of engineers from Westinghouse Electric Corp., Maine Yankee, the state, and the federal Nuclear Regulatory Commission (NRC), Murphy declined to say how many



Members of Friends of the Coast, an environmental group, are urging the governor to bring more scrutiny to the oversight of the Maine Yankee nuclear power plant in Wiscasset. ROBERT GREENE

sleeves had been inserted or what the inspection was revealing.

"Some of the tubes are complete, but I have no final number. First we want to make sure the process itself works," he said.

Murphy noted that with repair projects of this magnitude — eventually 17,000 tubes will be sleeved — a schedule is almost always sure to change. Still, he maintained the overall sleeving will begin in mid-July and the total repair project will be complete by the mid-November

deadline, in time for the plant to get back on-line in December.

Rally response

Asked about the call for an independent analysis by the public last week, Murphy said the plant has hired two engineering firms in the last year to analyze the plant's condition, and both Yankee Atomic and Bechtel Corp. rated the plant's condition as excellent. And, he said, federal regulators with the NRC continue to give the plant "nothing but praise"

Rally response

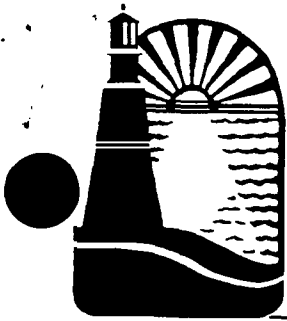
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for their sleeving repair process.

Murphy also stated two business organizations, the Maine Chamber of Commerce and Industry and the Maine Alliance, had issued public statements last week voicing their support for Maine Yankee's repair plans and expressing hope they would return to service this year.

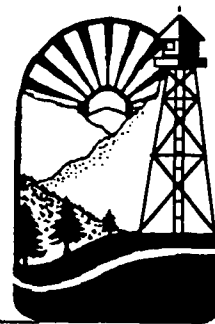
Under Maine Yankee-related news:

• H.D. 927, a bill that would require Maine Yankee owners to file information with the state Public Utilities Commission every five years, seems to be the last in the Legislature. The bill



Maine Safe Energy

P.O.Box 4034, Portland, ME 04101 Phone: 207-772-2958; Fax: 207-780-1266



Safe energy for Maine... It's in our hands !

The Honorable Shirley Jackson,
Chairwoman
United States Nuclear Regulatory Commission
Washington, D.C. 20555

January 30, 1997

VIA FAX

re: February 4, 1997, presentation at NRC

Dear Chairwoman Jackson,

Attached herewith are copies of the viewgraphs which I will be presenting on Tuesday.

In addition to these viewgraphs and my oral comments, I would like to submit several questions for you. Of course, I don't expect answers to these questions next week, but I would appreciate a response from you or your staff at your convenience:

i) I would like to know approximately how much high-level radiation, in curies, is produced annually by Maine Yankee, and approximately how much radiation, in curies, is present in the spent fuel pool there. I have been told that Maine Yankee produces about ten million curies of high level waste per year, and that there are approximately 230 million curies of high-level waste in the spent fuel pool today. Could you let me know if these estimates are correct?

ii) I understand that a controversy developed in the early 1970's over whether or not the Emergency Core Cooling System (ECCS) in Light-Water reactors would work. I also understand that a series of five mock tests of ECCS conducted in 1970 to 1971 by Idaho Nuclear all failed. I would like to know if this controversy was ever resolved? If it was resolved, what tests or studies that you are confident in demonstrate same?

I look forward to meeting you on Tuesday.

Best wishes,

Bill Linnell

William S.Linnell II
Spokesperson

Has Maine Yankee Credibility Been a Problem?

"We don't feel there is any technical merit to these allegations. We feel the emergency core cooling system and all the safety systems at the plant are adequate."

-Marshall Murphy, Maine Yankee spokesman, after an anonymous letter prompted a probe of conditions at the nuclear power plant.

**Maine Sunday Telegram
December 10, 1995**

Slide 1

Economic Pressure:

First Root Cause of Safety Problems at Maine Yankee

**-NRC Independent Safety Assessment Team (ISAT)
Report, Section 5.3.1, page 71, October, 1996.**

Economic Pressure: Lack of Retained Earnings

"Unlike most utilities, MYAPCo does not retain earnings and does not set aside reserve funds for unplanned requirements, except those required by law. All monies in excess of operational expenses are periodically returned to the owners. The owner utilities are required to either capitalize or immediately finance emergent requirements from their operating budgets."

-ISAT Report, Section 4.3.3, page 68.

NRC Commissioners Discuss First Root Cause

Commissioner McGaffigan:

"It struck me that this owner-operator interaction here is really sort of the heart of the matter, to some degree. If they could retain some earnings, if it didn't always go back to the owners instantaneously, which must come from pressure from the owners, then some of these workarounds might have been addressed earlier."

**-From the minutes of NRC Commissioners' Meeting,
October 18, 1996.**

Slide 4

Maine Yankee Disagrees with the Cause of the First Root Cause

"With respect to the issue of ownership structure, we respectfully suggest that Maine Yankee's non-traditional ownership structure and practice of not retaining earnings is *not* a contributor to the ISA's first root cause.....the actual limiting factor has been management's funding requests."

-Maine Yankee response to ISAT Report, section 1-2, dated December 10. 1996.

**The Mother and Father of All
Workarounds:
TMI Action Plan Items II.K.3.30 and
II.K.3.31**

- **Operator workarounds have been appropriately identified as chronic problems. Yet Maine Yankee has been allowed to "work around" critical TMI Action Plan Items II.K.3.30 and 31. Meanwhile, the NRC has not produced the analysis to justify operation of Maine Yankee at any power level.**

**The Mother and Father of All
Workarounds:
TMI Action Plan Items II.K.3.30
and II.K.3.31 (continued)**

- **How can the NRC expect licensees to follow NRC regulations, to avoid workaround conditions, if the Commissioners allow the biggest workarounds of them all to continue?**

Is Maine Yankee Owners' Credibility a Problem?

- Just ask them what they pay for replacement power when Maine Yankee is shut down. Maine Yankee's owners have been leading the public to believe that replacement power is more costly than Maine Yankee power.**
- In truth, Maine Yankee power is now about 50% more expensive than replacement power. CMP has been saving over \$2 million per month on replacement power purchases. If they are willing to deceive the public, why should the NRC or anyone else trust them?**

Conclusions

- **Maine Yankee owners' excuse for inadequate funding is simply not believable.**
- **If the NRC intends to deal with the first root cause of economic stress, the NRC must act decisively and forcefully on the retained earnings issue.**

Conclusions (continued)

- **The NRC must set a reasonable example by not allowing Maine Yankee to restart without completely resolving safety violations nearly two decades old.**
- **The first root cause of safety problems at Maine Yankee, economic pressure, is likely to increase: replacement power is cheaper.**

Statement of
Dana Connors, President
Maine Chamber & Business Alliance
February 4, 1997
to the
US Nuclear Regulatory Commission

Chairman Jackson, Commission members, my name is Dana Connors. I am president of the Maine Chamber & Business Alliance, Maine's largest business organization. Our non-profit organization represents approximately 1,000 businesses across the State of Maine, from the largest employers to individual entrepreneurs. We are financed entirely by dues and contributions from private companies. For more than 20 years our organization has supported the Maine Yankee nuclear facility in Wiscasset, Maine. I am pleased to appear before you today to once again voice our support for an important economic and energy asset in Maine.

Since 1972, Maine Yankee has provided roughly one quarter of Maine's electricity at one of the lowest available costs. During the plant's 25 years of operation its safety record has ranked it among industry leaders, a fact which Maine citizens have come to both rely upon and appreciate. In addition to the low cost electricity that the plant continues to provide, Maine Yankee employs over 500 Maine citizens with a 1996 payroll of \$30 million. Last year the

corporation purchased more than \$30 million in state and local taxes and fees, and goods and services. As you can see, the plant represents an important part of the state's economy, and its continued operation will mean much to Maine's overall economic health.

The environmental benefits of nuclear power are well known to the Commission. I only observe that the business community in Maine has made every effort to successfully meet the requirements of the federal Clean Air Act amendments of 1990. Generation of electricity at Maine Yankee provides our state with a source of electricity that does not add greenhouse gases to Maine's air, and generates significantly fewer ozone causing pollutants than comparable fossil fuel electric generation alternatives. At a time when the state may be facing additional clean air mandates as a result of new ambient air quality standards, continued operation of Maine Yankee allows us to meet our federal clean air environmental obligations into the next century as well.

I'm here today because Maine citizens are concerned about the future of Maine Yankee. As you well know, the people of Maine have voted in three referenda over the past two decades, each time supporting continued operation of the plant in the face of a vocal minority to shut Maine Yankee down. Indeed, a January 24, 1997 public opinion poll by the *Portland Press Herald* found that 54 percent of Maine people oppose an early shut down of Maine Yankee despite the fact that the plant's operating problems have been in the news almost

continuously over the past several months. I believe that Maine people continue to support Maine Yankee by a large margin, while at the same time holding the plant to the highest operating and safety standards.

Recently, you have placed the Maine Yankee facility on your "watch list." I understand from press reports that "watch list" designation will require even greater regulatory scrutiny of Maine Yankee in the months and years ahead. We welcome your efforts, and we believe them to be fully consonant with the desire of Maine people and the Maine business community for a safe, efficient and well-run nuclear plant in Wiscasset. We view "watch list" designation as an opportunity for the plant's new operators to work in even closer cooperation with yourselves and your staff to guarantee that Maine Yankee will provide low cost electricity and economic stability for Maine into the next century.

Two paths lie before us in the next ten years. Along one, a vocal minority of nuclear power opponents may succeed in shutting down Maine Yankee prematurely. Our organization is committed to do whatever we can, in conjunction with the Maine business community and the majority of Maine citizens, to oppose this outcome.

The other path before us leads to a difficult period of increased regulatory scrutiny, but emerges in the years ahead with a Maine Yankee facility that leads the nation in the safe and efficient operation of the nuclear facility in Wiscasset.

On this path Maine's investment in Maine Yankee is allowed to fully deliver its returns without any compromise in safety or efficiency.

We believe the people of Maine support Maine Yankee. We believe that this Commission is appropriately engaged in the process of insuring that operation of Maine Yankee will be among the safest nuclear power plants in America. And, we look forward to a day when the plant will be removed from the "watch list," and will continue to produce low cost power to Maine citizens and Maine businesses for years to come.

Undoubtedly, some opponents of nuclear power will never be satisfied with the safety or continued operation of the Wiscasset facility. However, Maine's business community and a large majority of Maine citizens feel otherwise. We look forward to supporting this Commission's work with Maine Yankee, Entergy its new operators, and the more than 500 employees of the facility as you work together to ensure a safe and secure nuclear energy future for Maine.

Thank you for the opportunity to appear before you today. I hope I have conveyed a sense of the importance that Maine Yankee has to the businesses, the people, and the economy of Maine. If you have any questions, I would be happy to respond.