

1 UNITED STATES OF AMERICA  
2 NUCLEAR REGULATORY COMMISSION  
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4 BRIEFING ON RESULTS OF THE AGENCY ACTION REVIEW  
5 MEETING (AARM)  
6 + + + + +  
7 THURSDAY,  
8 JUNE 2, 2016  
9 + + + + +  
10 ROCKVILLE, MARYLAND  
11 + + + + +

12 The Commission met in the Commissioners'  
13 Hearing Room at the Nuclear Regulatory Commission,  
14 One White Flint North, 11555 Rockville Pike, at 8:58  
15 a.m., Stephen G. Burns, Chairman, presiding.  
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19 COMMISSION MEMBERS:

20 STEPHEN G. BURNS, Chairman  
21 KRISTINE L. SVINICKI, Commissioner  
22 WILLIAM C. OSTENDORFF, Commissioner  
23 JEFF BARAN, Commissioner  
24

25 ALSO PRESENT:

26 ANNETTE VIETTI-COOK, Secretary of the Commission

1 MARGARET DOANE, General Counsel

2

3 NRC STAFF:

4 VICTOR M. MCCREE, Executive Director for Operations

5 DANIEL COLLINS, Director, Division of Material

6 Safety, State Tribal and Rulemaking Programs,

7 Office of Nuclear Material Safety and

8 Safeguards

9 MARC DAPAS, Regional Administrator, Region IV

10 DANIEL H. DORMAN, Regional Administrator, Region I

11 SCOTT MORRIS, Director, Division of Inspection and

12 Regional Support, Office of Nuclear Reactor

13 Regulation

14

15 ENTERGY STAFF:

16 CHRIS BAKKEN, Executive Vice President/Chief Nuclear

17 Officer

18 JEREMY BROWNING, Site Vice President-Arkansas

19 Nuclear One

20 JOHN DENT, Site Vice President-Pilgrim Nuclear Power

21 Station

22 DONNA JACOBS, Chief Operating Officer

23 JOHN McCANN, Vice President, Regulatory Assurance

24 TIM MITCHELL, Senior Vice President

25 JOHN VENTOSA, Chief Operating Officer

26

27

P R O C E E D I N G S

1                   CHAIRMAN BURNS: Thank you. And I will  
2 ask the staff to come forward for our main part of  
3 today's meeting. We want to welcome the staff,  
4 members of the public, other external panelists who  
5 appear before us today.

6                   The purpose of today's meeting is for the  
7 NRC staff to discuss the results of the Agency Action  
8 Review Meeting or AARM and to hear from Entergy  
9 Corporation representatives on their action plans for  
10 improving performance at the Arkansas Nuclear One and  
11 the Pilgrim Nuclear Power plants.

12                  We will begin with presentations from the  
13 staff and following the staff panel, we will have a  
14 brief break and then we will hear from two panels  
15 from Entergy Corporation.

16                  I look forward to the presentations and  
17 the ensuing discussion with members of the  
18 Commission. Would any of my colleagues like to make  
19 any remarks before we begin?

20                  Okay, with that, I will turn it over to  
21 the staff to discuss the results. Vic.

22                  MR. MCCREE: Good morning, Mr. Chairman,  
23 Commissioners.

24                  Today, we are here to discuss the results  
25 of this year's Agency Action Review Meeting that we  
26 conducted on April 27th. As you know, the Agency

1       Action Review Meeting is an opportunity for NRC senior  
2       managers to gather and evaluate the processes that we  
3       use to ensure the operational safety performance of  
4       our licensees. Next slide.

5               The specific objectives of the Agency  
6       Action Review Meeting or AARM are to review the  
7       appropriateness of the actions that we have taken for  
8       power reactor plants, for power reactor plants under  
9       construction and/or nuclear material licensees with  
10      significant performance issues; to ensure that  
11      coordinated course of action are developed and  
12      implemented for our licensees with performance  
13      issues; to review the results of our annual assessment  
14      on the effectiveness of the reactor oversight  
15      process, including a review of all approved  
16      deviations from that process and the action matrix  
17      specifically; to review the results and assess our  
18      effectiveness of the construction reactor oversight  
19      process, including all approved deviations from the  
20      construction reactor oversight process action matrix  
21      and ensure the trends in the industry and in licensee  
22      performance are recognized and appropriately  
23      addressed. Slide 3, please.

24              Before I turn it over to the following  
25      speakers listed on the agenda, I would like to discuss  
26      the results of this year's Agency Action Review

1 Meeting and I would like to highlight one topic which  
2 was discussed at the AARM but is not being presented  
3 in detail at this meeting today and that is the  
4 results of the annual construction reactor oversight  
5 process self-assessment that showed that no  
6 facilities met the criteria to be discussed at this  
7 AARM Commission meeting.

8 The process that we implemented followed  
9 the principles of good regulation and we also  
10 concluded that the staff have been effective in  
11 ensuring the new reactor units that are being  
12 constructed are being done so in accordance with the  
13 approved designs.

14 We will discuss the construction  
15 assessment in more detail during the New Reactors  
16 Business Line Commission Meeting, which is planned  
17 for later this fall.

18 Now, I would like to turn it over to our  
19 first speaker, Marc Dapas, to discuss the performance  
20 at Arkansas Nuclear One. Marc.

21 MR. DAPAS: Good morning, Mr. Chairman  
22 and Commissioners. I appreciate the opportunity to  
23 be here today and discuss with you our regulatory  
24 oversight activities with respect to Arkansas Nuclear  
25 One or ANO.

26 Regarding my presentation, I will briefly

1        mention the yellow findings we issued that led to the  
2        staff decision to place ANO in column 4 of the reactor  
3        oversight process or ROP action matrix. Then, I will  
4        focus my remarks in five overarching areas with the  
5        first being the principle findings from our recently  
6        completed 95003 supplemental inspection. I will then  
7        discuss the causes for the significant performance  
8        decline at ANO as identified by Entergy and  
9        independently verified by the NRC. Following that,  
10       I will highlight some notable improvements in  
11       licensee performance. Then, I will describe our  
12       oversight activities and those going forward.

13                Finally, I will share some overarching  
14       regulatory perspectives, including the basis for our  
15       conclusion that ANO continues to operate with  
16       adequate safety margin. Next slide, please.

17                By way of background, on March 31, 2013,  
18       while moving the Unit 1 main generator stator out of  
19       the turbine building, the temporary lifting assembly  
20       failed, causing the stator to fall into the shared  
21       train bay between Unit 1 and Unit 2.

22                Based on the risk significance  
23       determination, in June of 2014 we issued a yellow  
24       finding for both Unit 1 and Unit 2 in the initiating  
25       events cornerstone, which for ROP action matrix  
26       purposes, was effective the first quarter of 2014.

1                   As the stator fell, it damaged a fire  
2                   main. The water from this fire main caused localized  
3                   flooding with some of it leaking past degraded hatch  
4                   seals and entering the Unit 1 Auxiliary Building.  
5                   Given the flooding vulnerabilities revealed by the  
6                   stator drop event, the licensee began an extent of  
7                   condition review which eventually led to the  
8                   identification of over 100 unsealed conduits and  
9                   degraded seals.

10                   We concluded that the licensee failed to  
11                   design, construct, and maintain flood barriers for  
12                   certain structures in a manner that would protect  
13                   safety-related equipment from flooding.

14                   Given the significance of this failure,  
15                   we issued a yellow finding for both Unit 1 and Unit  
16                   2 in the mitigating systems cornerstone in January of  
17                   2015, which was effective the third quarter of 2014.

18                   After NRC engagement via the performance  
19                   indicator or PI frequently asked question process,  
20                   the licensee submitted revised PI data in March of  
21                   2015, which resulted in the PI for unplanned scrams  
22                   per 7,000 critical hours with respect to Unit 2  
23                   turning white for the second and third quarter of  
24                   2014. Next slide, please.

25                   With the completion of the 95003  
26                   supplemental inspection, we have conducted a rigorous

1 independent diagnostic assessment of the performance  
2 programs and processes at ANO. The 95003  
3 supplemental inspection, which is the inspection and  
4 assessment tool we use for column 4 plants is the  
5 most comprehensive inspection activity we conduct in  
6 the connection with the ROP and consisted of more  
7 than 3,750 direct inspection hours in the case of  
8 ANO.

9 The results of this significant  
10 inspection provided us with insights into the breadth  
11 and depth of safety, organizational and programmatic  
12 issues that contributed to the performance decline at  
13 ANO.

14 The subject inspection included a  
15 diagnostic review of programs and processes that are  
16 not typically inspected as part of the ROP baseline  
17 inspection program. It included an independent  
18 assessment of the safety culture at ANO, including  
19 the results of Entergy's independent, third-party  
20 nuclear safety culture assessment and associated  
21 apparent cause evaluation.

22 The inspection also included an  
23 assessment of the completed and planned corrective  
24 actions related to the four yellow findings and the  
25 white performance indicator using inspection  
26 procedures 95002 and 95001, respectively.



1                   With respect to the white performance  
2           indicator, the 95003 inspection team concluded that  
3           the licensee adequately addressed the causes for the  
4           three unplanned scrams involving Unit 2 and as such,  
5           this performance indicator will be closed in the 95003  
6           inspection report, which I expect to sign next week.

7                   In addressing the yellow finding for  
8           degraded flood protection features, the licensee  
9           modified some 300 existing fire seals to also make  
10          them flood resistant. However, in doing so, the  
11          licensee created a number of untested configurations.

12                   The licensee has contracted to have  
13          testing performed to determine whether there are any  
14          actual degraded conditions from a fire protection  
15          standpoint. While the data is still being reviewed,  
16          preliminary results indicate a positive testing  
17          outcome.

18                   One of the root causes for the yellow  
19          finding associated with the stator drop event was  
20          inadequate control of contractors. Since the stator  
21          drop event, the licensee has implemented corrective  
22          actions to enhance station requirements for oversight  
23          of supplemental workers performing contract work  
24          activities, such as engineering and technical  
25          services.

26                   However, the 95003 inspection team

1 concluded that corrective actions to address the  
2 extent of condition with contractor oversight  
3 problems have not been fully effective. Further  
4 action is needed because oversight plans for outage  
5 workers were inadequate. Qualification requirements  
6 for contractors to act as supervisors did not have a  
7 consistent standard and designated ANO oversight  
8 personnel lacked adequate guidance and training to  
9 effectively perform their oversight plan.

10 The licensee has subsequently revised its  
11 comprehensive recovery plan to address these gaps.  
12 Next slide.

13 The team concluded that the licensee did  
14 not fully evaluate safety culture weaknesses. The  
15 specific action plan focused on improving safety  
16 culture was not developed. And as such, corrective  
17 actions were not formulated for some safety culture  
18 elements that the 2015 independent safety culture  
19 assessment indicated were degraded.

20 The causes and/or extent of problems  
21 associated with some safety culture attributes were  
22 not evaluated. In response to the team's assessment,  
23 the licensee performed appropriate causal evaluations  
24 and developed the specific action plan that addresses  
25 the full scope and causes for the identified safety  
26 culture weaknesses. The licensee did not determine

1 the causes for the full extent of problems with risk  
2 recognition and management. Actions to improve risk  
3 management were incomplete and few actions existed to  
4 address risk recognition.

5 The team identified several examples of  
6 where procedure guidance was not adequate and/or  
7 workers lacked training to be proficient in their  
8 respective risk management roles.

9 The team identified that the licensee's  
10 recovery plan did not adequately consider training  
11 and benchmarking as key improvement strategies.  
12 Benchmarking outside the Entergy fleet and  
13 involvement in various industry initiatives has been  
14 limited. As Entergy's senior corporate officials  
15 have acknowledged in our discussions with them,  
16 appropriate industry benchmarking has been a gap  
17 across the Entergy fleet. Next slide, please.

18 Problems with effectively implementing  
19 various engineering programs were more extensive than  
20 the licensee had originally concluded from its self-  
21 assessments.

22 While some licensee evaluations indicated  
23 performance was acceptable, the inspection team  
24 determined that the problems were more significant  
25 than the licensee had originally concluded. The team  
26 identified instances where ANO did not adequately

1 evaluate and use internal and industry operating  
2 experience to prevent future problems. As a result  
3 some technical issues were not resolved, leading to  
4 recurrent equipment challenges. Next slide, please.

5           Entergy identified and the NRC confirmed  
6 through the 95003 inspection the following  
7 overarching causes for declining performance at ANO.  
8 The licensee did not effectively manage the change  
9 associated with resource reduction initiatives in  
10 2007 and 2013. For example, the staffing reductions  
11 at ANO did not account for the two different unit  
12 designs and elimination of various positions resulted  
13 in significant increases in work backlogs, as station  
14 leaders attempted to prioritize work with existing  
15 resources. And starting in 2013, policy changes  
16 resulted in an unexpected increase in retirements and  
17 the licensee did not adequately manage the loss of  
18 experience.

19           Leadership behaviors were not  
20 commensurate with a strong safety culture.  
21 Monitoring of licensee performance was ineffective  
22 across the organization. For example, station  
23 performance indicators focused on completed actions,  
24 rather than on whether those actions were effective.

25           At the corporate level, performance  
26 monitoring and safety review committee processes

1       stopped being intrusive. As I mentioned previously,  
2       external benchmarking outside the Entergy fleet was  
3       limited. And as such, ANO performance was deemed  
4       compared to other sites within the fleet.

5               Standards declined, which was most  
6       evident in failures to follow procedures or stop and  
7       correct unclear procedure steps. The licensee became  
8       more accepting of degraded equipment performance and  
9       reduced margins by using strategies that relied on  
10      engineering analyses or proceduralized compensatory  
11      measures, rather than fixing degraded equipment. The  
12      effectiveness of corrective action program gradually  
13      declined. For example, degraded equipment was  
14      restored without having a complete understanding of  
15      the cause for the degradation. Performance  
16      assessments were weak or nonexistent and problem  
17      trending was ineffective. Causal evaluations did not  
18      consider organizational and programmatic challenges.  
19      Next slide, please.

20             Although the licensee is in the early  
21      stages of implementing its comprehensive recovery  
22      plan, there have been some notable improvements in  
23      station performance. Licensee management has been  
24      more rigorous and conservative in its decision-  
25      making. For example, in response to a leaking  
26      component inside the Unit 2 containment, a well-

1       designed plan was implemented. Unit 2 was shut down  
2       before there was any significant operational impact  
3       and a permanent repair was made without any evidence  
4       of schedule pressure.

5               Our inspectors also observed a lower  
6       threshold for addressing equipment reliability issues  
7       during the Unit 2 outage last fall. And the NRC  
8       resident inspectors have noted a number of examples  
9       that clearly indicate that the operations department  
10      is becoming a demanding customer and raising  
11      standards across the station. Shift managers have  
12      challenged work plans and operability evaluations,  
13      insisting on more complete evaluations in  
14      documentation and are verifying conditions.  
15      Discussions about potential risk are apparent across  
16      the station and corrective action program rigor has  
17      improved. There is a clear emphasis on having a  
18      greater questioning attitude and need to understand  
19      problems so that they can be addressed. Next slide.

20             The licensee submitted its comprehensive  
21      recovery plan on the docket on May 17th. We have  
22      reviewed the plan and concluded that the constituent  
23      corrective actions are appropriate and fully address  
24      both licensee and NRC-identified performance gaps.  
25      We are developing a confirmatory action letter or CAL  
26      that captures the specific actions within the

1       licensee's recovery plan that are necessary to  
2       address the significant performance deficiencies that  
3       led to the station being placed in column 4, as well  
4       as the key actions needed to ensure sustained  
5       improvement in safety performance.

6               Regarding our inspection process going  
7       forward, in addition to the routine resident  
8       inspection program, we intend to conduct focused  
9       inspections at ANO on roughly a quarterly basis. The  
10      specific inspection frequency will be a function of  
11      when the licensee has completed its own assessment of  
12      corrective action effectiveness with respect to the  
13      individual CAL items and informed us that the  
14      associated results indicate that items are ready to  
15      be inspected.

16             From our inspection activities, we will  
17      independently determine whether the licensee's  
18      corrective actions have been effective in achieving  
19      performance improvement. The CAL will remain open  
20      until we have determined that the licensee has  
21      sustained performance improvement through effective  
22      implementation of its recovery plan. Next slide.

23             As I stated earlier, via the 95003  
24      supplemental inspection, we have conducted a rigorous  
25      independent diagnostic assessment of the performance  
26      programs and processes at ANO. Based on this

1       assessment, we have concluded that Entergy's  
2       discovery effort was reasonably comprehensive, though  
3       as I have discussed the 95003 inspection team did  
4       identify some gaps. Based on Entergy's collective  
5       review of the causes for the performance decline at  
6       ANO, the findings from the 2015 independent third-  
7       party nuclear safety culture assessment and the  
8       results of the NRC's 95003 supplemental inspection,  
9       we have determined that Entergy understands the  
10      breadth and depth of the performance concerns  
11      associated with ANO's performance decline.

12               In addition, from our review of the  
13      licensee's comprehensive recovery plan, we have  
14      determined that it does address with specific planned  
15      corrective actions the performance gaps or concerns.

16               Effective implementation of the  
17      comprehensive recovery plan supported by the  
18      allocation of adequate resources and continued  
19      oversight by Entergy leadership should lead to  
20      substantial and sustained performance improvement at  
21      ANO.

22               Based on the results of our assessment,  
23      we are confident that the current level of regulatory  
24      oversight is appropriate and no action in addition to  
25      those prescribed in the ROP action matrix are  
26      necessary.



1                   We have also independently confirmed  
2                   through our inspection and assessment processes that  
3                   ANO continues to operate with adequate safety margin.  
4                   While the causes for decline in performance that are  
5                   described earlier do indicate that over time there  
6                   had been a reduction in safety margins in terms of  
7                   how effectively programs and processes were being  
8                   implemented and how personnel behaved at the station,  
9                   those margin reductions have not reached an  
10                  unacceptable level. The robust plant design has not  
11                  been compromised and there have not been any  
12                  significant operational events or risk significant  
13                  findings since the plant was placed in column 4.

14                 As I described earlier, a number of  
15                 improvements have been noted at ANO. Two of the more  
16                 significant area of improvement are operational focus  
17                 and equipment reliability. Operator fundamentals  
18                 have been strengthened and decision-making has been  
19                 more conservative.

20                 You may recall that at last year's  
21                 commission meeting I commented the NRC has been  
22                 driving licensee performance. And that going  
23                 forward, the thoroughness of the licensees' self-  
24                 assessment and discovery effort would be an indicator  
25                 of whether that situation had changed. I suggested  
26                 at that time that if our 95003 inspection team

1 identified extensive and significant gaps in the  
2 results of the licensee's discovery effort, that  
3 would be an indicator that the NRC versus the licensee  
4 was continuing to drive things.

5 I'm glad to see that is not what occurred.  
6 And as I said previously, we will continue to monitor  
7 and independently assess the effectiveness of  
8 Entergy's corrective actions during our continuing  
9 inspection activities.

10 This concludes my remarks with respect to  
11 ANO and I will now turn it over to Dan Dorman. Thank  
12 you.

13 MR. DORMAN: Thank you, Marc. Good  
14 morning, Chairman Burns, Commissioners. This morning  
15 I plan to provide you a brief overview of the gradual  
16 performance decline at Pilgrim Nuclear Power Station  
17 which resulted in the plant being placed in column 4  
18 of the NRC action matrix. I will also discuss the  
19 enhanced oversight activities undertaken by the staff  
20 as a result and outline near-term activities. Before  
21 I get into that, I would like to acknowledge two  
22 members of our team leading the oversight of Pilgrim  
23 who are behind me to your left. Mrs. Erin Carfang  
24 is the senior resident inspector at Pilgrim Station  
25 and to her left Mr. Art Burritt is the Branch Chief  
26 in the Division of Reactor Projects who is

1 coordinating and organizing the oversight of Pilgrim  
2 during this time. Next slide, please.

3 Pilgrim entered column 3 or the degraded  
4 cornerstone column of the NRC action matrix in the  
5 fourth quarter of 2013, when the performance  
6 indicators for unplanned scrams and unplanned scrams  
7 with complications were both white. This resulted  
8 from four unplanned scrams in 2013, three of which  
9 involved complications. Next slide, please.

10 In December 2014, the region performed an  
11 inspection under Procedure 95002 to review the  
12 company's corrective actions to address the issues  
13 that contributed to the multiple unplanned shutdowns.  
14 This inspection determined that Pilgrim's actions to  
15 date were not adequate to address the root and  
16 contributing causes of unplanned shutdowns. As a  
17 result, the staff opened two parallel white findings  
18 in accordance with the inspection manual and, in  
19 consequence of that, Pilgrim remained in the degraded  
20 cornerstone column for greater than five quarters.  
21 Next slide, please.

22 On January 27, 2015, during Winter Storm  
23 Juno, Pilgrim experienced a loss of offsite power  
24 resulting in an automatic shutdown of the reactor.  
25 During the ensuing cooldown, one of the plant's four  
26 safety relief valves failed to open on demand three

1 times. I would note that the plant was safely cooled  
2 down and depressurized using two of the remaining  
3 safety relief valves.

4 A special inspection team from Region I  
5 discovered that a similar failure had occurred during  
6 Winter Storm Nemo two years earlier and that the  
7 company had failed to understand and correct the root  
8 cause of that failure and to take actions to prevent  
9 recurrence. This performance deficiency was  
10 determined to be of low to moderate safety  
11 significance. The resultant white finding in  
12 combination with the greater than five quarters in  
13 the degraded cornerstone led to Pilgrim being placed  
14 into column 4 of the action matrix for a repetitive  
15 degraded cornerstone on September 1, 2015.

16 The assessment letter to Entergy  
17 identified that the focus of our enhanced oversight  
18 will be on longstanding weaknesses in the company's  
19 programs for identifying and resolving problems at  
20 the site, as well as an assessment of the safety  
21 culture that has allowed these weaknesses to persist.  
22 Consistent with the nature of the complications  
23 associated with the unplanned shutdowns in 2013 and  
24 2015, the inspection will also examine the key reactor  
25 safety attributes of equipment performance, human  
26 performance, and procedure quality. Next slide,

1       please.

2                       As a result of the movement to column 4,  
3       Entergy has undertaken a broad scope evaluation of  
4       the site's safety culture and corrective action  
5       programs, among other things. Pursuant to Inspection  
6       Manual Chapter 305, Region I will lead diagnostic  
7       evaluation of the licensee's programs and improvement  
8       plans when the licensee has indicated readiness to  
9       receive such an inspection. At this time, we  
10      understand the licensee expects to indicate their  
11      readiness within the next couple of months.

12                     In the meantime, Region I has undertaken  
13      several targeted inspections within the baseline  
14      inspection program and also under Inspection  
15      Procedure 95003 to ensure that adequate safety  
16      margins are maintained. We have exercised  
17      flexibilities in the implementation of 95003 to move  
18      up some of the samples under the corrective action  
19      portion of the inspection to address the procedure's  
20      objectives related to the acceptability of continued  
21      operations while the company conducts its reviews and  
22      develops its recovery plan.

23                     The Phase A and B inspections were  
24      conducted to determine whether significant issues  
25      were being adequately addressed and whether  
26      additional regulatory actions were necessary to

1       arrest decline plant performance. They serve as  
2       partial completion of this portion of the procedure.

3               Phase A was conducted in January of 2016  
4       and reviewed open risk-significant issues and other  
5       aspects of the corrective action program. No  
6       significant issues were identified as a result of  
7       this inspection.

8               Phase B was completed in early April and  
9       looked at overall corrective action program  
10      performance since the last biennial problem  
11      identification resolution inspection, which was  
12      completed last August. This inspection focused on  
13      progress in improving the plant's performance in the  
14      area of corrective actions. Overall, the team  
15      determined that Entergy was taking appropriate  
16      actions to address identified weaknesses in the  
17      corrective action program. The team concluded that  
18      progress has been made over the last several months,  
19      due to management's commitment to improvement.  
20      However, continued management attention is warranted  
21      to ensure sustained improvement, as the items  
22      identified in the report indicated that weaknesses in  
23      the program continued to exist.

24              The final phase of the 95003 inspection  
25      will be scheduled for completion once Entergy  
26      indicates that it is ready. Next slide, please.

1                   We     have     also     targeted     problem  
2     identification   and   resolution   samples   within   the  
3     baseline   inspection   program   in   the   areas   of   previous  
4     performance   issues.   In   particular,   during   the   fourth  
5     quarter   of   last   year,   we   targeted   several   inspection  
6     samples   in   the   area   of   operator   performance   and  
7     procedure   quality.   While   these   inspections   confirm  
8     weaknesses   in   the   corrective   program   implementation,  
9     they   have   not   revealed   any   additional   significant  
10    performance   deficiencies.       To   support   these  
11    inspection   activities,   Region   I   has   augmented   our  
12    resident   inspector   team   at   the   station   pending   the  
13    results   of   the   95003   inspection.   We   are   conducting  
14    senior   management   quarterly   performance   assessments  
15    and   reviews   of   our   oversight   strategy.   The   results  
16    of   these   assessments   and   the   inspections   to   date   will  
17    guide   the   planning   of   the   final   phase   of   the  
18    inspection   95003.

19                   Currently,   the   results   of   these  
20    activities   indicate   that   additional   regulatory  
21    actions   beyond   those   prescribed   for   plants   in   column  
22    4   are   not   required.   There   have   been   no   risk-  
23    significant   events,   equipment   failures,   or   inspection  
24    findings   since   Pilgrim's   entry   into   column   4.   Next  
25    slide,   please.

26                   Successful   completion   of   the   final   phase

1 of the 95003 will ensure that Entergy understands the  
2 causes of the significant performance issues and has  
3 developed plans which are reasonably expected to  
4 result in sustained improvement in station  
5 performance. The completion of the 95003 will  
6 support the development of a confirmatory action  
7 letter and the assessment of the need for additional  
8 regulatory action. The content of the confirmatory  
9 action letter will identify the most significant  
10 elements of the licensee's recovery plan, as  
11 determined by the inspection and confirm as licensee  
12 commitments. To ensure adequate implementation of  
13 the most significant corrective action items, CAL  
14 follow-up inspections will be conducted as Entergy  
15 makes progress on its improvement plan. Exit from  
16 column 4 will occur when sustained performance is  
17 demonstrated by the inspection closeout of the  
18 elements of the CAL. Next slide, please.

19 Notwithstanding the decline in  
20 performance at Pilgrim -- yes, next slide, please.

21 Thank you. Notwithstanding the decline in  
22 performance at Pilgrim, the staff concludes, based on  
23 the results of our augmented oversight activities,  
24 that there remains adequate safety margin in the  
25 design and operation of the plant to support continued  
26 operation. Since placing the plant in column 4, we



1       have undertaken specific additional inspection  
2       activities. These inspections have been aimed at  
3       determining whether the performance decline at  
4       Pilgrim indicates the existence of other significant  
5       performance deficiencies. To date, we have found  
6       none.

7                   In the meantime, the licensee has  
8       embarked on a substantial effort to evaluate their  
9       programs and processes, to identify root and  
10      contributing causes of the decline and to establish  
11      a plan to accomplish sustained performance  
12      improvement.

13                   This concludes my remarks. I look  
14      forward to your questions. And I will now turn the  
15      presentation over to Dan Collins.

16                   MR. COLLINS: Thank you, Dan. Good  
17      morning, Mr. Chairman, Commissioners. This morning  
18      I will be discussing the nuclear materials and waste  
19      program performance.

20                   The materials program includes  
21      approximately 21,000 NRC and Agreement State  
22      licensees that perform a wide variety of activities  
23      in areas such as industrial, academic, medical, and  
24      fuel cycle facilities. It is important to note that  
25      some activities involve intentional exposure of  
26      humans to radiation, particularly in diagnostic and

1 therapeutic medical uses.

2 The NRC 2015 Performance and  
3 Accountability Report estimated that 112 million  
4 nuclear medicine or radiation therapy procedures are  
5 performed annually, with the vast majority used in  
6 diagnostic procedures.

7 When discussing trending, the number of  
8 reported events is small in proportion to the total  
9 number of activities carried out. That being said,  
10 the staff monitors the data and continues to look for  
11 issues or events that warrant additional NRC  
12 response, communication, or program improvements in  
13 support of the materials program. I plan to  
14 highlight some of the issues we addressed this year  
15 as part of the National Materials Program Review.  
16 Next slide, please.

17 We collect, monitor, and evaluate  
18 industry operational data on an ongoing basis as part  
19 of our event reporting function. This information  
20 is provided in an annual assessment report to the  
21 Commission. Our performance evaluation process  
22 includes the review of operational performance  
23 trends, significant licensee performance issues, and  
24 identification of issues and gaps in the NRC program  
25 that warrant high-level management awareness at the  
26 agency action review meeting.

1                   Operational performance trends refers to  
2           what is examined in the nuclear materials event  
3           database annual report and is part of our ongoing  
4           review of events. Licensee performance issues refers  
5           to the specific criteria for identifying nuclear  
6           material licensees for discussion at the agency  
7           action review meeting. The key aspects of the  
8           criteria include licensees with events resulting in  
9           failures to meet NRC strategic goals, significant  
10          issues or events that result in escalated enforcement  
11          and where there are aspects that warrant additional  
12          oversight, repetitive significant program issues or  
13          multiple inspections also involving escalated  
14          enforcement, and licensees discussed at previous  
15          Agency Action Review Meetings, where the licensee  
16          corrective actions did not address or were  
17          ineffective in correcting the underlying issues  
18          identified.

19                   And finally, NRC program issues and gaps  
20          refers to any programmatic issued identified by our  
21          self-assessments, annual event review, and trending  
22          report, special studies, and enforcement action  
23          review. Next slide, please.

24                   The staff uses the criteria and  
25          information sources listed on this slide to assess  
26          and measure our performance, including a graded

1 approach from high level, high consequence events to  
2 lower level precursor monitoring. This event review  
3 is conducted through our use of our nuclear materials  
4 event database, which is also referred to as NMED.  
5 We examine event information and trends for overall  
6 number of events, as well as in more narrow categories  
7 to identify any trends which may indicate  
8 programmatic changes or weaknesses.

9 The NMED review also leads us to focusing  
10 on specific targeted segments of our program. These  
11 special studies are conducted to more closely examine  
12 the causes and potential correlation of events in  
13 generic or programmatic weaknesses.

14 We also use the abnormal occurrences  
15 process, including the abnormal occurrence annual  
16 report, as well as a review of significant enforcement  
17 actions to identify events of high significance and  
18 identify any potential licensees with significant  
19 performance problems.

20 Strategic performance measures,  
21 including the Agency's safety and security goals are  
22 monitored by the Materials Program Office and were  
23 addressed in the fiscal year 2015 performance and  
24 accountability report and were fully discussed as  
25 part of the Agency Action Review Meeting. Next  
26 slide, please.

1 All safety and security goals and  
2 performance measures were met in fiscal year 2015.  
3 There were no fuel cycle facilities or materials  
4 licensees that met the AARM discussion criteria. The  
5 nuclear materials program met all strategic and  
6 performance safety and security metrics. No  
7 significant trending or programmatic issues were  
8 identified in our review of operational performance  
9 trends, licensee performance issues, or other  
10 assessments of the materials program.

11 In the next two slides, I will discuss  
12 the results of the staff's NMED training review --  
13 trending review, rather and a special study of lost,  
14 abandoned, and stolen source events involving  
15 category 1 and 2 sources that occurred in the last  
16 ten years. Next slide, please.

17 During the fiscal year 2015 reporting  
18 period, there were 489 NRC and Agreement State  
19 licensee events reported NMED. To account for random  
20 fluctuations in event data from year to year the  
21 annual report reviews data for the last ten years, as  
22 depicted on this graph.

23 For fiscal year 2015, there was no  
24 statistically significant trends in the overall data.  
25 There were, however, a few statistically significant  
26 trends identified for narrow portions of the data.

1       These trends in the narrow data sets include a  
2       decrease in the overall number of NRC events, a  
3       decrease in NRC equipment events, and an increase in  
4       Agreement State and medical events. Contributing  
5       factors to these trends were the transfers of  
6       licensees from NRC to Agreement State jurisdiction  
7       during the ten-year time period, increased awareness  
8       of events and reporting requirements, as well as the  
9       introduction or prevalence of new medical device  
10      procedures.

11               Regarding the number of equipment events,  
12      the NRC issued an information notice related to damage  
13      to industrial radiographic equipment due to falling  
14      equipment and improper mounting in April of 2014 in  
15      order to address a previously identified trend in  
16      radiography. We continue to assess this performance.

17               With respect to the trend in Agreement  
18      State medical events, a large number of these were  
19      issues associated with yttrium-90 treatments for  
20      liver disease. NRC staff issued new guidance in  
21      February of 2016 that in part clarifies what  
22      constitutes a reportable event for these types of  
23      treatments.

24               Despite the trends within the narrow  
25      portions of data, the total of events per year has  
26      been relatively stable and very small in comparison

1 with the large number of radioactive materials uses  
2 each year.

3 The peak in this graph from 2008 and 2009  
4 represents events from Walmart's one-time inventory  
5 of their tritium exit signs. Walmart identified a  
6 large number of lost signs. There 272 events  
7 reported in 2008 and 65 in 2009.

8 Within the NMED events, some met the  
9 abnormal occurrence thresholds and are reported to  
10 Congress each year in NUREG-0090. There were 17  
11 abnormal occurrences identified for fiscal year 2015,  
12 15 of those were in Agreement State jurisdiction and  
13 two were NRC. All involved medical procedures, one  
14 of which was a radiation exposure to the embryo or  
15 fetus of a woman who was undergoing a treatment where  
16 the pregnancy test performed just prior to the  
17 treatment returned a false negative.

18 The 17 abnormal occurrences for fiscal  
19 year 2015 is a number that is within the statistical  
20 variation of previous year's average of 14 since  
21 FY2006. The number of identified medical AOs is  
22 approximately 3/10,000th of a percent of the number  
23 of medical procedures performed annually.

24 We do not believe there are presently any  
25 trends or significant safety concerns among medical  
26 licensees. We continue to monitor licensees'

1 performance and provide prompt follow-up response  
2 when warranted. Next slide.

3 For fiscal year 2015, the staff conducted  
4 a special study of lost, abandoned, and stolen  
5 materials events that occurred in the last ten years  
6 and found that there is not a statistically  
7 significant trend for category 1 and 2, lost,  
8 abandoned, or stolen source events over the ten-year  
9 period. The data shows a fairly steady average of  
10 three to four of these events per year.

11 The graph on this slide displays category  
12 1 and 2 events. With regard to the category 1 events,  
13 there were two that occurred that involved the loss  
14 and recovery of a category 1 iradium-192 sources  
15 during shipment by common carrier. Not including  
16 irretrievable well logging sources, there were 32  
17 events that involved category 2 sealed sources.  
18 These included 11 events that resulted from shipping  
19 errors, where the sources or devices were temporarily  
20 lost in the common carrier system but were not  
21 actually -- never left the possession of the carriers.  
22 All of those sources were recovered.

23 There were six events that involved the  
24 theft of a radiography device and the majority of  
25 those were either thefts of a device from a truck or  
26 theft of the truck itself. All but one of those



1 devices were recovered. The only device that was not  
2 recovered was stolen in July of 2011 from the darkroom  
3 of a truck that was parked at a hotel. An extensive  
4 search was performed, which included a flyover survey  
5 by the Department of Energy but the device was not  
6 located. Due to the 73.8-day half-life of that  
7 radionuclide, that source would no longer be of high  
8 radiological significance.

9               There were 12 events that resulted from  
10 errors made by radiography crews, where the device  
11 fell from a vehicle that was in transit because it  
12 was not properly secured or where the device was left  
13 at a jobsite or in one case at an airport. All of  
14 those devices were recovered, however, eight of those  
15 events occurred in the last two fiscal years, which  
16 indicates that the lessons learned process that was  
17 undertaken by the radiography industry and by  
18 regulators has not been completely effective. We are  
19 planning to perform additional outreach to  
20 radiography licensees to heighten their awareness of  
21 these issues.

22               And then finally, there were three other  
23 events that occurred where weather contributed to the  
24 loss of the radiography device or, in one instance,  
25 where an irradiator was abandoned at a biotechnology  
26 facility during an eviction process. All of those

1 devices were recovered. Next slide.

2 In summary, all safety and security goals  
3 and performance measures were met in 2015. There  
4 were no fuel cycle facilities or materials licensees  
5 that met the AARM discussion criteria. The Nuclear  
6 Materials Program met all strategic and performance  
7 safety and security metrics and there were no  
8 significant trending or programmatic issues  
9 identified in our review of operational performance  
10 trends, licensee performance issues, or other  
11 assessments of the materials program.

12 That concludes my remarks and I will now  
13 turn the presentation over to Scott Morris.

14 MR. MORRIS: Thanks, Dan.

15 Good morning, Mr. Chairman,  
16 Commissioners. Today I am pleased to have the  
17 opportunity to provide you with a high level overview  
18 of the status of the NRC's power reactor oversight  
19 process. Next slide, please.

20 Specific topics I will discuss during  
21 today's briefing include the Industry Trends Program  
22 results for 2015 and our plans to sunset this program  
23 in 2016; the ROP Self-Assessment Program revisions  
24 made to improve its effectiveness; the self-  
25 assessment results for 2015 and our future  
26 activities; and finally, recently completed ROP

1       enhancements, as well as planned enhancement  
2       activities scheduled for completion in 2016. Next  
3       slide, please.

4               The Industry Trends Program has been the  
5       element of the ROP designed to monitor industry-wide  
6       performance, instead of plant-specific performance.  
7       The goal of the program is to identify significant  
8       trends in the nuclear industry's overall safety  
9       performance using industry level indicators.

10              The Industry Trends Program is comprised  
11       of several short- and long-term indicators, as well  
12       as the baseline risk index for initiating events  
13       metrics.

14              For 2015, none of the short-term  
15       indicators exceeded their established thresholds.  
16       Similarly, none of the thresholds associated with the  
17       Baseline Risk Index for Initiating Events were  
18       exceeded.

19              Lastly, there were no statistically  
20       significant long-term trends identified that would  
21       require generic agency action. The safety system  
22       failure indicator did yield a statistically  
23       significant adverse trend in 2015 but this outcome  
24       was the result of outliers in the data set and the  
25       staff determined that no follow-up actions were  
26       warranted. Next slide, please.

1                   As part of the agency's Project Aim re-  
2       baselining initiative, the staff proposed to  
3       eliminate the Industry Trends Program. In making  
4       this recommendation to the Commission, the staff  
5       noted while this program, which has been in place in  
6       its current form since 2001 has helped to validate  
7       broad industry performance trends. No regulatory  
8       actions have directly resulted from Industry Trends  
9       Program insights.

10                  Simply put, the value derived from the  
11       program relative to its operational cost does not  
12       support its continued implementation. The staff  
13       believes that any adverse trends in industry-wide  
14       performance that would otherwise be detected by the  
15       Industry Trends Program would very likely be  
16       identified through other agency processes. Examples  
17       of other process include ongoing licensee performance  
18       assessment activities, ongoing ROP self-assessment,  
19       annual End of Cycle Assessment Meetings, the Agency  
20       Action Review Meeting and the Robust Operating  
21       Experience Program.

22                  As you know, the Commission approved the  
23       staff's proposal to eliminate the Industry Trends  
24       Program and the program is currently in the process  
25       of being abolished. Next slide, please.

26                  I would like to now turn to ROP self-

1       assessment related activities. With the Commission's  
2       approval, the staff did not perform an ROP self-  
3       assessment for 2014 and, instead, focused its  
4       resources on addressing the numerous ROP improvement  
5       recommendations received from multiple independent  
6       sources in 2013 and 2014 and, as part of that,  
7       developing a more efficient and effective ROP self-  
8       assessment process.

9               Last fall, the staff finalized the  
10       pertinent Self-assessment Program governance  
11       documents to implement the new process and an  
12       information paper was provided to the Commission in  
13       December 2015 describing the revised approach and the  
14       staff's implementation plans for 2016 and beyond.

15              The revised approach now consists of  
16       three elements. Element 1: Assessing staff adherence  
17       using, for example, objective performance metrics to  
18       measure the effectiveness of and staff adherence to  
19       the ROP. Element 2 assesses recent ROP changes to  
20       validate that these changes achieved their desired  
21       outcomes. And Element 3 involves performing a  
22       focused in-depth evaluations of specific ROP aspects  
23       and conducting Regional Office peer reviews.

24              Some of the key benefits of the new self-  
25       assessment process are that it adds accountability to  
26       increase assurance that the ROP is being reliably and

1 predictably implemented across the entire power  
2 reactor fleet. It is also a continuous year-round  
3 activity versus a once per year focused effort. And  
4 finally, it enables more in-depth evaluations of key  
5 program aspects and involves a broader engagement of  
6 internal stakeholders. Next slide, please.

7           Because 2015 was a transition year for  
8 the new ROP Self-Assessment Program, implementation  
9 was limited to Element 1 and portions of Element 2 of  
10 the new process. Specifically, the staff completed  
11 an analysis of performance metric data, evaluations  
12 of certain ROP processes, and reviews of recently  
13 completed ROP enhancements in related ongoing  
14 activities. The more detailed aspects of both  
15 Elements 2 and 3 required more time to be effectively  
16 implemented than was possible before the new self-  
17 assessment process was finalized.

18           For 2016 and beyond, the staff will  
19 complete all three elements of the revised program.  
20 So, specifically under Element 2 in 2016, we will  
21 conduct comprehensive evaluations of recent changes  
22 to the security baseline inspection procedures and  
23 modifications to the ROP that address lessons learned  
24 from the staff's implementation of Inspection Manual  
25 Chapter 0350 oversight at the Fort Calhoun Station  
26 and 95003 inspection at Brown's Ferry.

1 Under Element 3, we will perform a  
2 comprehensive review of the agency's inspector  
3 training and qualifications program, as well as an  
4 ROP implementation peer evaluation of Region II.

5 In summary, the 2016 ROP self-assessment  
6 will include all aspects of the revised Self-  
7 Assessment Program and will be documented in our  
8 annual SECY paper in early 2017. Assessment results  
9 will be discussed with senior NRC management at the  
10 2017 Agency Action Review Meeting and with the  
11 Commission at next year's briefing. Next slide,  
12 please.

13 The results of the 2015 limited ROP self-  
14 assessment were documented and provided to the  
15 Commission in an April 2016 SECY paper. Three of the  
16 26 total Self-Assessment Program metrics were deemed  
17 to be not applicable for 2015 because their supporting  
18 data was not readily available. Of the 23 remaining  
19 metrics, 22 were evaluated as green, indicating that  
20 they had met their specific criteria or specified  
21 criteria, that is that they represented expected  
22 program performance and, therefore, did not warrant  
23 further staff evaluation. No metrics were evaluated  
24 as yellow, which would demonstrate a downward  
25 performance trend that warrants further evaluation  
26 and potential staff action to reverse the trend.

1                   Only the timeliness metric associated  
2                   with implementing the significance determination  
3                   process was assessed as red.

4                   In 2015, 88 percent of the opportunities  
5                   to implement the SDP for greater than green inspection  
6                   findings were completed within 90 days versus the  
7                   acceptance criterion of 90 percent. As you know, the  
8                   staff is currently engaged in a comprehensive SDP  
9                   streamlining effort to improve SDP timeliness, while  
10                  maintaining its effectiveness.

11                  In 2015, the staff also evaluated the  
12                  effectiveness of each of the four major program areas  
13                  of the ROP consistent with the revised self-  
14                  assessment process. These evaluations were included  
15                  in the ROP self-assessment SECY paper and encompassed  
16                  the performance indicator program, the inspection  
17                  program, the SDP, and the assessment program.  
18                  Specifically, the staff noted that the performance  
19                  indicator program continued to offer insights into  
20                  plant safety and security performance. NRC  
21                  inspectors independently verified that licensees  
22                  operated the plant safely and securely. The SDP  
23                  continued to be a generally effective tool for  
24                  determining the safety and security significance of  
25                  inspection findings. And the assessment program  
26                  continued to ensure that the NRC took appropriate and



1       predictable actions to address licensee performance  
2       issues commensurate with their safety significance.

3               Lastly, with respect to the 2015 self-  
4       assessment, the staff documented numerous but less  
5       obvious improvements to the ROP governance documents  
6       and noted substantial progress addressing the various  
7       program improvement recommendations. Again, further  
8       details are provided in the enclosures to the ROP  
9       Self-Assessment SECY paper. Next slide, please.

10              As part of the Agency Action Review  
11       Meeting, at which the ROP Self-Assessment is  
12       discussed, the staff briefs senior NRC management on  
13       any action matrix deviations approved during the  
14       previous year, along with a description of the changes  
15       needed or made to the ROP to address any resultant  
16       lessons learned from the need to pursue the deviation.

17              Executive Director for Operations  
18       approved one new action matrix deviation in 2015,  
19       which was associated with oversight of the Monticello  
20       Nuclear Generating Plant in Region III.  
21       Specifically, Region III management requested that  
22       Monticello be placed in the regulatory response  
23       column of the action matrix that is column 2, rather  
24       than the multiple/repetitive degraded cornerstone  
25       column, that is column 4, which would have been  
26       prescribed by the ROP assessment program. After

1        careful consideration, the EDO approved the deviation  
2        because of the successful completion of both the 95002  
3        supplemental inspection and a biannual problem  
4        identification resolution inspection at the site, as  
5        well as a lack of evidence of any broad or systemic  
6        performance issues across plant organizational areas.

7                    In sum, the staff concluded that  
8        placement of Monticello in column 4 of the action  
9        matrix and the regulatory actions associated with  
10       column 4 were not warranted.

11                   The Monticello deviation remains open,  
12       pending the NRC staff's review of the license's safety  
13       culture assessment, which is currently scheduled for  
14       next month.

15                   Consistent with the ROP Self-Assessment  
16       process, the staff also evaluated the circumstances  
17       leading to the deviation and determined that no  
18       programmatic changes to the ROP were needed. It is  
19       worth noting that since the inception of the ROP in  
20       2000, there have only been 23 approved action matrix  
21       deviations. I would also like to point out that  
22       these deviations from the action matrix had resulted  
23       in both increases and decreases in NRC oversight  
24       relative to what would have otherwise been  
25       prescribed. In fact, only six of the 23 deviations  
26       were granted to decrease regulatory oversight

1 relative to what the ROP would have dictated. Next  
2 slide, please.

3 So to summarize, the staff self-  
4 assessment results to date continue to indicate that  
5 the ROP provides effective regulatory oversight of  
6 the nation's operating power reactors by meeting  
7 established program goals and achieving its intended  
8 program outcomes. Specifically, the ROP ensured  
9 openness and effectiveness in supporting the agency's  
10 mission and its strategic goals of safety and security  
11 and it was successful in being objective, risk-  
12 informed, understandable and predictable. The  
13 limited 2015 self-assessment using the new process  
14 confirmed that the staff had implemented the ROP  
15 predictably and reliably during 2015. Future self-  
16 assessment activities will include all of the aspects  
17 of the revised self-assessment process including a  
18 focus on the efficacy of recent changes to the  
19 program, performing in-depth reviews of specific  
20 areas of interest and continuing to ensure staff  
21 adherence to program governance. Next slide, please.

22 I will now provide a brief update on the  
23 numerous ROP activities in which the staff has been  
24 engaged over the past year. As a reminder, most of  
25 these activities were spawned by evaluations and/or  
26 recommendations derived from a variety of sources,

1 including but certainly not limited to the  
2 Commission-directed independent assessment, the  
3 staff's own significance determination process  
4 Business Process Improvement Initiative, lessons  
5 learned from the Fort Calhoun 0350 oversight, and the  
6 Brown's Ferry 95003 supplemental inspection, and the  
7 San Onofre Steam Generator tube degradation event.

8 Recommendations and feedback were also  
9 addressed based on real-time continuous feedback that  
10 we received from inspectors in the field throughout  
11 the year.

12 Some of the more significant ROP  
13 enhancements that we completed in 2015 include  
14 revising and improving numerous baseline inspection  
15 procedures across all of the cornerstones, modifying  
16 the cross-cutting issue process, changing the ROP  
17 action matrix criteria for what performance  
18 assessments inputs constituted degraded cornerstone,  
19 and multiple repetitive degraded cornerstone, also  
20 improved several internal and external ROP-related  
21 communication tools, and redesigned the ROP self-  
22 assessment processes I have just described. Next  
23 slide, please.

24 The staff continues its work on several  
25 other key program enhancements, many of which are  
26 scheduled to be completed in 2016. These include

1       revising the triennial Component Design Bases  
2       Inspection to make it less resource intensive, while  
3       maintaining its effectiveness.

4               After several public meetings with  
5       industry, the staff began conducting pilot CDBIs at  
6       eight operating reactors sites.       The pilot  
7       inspections will be completed by next month.   The  
8       staff has scheduled another meeting with industry  
9       representatives in July at which the lessons learned  
10      from the pilot inspections will be discussed and soon  
11      after incorporated as appropriate into revisions of  
12      the CDBI procedures.   Another enhancement to be  
13      completed this year involves clarifying the  
14      inspection findings screening process and the  
15      associated program governance documents to improve  
16      agency-wide consistency in the characterization of  
17      inspection findings.   We are also piloting various  
18      SDP streamlining project proposals in an effort to  
19      improve the timeliness and predictability of SDP  
20      outcomes.   The staff has solicited input from  
21      industry representatives at several public meetings  
22      and even conducted a dedicated session at the March  
23      2016 regulatory information conference on this  
24      project.

25               We are clarifying ROP and enforcement  
26      program expectations relative to when and how to

1 process licensee performance and/or compliance issues  
2 in the ROP, in traditional enforcement, or both. We  
3 are streamlining the inspection report development  
4 process, as well as the inspection report content to  
5 better serve internal and external stakeholders while  
6 maximizing regulatory clarity, openness, and  
7 efficiency. And finally, we are continuing to  
8 develop the ROP to incorporate new reactor  
9 technologies. Given current construction schedules,  
10 new performance indicators in a modified baseline  
11 inspection program will need to be in place in the  
12 next two years to ensure a smooth transition from  
13 construction to operation for the AP1000 reactors at  
14 Summer and Vogtle.

15 That concludes my remarks and I look  
16 forward to your questions. I will now turn the  
17 presentation over to Victor McCree for closing  
18 remarks. Thank you.

19 MR. MCCREE: Thanks, Scott.

20 Chairman, Commissioners, I recognize we  
21 have covered a lot of ground in the last 54 minutes.  
22 So, I appreciate your attention.

23 In summary, we have met the objectives of  
24 the Agency Action Review Meeting process and our  
25 discussions confirm that the actions that we have  
26 taken and the actions that we are currently

1 implementing are appropriate and consistent with our  
2 oversight processes.

3 Before taking your questions, I would be  
4 remiss in not recognizing that this is Commissioner  
5 Ostendorff's last Agency Action Review Meeting as a  
6 commissioner. We appreciate your insightful  
7 constructive and challenging support of our efforts  
8 to ensure that our oversight processes and the  
9 decisions that we make to implement those processes  
10 are appropriate and implemented in a manner that is  
11 consistent with our principles of good regulation.

12 And with that, we are ready for your  
13 questions.

14 CHAIRMAN BURNS: Thank you and thanks for  
15 the presentations. As you said we have covered a lot  
16 of ground here, both in terms on the overall program  
17 as well as the two plants that deserve particular  
18 attention.

19 This morning we will start questioning  
20 with Commissioner Baran.

21 COMMISSIONER BARAN: Thanks, Mr.  
22 Chairman. Thank you all for your presentations and  
23 all of your work.

24 Dan, I want to jump right in with some  
25 questions on Pilgrim's performance. The background  
26 materials for the 2015 annual assessment letter

1 indicated that progress at Pilgrim was very slow at  
2 that time. Inspectors weren't seeing operations  
3 management embracing the need for change and they  
4 seemed more focused on regulatory categorization than  
5 on addressing actual deficiencies. Is this still the  
6 case today or is the NRC staff seeing significant  
7 improvement at the site?

8 MR. DORMAN: We are seeing improvement.  
9 I think from the time that we issued the assessment  
10 letter in September of 2015, you will recall that  
11 during the fall Entergy was doing their own due  
12 diligence on the future of the facility and decided  
13 later in the fall that they would close the facility  
14 in 2019 but that first they expect to recover the  
15 plant to expected levels of performance.

16 Since that time late last year they  
17 started bringing in outside resources. They have  
18 established mentors for processes and programs within  
19 the site. Initially, we saw significant gaps between  
20 the expectations being communicated by the mentors  
21 and the level of performance from the staff and we  
22 are starting to see those gaps closing.

23 So, I think significant leadership  
24 engagement and external resources are helping to  
25 start seeing change at the site. What we will be  
26 looking for in the 95003 later this year, hopefully,



1 is that that is becoming engrained in the culture of  
2 the organization and becoming a sustained turnaround.

3 COMMISSIONER BARAN: What do you see as  
4 Pilgrim's key challenges with respect to its  
5 corrective action program?

6 MR. DORMAN: With respect to the  
7 corrective action program during the most recent  
8 assessment letter, we identified a cross-cutting  
9 theme in the area of problem identification and  
10 resolution. And you may recall in our process, that  
11 means that we had at least a dozen findings during  
12 the assessment period, which indicated weaknesses in  
13 some aspect of that program and they touch on all  
14 aspects of the program, recognizing that they have an  
15 issue and getting it into the program, doing an  
16 adequate evaluation of the causes and then such that  
17 you can develop and implement effective corrective  
18 actions so that the issues that arose during the  
19 assessment period really touch in all three areas of  
20 the program. And I think, broadly, it is a question  
21 of standards and a questioning attitude throughout  
22 the organization. And I think that is where, in  
23 particular with respect to the corrective action  
24 program, where we are seeing some impact from the CAP  
25 mentor to help the staff start realizing that there  
26 is a higher expectation than the level that they have

1       been providing.

2                   COMMISSIONER BARAN:   So, it sounds like  
3       you are seeing some progress, some change, but there  
4       is work to do.   There is a ways to go still.

5                   MR. DORMAN:   Yes.

6                   COMMISSIONER BARAN:   Okay.   Marc, for  
7       ANO, you walked through some of the key performance  
8       issues and causes in areas where you have seen  
9       improvements.   As you sit here today, what are your  
10      biggest outstanding concerns for the units at ANO?

11                  MR. DAPAS:   Well, I think the most  
12      important thing for the licensee to focus on is  
13      effective implementation of their comprehensive  
14      recovery plan and they need to ensure that the  
15      appropriate resources are allocated for effective  
16      implementation.

17                  The licensee has done an organizational  
18      capacity study.   They understand where the gaps are  
19      to   principally   operations,   maintenance,   and  
20      engineering.   I think the key is ensuring that they  
21      have staff sufficient to address those gaps.

22                  When you look at what were the causes for  
23      some of the performance declines you had staff that  
24      prioritized various actions because they did not have  
25      the staff necessary to prevent increases in work  
26      backlogs, in corrective action backlogs.

1           I also think that there needs to be a  
2       focus on culture. I think at ANO specifically, there  
3       was in the past a bias to mitigate vulnerabilities,  
4       rather than eliminate. The staff would lock into  
5       what appeared to be the best mitigative strategies  
6       versus focusing on addressing equipment issues. And  
7       that translates to equipment reliability challenges,  
8       which then subsequently can challenge the operators  
9       when the equipment is not available. In response to  
10      any plant upset condition, you want that equipment to  
11      be reliable. So, you want to ensure there aren't  
12      latent conditions there. And that bias toward  
13      mitigative rather than eliminating the problem I  
14      think is something that Entergy understands and is  
15      addressing.

16           So, those are some of the challenges that  
17      I see going forward with respect to Entergy.

18           And then I guess the last thing I will  
19      mention is ensuring that they have adequate  
20      procedures, programs, processes in place and  
21      expectations that are clear regarding oversight for  
22      supplemental workforce, particularly during outages.

23           COMMISSIONER BARAN: Okay, thank you.  
24      You both noted in your presentations that both sites  
25      had issues with their corrective actions programs.  
26      Are there other problem areas that you are seeing

1 common to both of these sites? Are there issues that  
2 you consider to be fleet-wide for Entergy?

3 MR. DAPAS: I will offer a perspective  
4 there. As I mentioned in my remarks, I think  
5 benchmarking has historically been limited at the  
6 Entergy sites. And Entergy needs to look at through  
7 benchmarking or they are providing what I would call  
8 the right frame of reference regarding what good looks  
9 like. And I think you achieve that, in part, through  
10 benchmarking and that also impacts the discretionary  
11 effort that you see from the workforce.

12 And it is important that there is a clear  
13 understanding in the role of what they call the  
14 corporate functional area managers that are providing  
15 corporate oversights and that transcends across all  
16 the Entergy sites because they use those CFAMs to  
17 communicate expectations and engage management at the  
18 site. And it is part of their assessment process to  
19 look at how the various sites are performing.

20 And the other thing I would just offer I  
21 think it is important that there is a consistent set  
22 of performance indicators across the Entergy fleet.  
23 I think there were challenges at ANO with the  
24 performance indicators not providing the information  
25 that the licensee needed to understand whether there  
26 were issues or trends at ANO and I think that

1       potentially exists with the other sites as well.

2                   MR. DORMAN:   Yes, I would just add to  
3       that I think in discussing fleet-wide issues what I  
4       see as the challenge is it is not that they have  
5       fleet-wide standards and processes that are weak, it  
6       is that they have vulnerabilities at their stations  
7       because they don't have a consistent fleet-wide  
8       standard.

9                   MR. DAPAS:   I would add one additional  
10      thing.     The corporate procedures provide for  
11      flexibilities. My understanding is it came as a bit  
12      of a surprise when Entergy really looked at it. The  
13      degree to which those flexibilities were being  
14      exercised so that you actually had significant  
15      differences in how elements of the various programs  
16      and processes were being implemented at the  
17      respective sites.

18                   And I can speak just for the Entergy South  
19      sites, is where we saw that. When you look at River  
20      Bend versus ANO, et cetera.

21                   COMMISSIONER BARAN: Thank you.

22                   Scott, I want to ask a couple of brief  
23      questions about the significance determination  
24      process. In 2015, as you mentioned, the staff  
25      narrowly missed the timeliness metric. Two of the  
26      17 total determinations exceed the 90-day goal. One

1 of those is off by a matter of days, as I understand  
2 it.

3 I am open to exploring ways to streamline  
4 the significance determination process if it makes  
5 sense but I want to make sure we are not overreacting.  
6 Can you talk a little bit about what do we see, what  
7 does the staff see as the problem we are trying to  
8 solve with these efforts? Is the staff's view that  
9 the significance determination process is generally  
10 too slow? Is the concern that there are the  
11 occasional outliers that are taking too long? What  
12 degree of consensus is there among the staff about  
13 the problem we are trying to solve?

14 We have got a minute or two to talk about  
15 that.

16 MR. MORRIS: Sure thing. Thanks for the  
17 question. So, there is a lot to that question. I  
18 will try to keep it brief.

19 First and foremost, the SDP streamlining  
20 is kind of a misnomer because it is really the  
21 beginning and end of the entire issue screening  
22 process to identifying whether or not there is in  
23 fact a performance deficiency to the point where we  
24 document something in an inspection report with our  
25 preliminary assessment, followed by the more formal  
26 and rigorous application of the significance

1       determination process, potentially a regulatory  
2       conference, and then a final issuance.

3               So, really when we are -- the team that  
4       we have assembled looking at this is kind of looking  
5       at the entire process, not just the formal SDP piece  
6       of it, which is kind of at the back end.

7               Given that, what is the problem we are  
8       trying to solve? We believe, based on -- and there  
9       has been, as you know, a fairly robust internal  
10      discussion about where the real challenges are and  
11      where is the low-hanging fruit -- we believe a lot of  
12      the low-hanging fruit is really on the front end,  
13      really associated with managing the issue once  
14      identified at a particular site actively and  
15      effectively in the organization at the branch chief,  
16      even the division level, to ensure that appropriate  
17      resources are being applied to the issue; that  
18      effective communications are occurring within the NRC  
19      staff, as well as with the licensee, to ensure that  
20      there is a clear understanding of what the proximate  
21      cause is; whether or not there, in fact, is a  
22      performance deficiency up to and including an  
23      understanding of how well, if it happens to be one of  
24      the SDP that is quantitative in nature using a  
25      probabilistic risk assessment tool, how well that  
26      particular tool fits that particular situation; what

1       uncertainties do we have to address.

2               Basically, to understand how viable is  
3       our tool early. And if there are going to be  
4       challenges recognizing that early so that we can apply  
5       the appropriate amount of NRC staff resource to go  
6       after to come to a resolution at issue in a more  
7       timely and effective manner. Those are really where  
8       we are focusing our efforts right now. There are a  
9       lot of other aspects but due to a lack of time, I  
10      won't go into all of them. Perhaps another  
11      Commissioner will have a question about it.

12             COMMISSIONER BARAN:     Okay, thanks, I  
13      appreciate that succinct response there and I am  
14      looking forward to seeing what the staff comes up  
15      with. Thank you.

16             CHAIRMAN BURNS:     Thanks. And again,  
17      thanks for the presentations. I am going to try to  
18      touch on a number of areas here, both in terms of our  
19      generic programs but also performance of the two  
20      plants that are before us today.

21             I guess this is probably a question for  
22      both Marc and Dan but you touch on and I think in  
23      answer to Commissioner Baran's question and as well  
24      as in your presentations. Some of the issues in  
25      terms of what we look at in particular plant  
26      performance but the concern, stepping back, sort of



1 fleet performance and I know a number of the  
2 administrators and I think Director of NRR met with  
3 the Entergy executives. What is a message or what  
4 did you see or gain from that discussion in terms of  
5 recognition of potential issues that they need to  
6 address in the fleet or where you see areas of focus  
7 that Entergy really needs to be on, given that yes,  
8 we have particular plant performance issues but we  
9 are hearing some of the same things in terms of these  
10 two plants, particularly?

11 MR. DAPAS: From my perspective, I think  
12 one of the things that we heard at that status of the  
13 fleet meeting was the recognition by Entergy that  
14 they are an outlier in terms of performance relative  
15 to the industry. I think the performance indicators  
16 they had been using in the self-assessments that would  
17 look at one station and how they implement programs  
18 and processes relative to another station didn't  
19 provide for that assessment relative to industry  
20 performance. And that relates to the benchmarking  
21 that I mentioned. I also think there have been  
22 challenges with corrective action program  
23 implementation and that was an area of discussion or  
24 a topic of discussion. And one of the things we  
25 talked about was when you do causal assessments, are  
26 you looking at the organizational and programmatic

1 issues that contribute to a particular issue or  
2 concern and not just focusing on the technical issue.  
3 So, I think that is an area that Entergy recognizes  
4 they need to address across the fleet.

5 And then I think most importantly is  
6 equipment reliability challenges. And there as a  
7 discussion we had about the increased number of scrams  
8 at the various Entergy sites or trips relative to  
9 industry performance. And Entergy, as I understand  
10 it has embarked on an aggressive effort to understand  
11 where they have single point vulnerabilities and  
12 address those but equipment reliability is something  
13 that I think Entergy needs to look at very hard as a  
14 fleet.

15 CHAIRMAN BURNS: Okay. Dan?

16 MR. DORMAN: I agree with everything Marc  
17 said and particularly I think it was clear in that  
18 meeting that the senior leadership of Entergy has  
19 bought into that it is not just Pilgrim and ANO. They  
20 have fleet issues that they need to address.

21 And I think equipment reliability is an  
22 issue. I spoke to Commissioner Baran's comment about  
23 the lack of a consistently applied standard, a fleet  
24 expectation. And I think one of the things that we  
25 have seen at Pilgrim I think is an issue that we were  
26 talking about 20 years ago and they didn't move past

1       it was a reliance on skill of the craft versus a rigor  
2       of procedures. And so in the scram in January of  
3       2015, they experienced a loss of instrument air as a  
4       result of the failure to start of a diesel driven  
5       compressor. And there were challenges for the  
6       operators in that the instrument air -- the loss of  
7       instrument air procedure was not complete in  
8       addressing what functions they would lose and there  
9       was a reliance there on the skill of the craft that  
10      was not up to where it needed to be with that respect  
11      to that particular issue.

12               So, one of our follow-up actions in our  
13      problem identification samples back in the fall was  
14      getting our operator license examiners in the  
15      simulator with their shift and observing their  
16      response to similar conditions.

17               So, I think there is a rigor in their  
18      processes that because of a lack of benchmarking I  
19      think they have not kept up with industry standards  
20      that have changed on them.

21               MR. DAPAS: One last thing I will add we  
22      did have some discussion regarding the degree of  
23      engineering rigor that is applied within the  
24      engineering organizations when you are looking at  
25      50.59 evaluations operability determinations. And I  
26      think there are opportunities to increase the

1 organizational capacity in terms of the quality and  
2 capabilities of the engineering function.

3 CHAIRMAN BURNS: Okay and one of the  
4 things I know you and I were at ANO I guess in April  
5 together and had an opportunity to visit the site.

6 One of the points of discussion at ANO  
7 and I think you touched on it as well, Marc, is this.  
8 A relationship in terms of the safety culture at the  
9 site related in part to staffing considerations. And  
10 in fact I will use the term, these are my words, in  
11 fact starving the staffing over a period of time so  
12 that it almost seemed like I said, sort of a loss of  
13 experienced folks, greater reliance on contractors  
14 resulted in a certain culture, if you will, at the  
15 site.

16 Can you maybe fill in the gap and sort of  
17 talk about that a little bit and how we saw that  
18 manifested and where you think they are going with  
19 that? Because it is not just a matter of going out  
20 and picking up experienced staff on the street, you  
21 know, development. That is a challenge in this  
22 industry. It is a challenge for us, as an Agency.

23 So, if you would talk to that.

24 MR. DAPAS: Thanks. I think one of the  
25 challenges is, as I discussed, was the various  
26 resource reduction initiatives 2007, 2013. And my

1       understanding is that at least at ANO, and you can  
2       certainly engage them specifically when you talk to  
3       Entergy management is the view at the site was you  
4       are expected to make do with what is provided. Don't  
5       challenge whether there are inadequate resources.  
6       These are initiatives that are being implemented  
7       across the fleet and so leadership is expected to  
8       determine how to get the work done with the resources  
9       that are provided.

10               And as I understand it, corporate would  
11       have provided additional resources but ANO didn't  
12       raise the flag say there are more folks that we need  
13       to implement the programs and processes in a  
14       comprehensive manner. And so there were decisions  
15       that were being made at lower levels of the  
16       organization regarding prioritization of work that  
17       management was not aware. They thought things were  
18       getting done like apparent cause evaluations et  
19       cetera in a quality manner and they weren't because  
20       lower levels of the organization had to make resource  
21       prioritization decisions. So, I think that was a  
22       particular challenge.

23               And then when it comes to contractor  
24       oversight, I really just think that Entergy needs to  
25       look at the infrastructure they have in place. For  
26       example other licensees do this -- they have

1 contractors provide supervisory oversight of other  
2 contractors. And you can do that as long as you have  
3 a procedure and have a consistent set of standards  
4 there and there is a qualification process that you  
5 go through and implementing that in a rigorous manner  
6 will provide for that effective oversight, if you are  
7 going to rely on contractor supervisor oversight  
8 versus individual licensee employees. Both will  
9 work. It is all a matter of how you implement those  
10 two different approaches.

11 CHAIRMAN BURNS: Okay, thanks.

12 And Dan, I want to go specifically on  
13 Pilgrim. One of the questions we sometimes get with  
14 respect to Pilgrim, given the fact that is announced  
15 that it will be shutting down in 2019, is what's the  
16 real commitment here. What is the real commitment  
17 to address these issues? How is it NRC, in terms of  
18 your oversight program, you are really focused on the  
19 right things in ensuring that the licensee implements  
20 a safe operation, a safe program?

21 How would you respond to that in terms of  
22 what you see in terms of our inspection program  
23 addressing monitoring this issue regarding -- in  
24 effect, what are the incentives to core improvement  
25 here, given this is a plant that is going to shut  
26 down in three years?

1                   MR. DORMAN:     I think first is the  
2     investment that we see on the ground. The licensee  
3     has brought in substantial external resources. I  
4     mentioned the mentors that they have put in place to  
5     drive process improvement at the site. So, they  
6     clearly are at the leadership level bought into it.

7                   The fact that we are seeing some movement  
8     on the staff performance toward the mentor standards,  
9     I think is an indication that the staff is buying  
10    into it to a degree.

11                  I think they received a number of staff  
12    from Vermont Yankee when that station closed at the  
13    end of 2014. I think a number of those people have  
14    brought a mentality of finish strong that are a seed  
15    corn, if you will, in the culture at Pilgrim Station.

16                  So, I think there are certainly  
17    indications that leadership wants to bring it to a  
18    better place and that that buy-in is taking some hold  
19    in the staff.

20                  I think from an oversight perspective, we  
21    have the experience with Vermont Yankee of about a  
22    year and a half of operation with an announced closure  
23    to adjust our oversight to focus on ensuring that  
24    operations and maintenance focus remained on the  
25    appropriate priorities. And they did finish strong  
26    at Vermont Yankee, addressing a number of issues

1       during that last year and a half of operation. We  
2       have -- implemented a similar oversight process for  
3       FitzPatrick and Oyster Creek, which also have  
4       announced closures.

5               With Pilgrim, we are more focused on the  
6       column 4 response and so we have not gotten into a  
7       pre-closure oversight activities but the column 4  
8       response will address those human performance issues,  
9       those safety culture issues, the equipment  
10      reliability issues that we would focus on as they  
11      approach the announced closure.

12             CHAIRMAN BURNS: Okay, thanks very much.

13             Commissioner Svinicki.

14             COMMISSIONER SVINICKI: Good morning and  
15      thank you all for your presentations.

16             To Mr. Dapas and Mr. Dorman, I want to  
17      thank you for your presentations which were thorough  
18      and clear. So, the good news is, I probably won't  
19      have a lot of questions for you. My colleagues have  
20      asked a number of questions.

21             You're both very capable and that's one  
22      of the reasons that your presentations were well done.  
23      But, it's also an outgrowth of the teams you lead of  
24      very capable individuals.

25             And, I think it also has its origins in  
26      the fact that the reactor oversight process is



1       systematic, disciplined, understood and it allows you  
2       to discuss outcomes today that have a certain level  
3       of transparency that maybe previous reactor oversight  
4       processes did not have.

5               And, that's really one of the strengths  
6       of the ROP. I tend to make this observation at the  
7       briefing on the AARM results that the system we have  
8       now, which we look at consistently, as we heard  
9       presentations on business improvement initiatives and  
10      other enhancements to the ROP.

11             Nothing is perfect at its origin, so we  
12      continue to look at it and to feed back in our  
13      experience with it which I think, as a learning  
14      organization, is very appropriate.

15             But, I think we also need to proceed with  
16      some caution and discernment in terms of where the  
17      process is strong, we need to be very vigilant and in  
18      guarding those strengths of the program.

19             I will briefly mention, since Mr. Collins  
20      has not had any questions, that the -- we also cover  
21      the materials side of our program at this meeting.  
22      And, the staff reached its conclusion this year that  
23      all strategic outcomes, safety performance measures  
24      and security and performance measures for fiscal year  
25      '15 were met and, therefore, concluded from the  
26      assessment of overall performance data. There were

1 no discernable performance trends or generic  
2 concerns.

3 I think I would offer, therefore, the  
4 observation that I encourage the staff in the  
5 materials program to remember that result in light of  
6 areas of regulatory action we're exploring now in  
7 ocular, dermal and other external hazards, again, in  
8 the materials area, NRC has generally acknowledged  
9 it's very important to have a graded application of  
10 things commensurate with the safety hazard and the  
11 risk significance.

12 So, we are reporting this year, as a  
13 result of the Agency's review, that we didn't have  
14 any discernable trends or generic concerns and so we  
15 need to always be feeding that result into our  
16 consideration of new regulatory issues.

17 Construction oversight is one of the  
18 companion papers that comes along with the package of  
19 materials for this Agency Action Review Meeting. It  
20 received a glancing blow here today, but there is, of  
21 course, the companion paper which discusses the  
22 staff's assessment in greater detail.

23 I'd like to share an observation and  
24 encouragement on the CROP, as we call it, construction  
25 reactor oversight process.

26 Interesting history there is that the

1       program in the form it exists today had its origins  
2       back in a NUREG in 1996.

3               If you look at that document of the  
4       development of what is now our construction reactor  
5       oversight process, at that time, there was a very  
6       detailed job task analysis.

7               There were a number of mechanical  
8       structures for the program that were considered. Not  
9       all of those were adopted.

10              But, interesting and of note to me, is  
11       that, at the time it was assessed that the entire  
12       inspection program under what became the CROP per  
13       site would be approximately 17,000 hours of  
14       construction inspection oversight.

15              For Vogtle and Summer by the time the  
16       licenses were issued, that had risen to about 33,000.  
17       And, with our experience at the two sites to date,  
18       it's projected to be about 35,000 of construction  
19       inspection hours.

20              So, interestingly, in 1996, to carry out  
21       the inspection program of 17,000 hours we assessed  
22       that we needed 6 to 12 resident construction  
23       inspectors at the sites.

24              Right now, our assessment is that we need  
25       five. And, with the surged capacity out of the  
26       construction inspection program in Atlanta in our

1       Region II office, that we will take care of this.

2               Interesting to note, I visit the sites  
3       fairly routinely and the statistic was pointed out to  
4       me that, with six years of on-site presence, I'll use  
5       Vogtle as the example, though I think Summer is about  
6       the same, six years that the CROP has been present on  
7       the sites and in action, we're about 20 percent  
8       complete on that 35,000 hour inspection program.

9               In approximately the next two years, we  
10       will have to complete 80 percent of the program with  
11       five people.

12              So, what I'm seeking from the NRC  
13       leadership that I've met with on this topic is simply  
14       a commitment that we will have a very consistent  
15       attention on the needed inspection resources at  
16       Vogtle and Summer.

17              And, I'm acquainted with the history and  
18       it made a lot of sense to me, that when I arrived and  
19       we had 28 COL applications and we thought we might  
20       have 8 to 10 construction sites in the southeast  
21       United States at any given time, the notion that you  
22       would deploy out of Atlanta, I think was very sound.

23              We have two sites, though, and they're  
24       very close together. So, I'm simply seeking from the  
25       NRC managers a very consistent attention on this over  
26       the next 12 to 24 months.

1                   The deployment from Atlanta, I am told,  
2       becomes logistically complex because it is  
3       construction and you have a schedule, but it's more  
4       likely than not that things will not occur as at the  
5       time frame where they are listed on the schedule.

6                   So, we're looking for flights into  
7       Augusta. We're looking at shifting hotel rooms.

8                   As a practical matter, the inspectors  
9       tell me, it's a little more complicated than we  
10      thought.

11                  So, I think we need to manage that, both  
12      sites have also added a back shift which means that  
13      I've got, you know, five people, maybe not all of  
14      them are fully qualified inspectors that are trying  
15      to cover multiple shifts including the back shift.

16                  These are our boots on the ground. We  
17      call them that all the time. So, I think that I'm  
18      asking for special attention to meeting their needs  
19      and not over stressing them.

20                  In the next two years, they might also  
21      want to take an occasional family vacation or do  
22      something like that. And, I think we don't want to  
23      burn people out.

24                  So, we didn't talk much about CROP, but  
25      I think, as I've indicated to you today, it's much on  
26      my mind. And, again, I'm just asking, as I'm

1       confident we will, to have a lot of care and attention  
2       to that.

3               I'll close by wishing Mr. Morris well  
4       wishes.     He will soon be taking on a new  
5       responsibility that the Agency has asked him to do.

6               And so, this may be the end of our  
7       dialogue about changes to the significance  
8       determination process.   You have not been able to  
9       convince me, not that you haven't given it a spirited  
10      try.

11              I attended the RIC session that you made  
12      reference to in your presentation.   And, although Mr.  
13      Lochbaum likely part company respectfully on a number  
14      of topics, I found his presentation very compelling.

15              He looked at the timeliness statistics in  
16      a hard data driven kind of look.

17              And, I wasn't surprised to read the  
18      staff's assessment that we were only, by a couple of  
19      determinations, made us miss the metric.   One was by  
20      a few days as Commissioner Baran noted.

21              And, it is my view that for processes of  
22      this complexity, it is not reasonable to think you're  
23      not going to have one or two particularly complex  
24      circumstances in a given year.

25              I liked Commissioner Baran's term about,  
26      you know, we have to look at this, but we shouldn't

1 over react. I know NRC hates missing metrics because  
2 we're regulators and so we are hard judges on  
3 ourselves. But, I think we're always going to have  
4 some outliers.

5 Those are outliers for a reason. They  
6 pose some kind of complexity and I think short cycling  
7 the process is where we will disappoint ourselves.

8 The other thing I'm monitoring closely is  
9 Appendix M, or as we like to call it, Appendix Mike,  
10 here.

11 It is, for those not acquainted, I want  
12 to get the title exactly right. We've recently  
13 issued an update recently in the last couple of years  
14 to the Technical Basis for Inspection Manual Chapter  
15 0609, Appendix M, entitled Technical Basis for the  
16 Significance Determination Process Using Qualitative  
17 Criteria.

18 Now, this is a dialogue that's been going  
19 on for a while, quantitative versus qualitative.  
20 And, although I acknowledge that there's maybe been  
21 a little bit of hyperventilating, we're always going  
22 to have a mix of both quantitative and qualitative  
23 factors.

24 I will be suggesting and encouraging the  
25 staff to be looking at the invocation or use of  
26 Appendix M. Have we been looking at trends there?

1       Are we becoming more comfortable in short cycling the  
2       hard work of quantitative, which I think that Dan and  
3       Mark would agree that one of the things that gives  
4       the ROP all its rigor is the fact that it has a lot  
5       of analysis and, therefore, that's a lot of hard work  
6       for us.

7                   I think it can be attractive over time to  
8       say, well, I kind of know where the outcome should be  
9       and if I could just kind of short circuit it with  
10      qualitative aspects, I might be able to get where I  
11      need to go.

12                   So, again, I can't direct, but I would  
13      encourage the staff to -- I think it may be getting  
14      to be the appropriate time to look at Appendix Mike  
15      utilization and whether or not that's having an  
16      enhancing or detrimental effect to the overall rigor  
17      and discipline of the ROP.

18                   I will just tell you, which Mr. Morris  
19      knows, but I will make clear, that as long as I am  
20      privileged to serve on this Commission, I will be  
21      very possessive and do not miscalculate the  
22      Commission's level of ownership over the ROP. We're  
23      very, very invested in this process.

24                   I will oppose anything that I assess to  
25      be making the ROP more like the systematic assessment  
26      of licensee performance which, if you don't know,



1 preceded it, and, despite it's name, was, in my view,  
2 not terribly systematic and not, at the end of the  
3 day, a very accurate assessment of performance of  
4 licensees.

5 So, I stand in clear opposition to moving  
6 in that direction and I've run over, so sorry if  
7 anyone wanted -- Victor, you can pull rank here and  
8 give some reaction. Just saying that all sounds good  
9 to me is fine.

10 MR. MCCREE: You covered a lot. It all  
11 sounds good to me, Commissioner.

12 And, some of us -- many of us at the table  
13 actually implemented the systematic assessment of  
14 licensee performance and celebrated its demise -- sun  
15 setting.

16 Appendix M is certainly not intended to  
17 short circuit the Commission's policy on risk  
18 informing our oversight processes. In fact, we put  
19 it in place to assist in achieving that end to fill  
20 gaps, if you would, when quantitative assessments  
21 alone, although the Commission's direction has never  
22 been to conduct a risk-based oversight process.

23 Risk informed, again, which inherently  
24 involves use of deterministic information and we look  
25 forward to further engagement on Appendix M as we've  
26 strived over the years to improve its efficacy. But,

1       it is a good approach and we are not using it in a  
2       manner to circumvent a quantitative process.

3               I appreciate your encouragement on the  
4       construction reactor oversight process. We look  
5       forward to a more fulsome conversation during the  
6       construction program review later this year.

7               I'm confident that Kathy and Laura will  
8       make sure that we resource both Vogtle and Summer in  
9       a way that supports implementation and processing  
10      including forwarding -- advancing the assignment of  
11      residents at the site as the pace of construction  
12      escalates at both sites.

13              COMMISSIONER SVINICKI: Thank you for  
14      that.

15              Thank you, Mr. Chairman.

16              CHAIRMAN BURNS: All right, thanks.

17              I'm not going to defend -- so much defend  
18      SALP, although I think the important thing is, as you  
19      had indicated, ROP is sort of built on SALP, what  
20      preceded SALP was far more -- far worse which was  
21      basically five individual fiefdoms in individual  
22      regions.

23              So, we learn by experience, that's one of  
24      the good things I think this Agency does. But,  
25      certainly, with the ROP, I would agree that we've  
26      made strides.

1 Commissioner Ostendorff?

2 COMMISSIONER OSTENDORFF: Thank you,  
3 Chairman and thank you all for your presentations.

4 I want to add my comments to Commissioner  
5 Svinicki's on the ROP process. She said a lot that  
6 I agree with entirely.

7 I just would comment that I see the  
8 evolution over the number of years, as the Chairman  
9 and Commissioner Svinicki have referred to as a  
10 positive, very positive step. I think it's a real  
11 strength to the Agency.

12 When I looked at how the Department of  
13 Defense, where I spent 26 years and looked at unit  
14 performance, whether it be in the operation reactor  
15 safeguards examination, tactical readiness  
16 evaluations, nuclear technical proficiency  
17 inspections, across the board for the submarine  
18 force.

19 And, I looked at how the Department of  
20 Energy, when I was an official there, we looked at  
21 the site performance in the weapons complex.

22 I think we have a far more disciplined,  
23 mature process that serves the nation very well.

24 And so, I think the fact that there might  
25 some inertia for further change, it's a good thing  
26 and that there needs to be a strong justification to

1 change things.

2 I think that the predictability and  
3 stability are real positive attributes and consistent  
4 with our principles of good regulation.

5 And, the fact that you take ongoing looks  
6 and suggest changes where appropriate, that's a real  
7 strength, too.

8 I want to add my thanks to Scott, to  
9 Commissioner Svinicki and Scott, to going down to  
10 Region IV.

11 I want to acknowledge that this is, I  
12 think, Marc's last appearance before the Commission  
13 as Region IV Administrator. I want to thank Marc for  
14 his dedicated leadership of the Region IV team during  
15 your time down there.

16 I want to thank both Marc and Dan Dorman  
17 for your ongoing communications with the Commission  
18 on Arkansas Nuclear I and Pilgram. I've visited both  
19 sites with you all last year. I think the  
20 communications you've had with the Commission on your  
21 teams' assessment of the licensee performance and  
22 your very thoughtful and careful perspectives on the  
23 significance of various findings.

24 What was appropriate from a regulatory  
25 standpoint, I think it's been a real positive  
26 experience for me as a Commissioner to watch you all

1 go through that and I applaud you and I know the  
2 teams, whether it be the resident inspectors on site,  
3 the regional team members and the branches, et cetera.

4 I think it's -- I don't really have any  
5 questions on performance because I think you did such  
6 a good job on communicating with the Commission.

7 I do have one comment the Chairman raised  
8 and I appreciated him raising this comment about the  
9 fleet meeting you had down, I think, in Jackson,  
10 Mississippi here recently. And, I believe that Cindy  
11 Peterson attended that.

12 And, I just wanted to comment from my  
13 experience elsewhere primarily, but also here at NRC,  
14 I think Marc, your comment on, I don't recall the  
15 exact words you used, but, you know, in an environment  
16 where people were making do with what they were given,  
17 with the resources on site, that really registered  
18 with me.

19 And, I assume you discussed that in your  
20 fleet meeting?

21 MR. DAPAS: Yes.

22 COMMISSIONER OSTENDORFF: I'd appreciate  
23 any other, you know, how you saw Entergy's reaction  
24 to that discussion on this particular aspects.

25 I think the resource piece is really an  
26 important part here.

1                   MR. DAPAS: I've had some discussion with  
2           the various levels of Entergy management on that  
3           particular aspect as it applied to ANO. And, more  
4           difficult to speak, or I'm not in a position to speak  
5           to what degree is at the view associated with the  
6           other sites.

7                   But, with respect to ANO, it certainly  
8           was part of the culture there about making do with  
9           what has been provided. And, Entergy management was  
10          receptive to that.

11                  And I think, you know, INPO conducts  
12          various evaluations. They've done corporate  
13          assessments and my understanding is that that's  
14          consistent with one of the items that was identified  
15          via that corporate assessment that INPO conducted.

16                  You know, we look at that to determine  
17          whether there are any safety issues, but we did have  
18          the opportunity to review that assessment and that is  
19          something that was consistent with what INPO had  
20          identified and Entergy management has acknowledged  
21          that.

22                  The discussion at the status of the fleet  
23          meeting was more along the lines of leadership  
24          behaviors and reinforcing standards at the first  
25          level supervisor and ensuring that individuals  
26          understand what are the expectations and reinforcing

1       those. So, that was the context to the status of the  
2       fleet discussion.

3               COMMISSIONER OSTENDORFF: I have to tell  
4       a very quick sea story. So, I go back when I was the  
5       commander of the USS Norfolk during a time period in  
6       1995 when Department of Defense budget was -- there  
7       was some difficulty there.

8               And, I can remember very clearly at that  
9       time, there were perhaps 16 to -- probably 18 attack  
10      submarines based out of Norfolk, Virginia. Most of  
11      them were 688s, some of them were 637 Class.

12              But, as a routine practice, because of  
13      the shortage of money for spare parts, that every  
14      time a ship got underway that had a BQQ5-D sonar  
15      system, that we would transfer or be the recipient of  
16      spare power supplies that were about \$10,000.00 a pop  
17      for the sonar system because of the shortage of money  
18      to buy spare parts.

19              And, there's lots of discussion, and this  
20      was 21 years ago, lots of discussion about it but it  
21      just did not pass the common sense test.

22              And, if you're going to operate anything,  
23      I'm using this very broadly, in this case, submarines,  
24      you need to provide the resources to properly do it.

25              It was -- it set, I can tell you, it set  
26      a very poor tone for this third-class Sonarman who

1       was maybe 21 years old saying that, well, this, you  
2       know, our work maybe is not important enough to invest  
3       in the proper power supplies to run your system at  
4       sea, you know, and we were having the cannibalization  
5       process and material transfers going on.

6               So, it's not just the functionality of  
7       the system affected by the lack of spare parts, but  
8       also the culture, the environment, the atmosphere  
9       that it became very evident that it lowered  
10      everybody's standards and it was not helpful.

11              So, I use that Navy example I think is  
12      what really caused me to want to comment on it.

13              MR. DAPAS: Yes, thanks, Commissioner.

14              I would just put my comments in full  
15      context here. My understanding of one of the real  
16      ah-ha moments for Entergy was the 2015 third-party  
17      nuclear safety culture assessment where there  
18      was -- and I had the opportunity to talk with Jeremy  
19      Browning, the site VP about the observation by that  
20      team that individuals were making decisions at lower  
21      levels in the organization regarding prioritization  
22      because they weren't sufficiently resource loaded for  
23      the activity.

24              The more senior management did not have  
25      an awareness that those decisions were being made.  
26      So, they thought root cause evaluations, apparent



1       cause evaluations were being conducted adequately and  
2       comprehensively when, in fact, they weren't.

3               And so, not having that awareness so that  
4       you could engage, and that's a number of things that  
5       contribute to that, but that was the context in terms  
6       of the culture of making do with what you have and  
7       making prioritization decisions at lower levels where  
8       more senior management not being aware could not then  
9       engage to address that.

10              And, the discussions that I've had with  
11       more senior Entergy management, you can certainly  
12       engage them.       They've clearly indicated that  
13       resources will be provided at the appropriate level  
14       to recover the plant.

15              COMMISSIONER OSTENDORFF: Thank you.

16              Two brief comments and then I'll close.

17              Dan Collins, thank you for your  
18       presentation.       I appreciated your putting in  
19       perspective the number of events in the numerator  
20       compared to the denominator of millions.

21              And, I think those perspectives are so  
22       important for us as a regulator to communicate  
23       externally.

24              We had this number of issues out of this  
25       number of overall activities.       And, I think that  
26       perspective is really important.       So, thank you for

1 highlighting that in your presentation.

2 And, Scott, I'll just comment that you  
3 made a brief reference to the component design basis  
4 inspection pilot. I think that's a really important  
5 part of our oversight inspection activities.

6 I agree with efforts to try to reduce the  
7 burden on licensees while maintaining the spirit and  
8 the intent of the intent of the inspection. So, I  
9 look forward to seeing what the Agency's results are  
10 from those pilots.

11 Thank you all for your presentations.

12 Thank you, Chairman.

13 CHAIRMAN BURNS: Thank you.

14 Anything else?

15 Well, again, thanks to the staff for the  
16 presentations and perspectives on the overall  
17 programs as well as the two plants, Pilgrim and ANO.

18 We'll take now a brief break, about five  
19 minutes or so and then we'll resume with the second  
20 half of the meeting.

21 Thanks.

22 (Whereupon, the above-entitled matter  
23 went off the record at 10:41 a.m. and resumed at 10:52  
24 a.m.)

25 CHAIRMAN BURNS: Well, we'll come back  
26 to order and we'll begin the presentations from the

1 first of the two Entergy panels and first discuss the  
2 action plan for Arkansas Nuclear One.

3 And, on this panel, we have Chris Bakken,  
4 Executive Vice President and Chief Nuclear Officer  
5 for Entergy, Tim Mitchell, Senior Vice President,  
6 Donna Jacobs, Chief Operating Officer, Jeremy  
7 Browning, Site Vice President for Arkansas Nuclear  
8 One and John McCann, Vice President for Regulatory  
9 Assurance.

10 And, Mr. Bakken, I'll turn it over to you  
11 to begin the presentation.

12 Thanks.

13 MR. BAKKEN: Thank you, Mr. Chairman.

14 Good morning. My name is Chris Bakken  
15 and I'm the Chief Nuclear Officer for Entergy Nuclear.

16 As you may know, I'm new so, as I approach  
17 the end of my second month at Entergy, I wanted you  
18 to know on behalf of the company and myself how much  
19 we respect the NRC, it's technical expertise and the  
20 perspectives and insights that you provide as we work  
21 to improve our fleet's performance.

22 Specifically, this morning I'd also like  
23 to acknowledge and accept the feedback that was  
24 provided by Mr. Dapas and Mr. Dorman in the earlier  
25 portion of this meeting. And we share and agree with  
26 their perspectives.

1                   We are committed to full regulatory  
2                   compliance at all our facilities as our minimum  
3                   standard.

4                   Our top priority is to operate or  
5                   facility safely, securely, and reliability and we  
6                   will not waiver from that commitment.

7                   We are well aware that our nuclear fleet  
8                   performance has not met expectations and is not  
9                   operating at the levels of excellence that it should.

10                  We're disappointed, frankly, to be here  
11                  today and to be the only fleet in the United States  
12                  to have three units at two sites in column 4.

13                  And, we're absolutely determined to  
14                  improve our performance.

15                  Specifically, as I said, we're committed  
16                  to improving our plant's performance.       We're  
17                  committed to operating our plants safely and reliably  
18                  and in full compliance with NRC rules and regulations.

19                  We're committed to operate as one fleet,  
20                  consistent with all regulatory requirements and  
21                  industry best practice so that we quickly share our  
22                  learnings across our fleet and don't learn our lessons  
23                  and our shortcomings one site at a time.

24                  And, finally, we're committed to being  
25                  professional with all internal and external  
26                  stakeholders and not being defensive nor insular.

1                   Our nuclear assets remain an important  
2           part of Entergy's utility growth strategy. I have a  
3           leadership team here at the table that is focused on  
4           improvement and we have the full support of our  
5           Chairman, Leo Denault, the Entergy senior executive  
6           leadership team, and our Board of Directors.

7                   Our goal is not just to exit column 4 at  
8           Pilgrim and Arkansas Nuclear One. It is to return  
9           our plants to sustained excellent performance and to  
10          be considered again as one of the best nuclear  
11          operators in the world.

12                  From feedback provided by the NRC, our  
13          employees and other key stakeholders, there are a  
14          number of common causes that we have determined, after  
15          careful consideration, self-reflection, and analysis  
16          over the past months.

17                  As examples, in our past, we have assumed  
18          that we knew all the answers when we were challenged.  
19          And, we've learned that we did not. We need to be  
20          more humble.

21                  As a result, we've also learned that we  
22          have not listened well and have been defensive when  
23          we've been challenged.

24                  We now have insights though have  
25          consistently set and adhered to our own high standards  
26          and, instead, were relying on others to identify our

1 problems.

2 We were not sufficiently self-aware of  
3 our performance shortfalls.

4 We also now realize that we've not always  
5 been clear in roles and responsibilities, such as the  
6 role of the fleet organization, and in the  
7 prioritization of our work.

8 We are committed to owning and fixing  
9 these issues. Today's discussion is specific to two  
10 of our sites. Rest assured that we are taking in the  
11 learnings pointed out by the NRC, the industry, our  
12 own root cause analyses, our organizational capacity  
13 study, and other stakeholders to improve our entire  
14 fleet's performance.

15 For Pilgrim specifically, we are  
16 committed to safely operate the unit until June of  
17 2019 and then through to a successful  
18 decommissioning.

19 The site has the full support of my  
20 leadership team, the company and its Board of  
21 Directors to achieve this objective.

22 We will provide the necessary resources  
23 so that we can finish the station's operating life in  
24 a position of strength or finish strong as we refer  
25 to it with our employees.

26 It's also important for you to understand

1       that Arkansas Nuclear One is a critical long-term  
2       asset for Entergy, our fleet, and the State of  
3       Arkansas.

4               The facility plays a key role in  
5       delivering electricity to customers across the state.  
6       It is a major employer and it's helping that local  
7       community to continue to become a better place to  
8       live, work, and raise families.

9               We are committed to returning Arkansas  
10      Nuclear One to one of the industry's strongest  
11      performers and the flagship of our fleet.

12              I will now turn the discussion over to  
13      Arkansas Nuclear One Site Vice President, Jeremy  
14      Browning, who will be followed in due course by  
15      Pilgrim Site Vice President, John Dent.

16              So, Jeremy?

17              MR. BROWNING: Thanks Chris.

18              Good morning. I'm Jeremy Browning, Site  
19      Vice President, Arkansas Nuclear One. I appreciate  
20      the opportunity, Mr. Chairman, Commissioners, to  
21      share Arkansas's current performance and the basis of  
22      the comprehensive recovery plan and our actions  
23      moving forward.

24              Starting with the development of the  
25      comprehensive recovery plan, when we first entered  
26      into this, we sought benchmark data for other stations

1       that had undergone similar, got the learnings from  
2       that.

3               We also recognize that we needed to have  
4       a dedicated team of not only Entergy personnel, but  
5       industry folks that had participated in similar  
6       efforts. So, we wanted to leverage that.

7               The ANO assessments were comprehensive  
8       and very broad. The causal analysis that we  
9       performed were rigorous and developed corrective  
10      actions or produced corrective actions that, not only  
11      address the contributors that led to the findings  
12      that Mr. Dapas spoke to, but also our  
13      institutionalizing learnings that will sustain our  
14      performance and drive us to excellence.

15              During the implementation or development  
16      of the comprehensive recovery plan, we demonstrated  
17      bias for action. We were taking interim actions to  
18      try to improve performance. And, as Marc stated in  
19      a couple of areas, those interim actions did not hit  
20      the mark completely, primarily in the areas of the  
21      safety culture and the area of vendor oversight as  
22      it's been presented.

23              When we looked at that and tried to learn  
24      from that and as we incorporated that into the  
25      comprehensive recovery plan, one of the areas that we  
26      felt like we had not done an adequate job was the



1 full engagement of the workforce.

2 We had an intentional bias towards trying  
3 to make sure that the station stayed focused on the  
4 operation of the facility. Other utilities that have  
5 entered into these kind of endeavors have been  
6 distracted in the operation of the plant, so we tried  
7 to insulate a little bit and make sure that the  
8 station stayed focused and we probably went too far  
9 in that effort and didn't engage.

10 We did have some employment  
11 engagement -- employee engagement. However, I think  
12 we didn't have sufficient.

13 Some of the insights that were provided  
14 to us by the 95003 inspection did point out that the  
15 causal analysis that we did in the area of safety  
16 culture didn't hit the mark.

17 We thought that we could address that  
18 though kind of some corrective actions that were  
19 scattered throughout the plant and not make that a  
20 central point of the corrective action plan.

21 So, we restructured the plan and, after  
22 going through that evolution, I recognized that that  
23 needed to be at the forefront of the plan to paint  
24 the picture that the culture changes at ANO were going  
25 to be the driving force for the plants. So, that  
26 became the catalyst for us and I do appreciate that.

1                   The causal analysis, what it did for me  
2                   and what it did for the senior leadership team is it  
3                   really made us focus a little deeper on the values  
4                   that we have at ANO.

5                   The behaviors that you heard in here  
6                   about folks maybe letting resource limitations not  
7                   intentionally, but unintentionally, maybe bound the  
8                   extent of cause or condition. They were allowing  
9                   that limitation to maybe cloud what our core values  
10                  are, and that would be nuclear safety as our top  
11                  priority.

12                  So, when you go to the value system and  
13                  that is defining how we behave, that is how we're  
14                  intending our supervisors to coach.

15                  The effectiveness measures that were put  
16                  into the comprehensive recovery plan were based on  
17                  benchmark data of excellence. The effectiveness  
18                  measures that we have in place and the oversight  
19                  structure that we have put in place, not  
20                  just -- aren't just limited to ANO.

21                  There's an oversight review board for ANO  
22                  that consists of both Entergy executives and industry  
23                  executives so that we have a balanced approach to  
24                  making sure that we're getting the right level of  
25                  challenge.

26                  The process is twofold. It measures

1       timeliness and the rigor in which those actions are  
2       being implemented but just the measure of activity  
3       isn't good enough. We have to see objective evidence  
4       that performance is improving.

5               Other stations, as we have benchmarked,  
6       have put too much emphasis on just measuring levels  
7       of activity and feeling good about themselves because  
8       they're getting things done with rigor and quality.  
9       However, they're not getting the intended outcome of  
10      performance improvement.

11             So, our process is twofold. We want the  
12      rigor, we want the timeliness. But, if those actions  
13      aren't giving us the performance improvement, we need  
14      to make those course adjustments.

15             Approximately 80 percent of our  
16      comprehensive recovery plans will be -- actions will  
17      be completed this year with the balance to be  
18      completed in the following years.

19             As I stated, workforce engagement and a  
20      focus of our core values is at the heart of the  
21      comprehensive recovery plan.

22             Next slide, please, if I could?

23             The commitment that we are making is to  
24      the safe and reliable -- continued safe and reliable  
25      operation of ANO and the rigorous implementation of  
26      the comprehensive recovery plan.

1                   And, in order to do that, we recognize  
2                   that we need to ensure that our leaders recognize  
3                   risk and mitigate that risk appropriately with a bias  
4                   for action to eliminate as opposed to mitigate.

5                   Validation of organizational capacity  
6                   really has four scope elements and there is a process  
7                   that's in place to validate that. It's called a  
8                   People Health Committee modeled very similar after  
9                   the Equipment Health Committee that we have at the  
10                  station and have had for a while.

11                  It doesn't just look at an individual  
12                  component deficiency like the -- if it's a  
13                  vulnerability that you see in a department, what is  
14                  the vulnerability of that human resource's impact on  
15                  the overall system? And then, what's that system's  
16                  overall impact on the site?

17                  So, it takes a more holistic look at the  
18                  station.

19                  It also looks at the, as we've discussed,  
20                  some our problems, whereas, a senior workforce left  
21                  and newer employees and one for one ratio doesn't  
22                  occur from a knowledge transfer standpoint.

23                  So, it's a more forward looking, making  
24                  sure that, as attrition if forecasted, that that  
25                  knowledge transfer is conducted in a timely manner.

26                  It also has a forward look at things that

1       might be on our horizon. When we did our recovery  
2       plan development, we recognized that certain  
3       initiatives came to Arkansas like the NFP-805  
4       initiative in the Fukushima initiative.

5               So, you're seeing a changing of a  
6       workforce on the horizon, some increased volume of  
7       work. The new process would identify new volume of  
8       work is on the horizon and what is your workforce's  
9       ability to actually implement that and do the two  
10      match?

11             So, you can be making those proactive  
12      adjustments to your resources. So, it's not just  
13      about the volume of the resources, it's about the  
14      knowledge, skill and proficiency of those resources  
15      and then what are those resources actually working on  
16      today? And, what are those resources going to need  
17      to focus on tomorrow and in the years to come to make  
18      sure that we are prepared to deal with ongoing  
19      challenges.

20             And, that concludes my comments.

21             CHAIRMAN BURNS:     Okay.     All right,  
22      thanks.

23             We'll start again with a question from  
24      Commissioner Baran.

25             COMMISSIONER BARAN:       Thanks,     Mr.  
26      Chairman.

1 Thank you all for being here.

2 I think this is really one of the most  
3 important Commission meetings we have each year.

4 Chris, I very much appreciated your  
5 comments and your frank acknowledgment of the  
6 problems at ANO and in other parts of the Entergy  
7 fleet.

8 Marc Dapas detailed his assessment of the  
9 situation at ANO and you indicated that you were in  
10 agreement with his comments.

11 Is there anything from his presentation  
12 you disagreed with or you thought was unfair?

13 MR. BAKKEN: No, I think Marc gave a very  
14 accurate analysis of the situation. I'd also  
15 acknowledge, Commissioner, as you said, that the  
16 problem that we have at ANO, we have elements of it  
17 across the fleet and we need to work very hard to  
18 take our lessons that we've learned there and ensure  
19 that we apply them across the fleet and we're doing  
20 a good bit of work on that through the balance of the  
21 year to strengthen our ability to do that.

22 COMMISSIONER BARAN: Marc highlighted  
23 the decisions about resources were one of the root  
24 causes for ANO's performance decline and this  
25 manifested itself in different ways, staffing levels  
26 that were lower than what they needed to be, what was

1       needed.

2                   Contractor oversight wasn't adequate.  
3       Equipment maintenance and repairs weren't as prompt  
4       or thorough as they should have been.

5                   What has Entergy done and what are you  
6       doing to address these resource issues at ANO?

7                   MR.   BAKKEN:       Well,   from   an   ANO  
8       standpoint, I guess I'd like to talk about some of my  
9       lessons from an ANO standpoint and then I'll let  
10      Jeremy amplify it.

11                  But, he talked about the Plant Health  
12      Committee, but, to me, organizational capacity is a  
13      good way of framing up the discussion. And, it's got  
14      to be a forward looking organizational capacity  
15      assessment. And, that's what I believe the Plant  
16      Health Committee does.

17                  But, what I'm talking about is it  
18      includes staffing. Do we have the right staffing in  
19      order to perform the workload that is in front of the  
20      organization?

21                  So, depending on variabilities in that  
22      workload, staffing and organizational capacity have  
23      to be adjusted accordingly.

24                  In addition, though, it's experience.  
25      It's proficiency, it's leadership. It's  
26      prioritization to make sure that the work is done

1       with the highest quality. So, it is a much bigger  
2       element.

3               So, we're doing organizational capacity  
4       studies across the entire fleet including the fleet  
5       resources. I think Marc or Dan one brought up some  
6       of the CFAMs. I think Mr. Dapas actually brought up  
7       the corporate foundational area managers.

8               Well, they're part of the ongoing  
9       organizational capacity study that's going on right  
10      now. So, we're looking at it not just at ANO, even  
11      though ANO got started first, or they did start first,  
12      but we're expanding that across the entire fleet.

13              MR. BROWNING: So, specifically, what was  
14      done at ANO is the capacity study was done in the  
15      third quarter of last year. Capacity study says,  
16      based on benchmark data and some of things that Mr.  
17      Dapas spoke to which is we're dual unit 18-month cycle  
18      dissimilar plant. What does that need to look like  
19      if you're not in a column 4 condition?

20              So, that base load, what does that need  
21      to look like? The results of that came to us in the  
22      first quarter of this year and, through the  
23      corporation, we actually raised the base load target  
24      size of ANO to meet that capacity study results. So,  
25      we now know what we need to look like.

26              In addition to that, we did what we call



1       deep dives into the department. What do you need  
2       today based on today's demands. And, that study has  
3       just recently been completed and we're comparing the  
4       comprehensive recovery plan resource requirements to  
5       the current stations resources.

6               And, that's not just volume, it's the  
7       skills, the knowledge, the proficiency of that  
8       resource and making sure that those two match.

9               We do have a couple of challenges, as  
10      Marc spoke to, in the engineering area and  
11      maintenance. Although the maintenance area and the  
12      engineering area gaps have been closing and we're  
13      close to having that finalized.

14              But, those were our two most challenged  
15      areas based on the first quarter results.

16              COMMISSIONER    BARAN:        As you're  
17      evaluating the rest of the fleet and looking at  
18      potential issues including resource questions, what  
19      are you finding? Is this a resource problem  
20      occurring at other plants in the Entergy fleet?

21              MR.    BAKKEN:    We've launched a very  
22      comprehensive organizational capacity review using a  
23      known industry consultant that has a considerable  
24      amount of benchmarking data.

25              That study will conclude in the next  
26      several weeks. But, sitting here today, I have a

1 broad view of the outcome of that study.

2 Mr. Dapas comments are directly on. So,  
3 we are below industry benchmarks in terms of  
4 operational staff, maintenance staff, and engineering  
5 staff.

6 I think one of the things, you know, Tim's  
7 mentioning in terms of the corporate functionality  
8 managers, we need to look quite hard at the capability  
9 and competence of the fleet support organization.  
10 Our numbers and our strength in that area is less  
11 than some of the other fleet operators in the country  
12 and we believe that's one of the things that we need  
13 to correct to continue to have sustained excellence  
14 in performance in the long-term.

15 So, we'd be looking to increase our  
16 technical capability, our design conscious, our  
17 licensing basis understanding, design basis  
18 understanding and look to bring more of that work in  
19 house and do less of it externally through  
20 contracting.

21 COMMISSIONER BARAN: Okay, thank you.

22 MR. BAKKEN: So, that's what we've found  
23 and those are our intentions.

24 COMMISSIONER BARAN: Thank you, Mr.  
25 Chairman.

26 CHAIRMAN BURNS: Thank you,

1 Commissioner.

2 Again, I appreciate the presentations  
3 and, in fact, the journey that you're on in terms of  
4 addressing some of the issues that have been raised  
5 both at ANO and we'll talk in a few minutes at Pilgrim  
6 and the perspective from what does that mean in terms  
7 of overall fleet performance.

8 One of the things and one question I had  
9 and one thing I think I heard during my visit a couple  
10 months ago was that, frankly, the operating staff was  
11 one of the strengths in the organization. And,  
12 what -- and really, a real asset to the plant.

13 And, I think what I heard, too, is  
14 there's, in terms of taking some attempt to sort of  
15 leverage that both experience and quality in terms of  
16 the improvement initiatives.

17 And, maybe you could talk a bit about,  
18 anybody, talk a bit about that and how you see  
19 building upon that? Because I think, looking for  
20 places where there are pockets of good performance or  
21 excellence to try to drive other areas. So, I'd be  
22 interested in hearing how you're trying to do that.

23 MR. BROWNING: Yes, there's a couple of  
24 examples that I could provide to you as we have taken  
25 some of our senior leadership, the pipeline of  
26 operators that ANO has been fairly healthy, so we are

1       able to bring some leadership out of that department.

2                   And, one of the areas that we were  
3       struggling was the corrective action program. So,  
4       we took a senior shift manager and he is now the  
5       department manager of that group.

6                   We went through a change management  
7       process so we've got a very operationally focused  
8       corrective action program manager who's now the  
9       conscious of our corrective action program.

10                  And then, as far as the fleet's  
11       concerned, the Ops Manager that had been in place for  
12       a couple of years is now the engineering director at  
13       the Grand Gulf facility. So, I think there is a lot  
14       of opportunities for the learnings that he had at ANO  
15       and the journey that led to where we were and the  
16       foundation that was built in ops and to take that to  
17       another station and to implant that.

18                  So, it's through this People Health  
19       Committee where the succession planning and the  
20       knowledge transfer of where our vulnerabilities are  
21       and where our strengths are and how do we develop the  
22       people today for that person that's going to leave or  
23       that area and start working that.

24                  We do have a succession planning process,  
25       but it's more about the implementation of that process  
26       that we're focused on.

1                   MR. MITCHELL:       And, I think more  
2       fundamentally even, you have to back up to the do we  
3       have the right on shift, and I believe we do. And,  
4       they've got to be setting the standards for the entire  
5       organization because they are there 24/7 and they've  
6       got to set those standards so not just --

7                   I agree with Jeremy and that is an  
8       important aspect of being able to get that experience  
9       out within the rest of the organization. But,  
10      Jeremy's also, and so is the plant manager at Arkansas  
11      Nuclear One, been very focused on making sure that  
12      the shift manager and the control room supervisors,  
13      the reactor operators are all operating at the highest  
14      standards of performance.

15                  But then, also, providing that influence  
16      upon to the rest -- on to the rest of the  
17      organization.

18                  MR. BAKKEN: I'd just add, Mr. Chairman,  
19      I think behind your comment is something I believe  
20      quite strongly which is that for a plant to be  
21      successful, the operations department and the  
22      operations team have got to be the leaders on the  
23      site.

24                  You know, they're the people that we  
25      license. They have the best understanding of the  
26      site, the best capability to make risk judgments,

1 safety judgments, et cetera.

2 So, I think one of the things that you  
3 did sense and was discussed in your visit is that the  
4 facility at Arkansas Nuclear One, that is occurring.

5 We have other facilities where it's not  
6 to the level of strength that it needs to be. So,  
7 when we look at the organizational capacity and our  
8 workforce planning, we'll be looking to reinforce  
9 those departments in the rest of our fleet so that we  
10 can be in operations to that organization at the sites  
11 and use that team to preserve the safety and the  
12 reliability margins of the plant.

13 CHAIRMAN BURNS: Okay, thanks.

14 And, I want to -- last question I'll ask  
15 and you talked and addressed, you know, developing  
16 organizational capacity, evaluating resources, you  
17 know, the organizational effectiveness, how things  
18 are carried out.

19 And, you also talked about safety culture  
20 which is one of those things that's more ephemeral.  
21 It's, you know, you can't say my wife has a story or  
22 father used to say, you know, going to some family  
23 event, you will attend and you will enjoy.

24 And, that doesn't quite work that way in  
25 terms of safety culture. But, tell me a little bit  
26 more about the initiatives you're undertaking, just

1 to foster that?

2 Because I realize that's not just  
3 assessing, you know, do I have the right number of  
4 staff? Do I have, you know, the right contractor  
5 balance and all. It's a more difficult thing to  
6 address. So, I'd appreciate hearing about that, a  
7 little more detail on what you're trying to do in  
8 that area.

9 MR. BROWNING: So, one the -- I know  
10 it's -- it looks simple, but this book right here is  
11 called the ANO Standards and Expectations book and on  
12 this page is, at the top of it, it defines our core  
13 values.

14 And, the very first value is, we always  
15 keep nuclear safety first. And so, what we do is how  
16 do we translate that into a tangible example?

17 If, for example, we see someone that's  
18 not necessarily adhering to a procedure the way they  
19 should be, start with what is our standard when it  
20 comes to procedure, use and adherence.

21 And, you know, the standard would be  
22 clear and then we would talk to, do we believe that  
23 procedures lead to consistent outcome and results and  
24 that's why they're in place? And, the answer to that  
25 would be yes.

26 Then, we'd say, do we really value

1 nuclear safety because those deviations, although  
2 minor, can lead to nuclear safety problems. So,  
3 really talk to these.

4 And, the other core values are we fix and  
5 maintain our plant. We operate as a team. We  
6 continuously learn and seek to improve from people  
7 that are doing it better.

8 So, those are some of the things -- and,  
9 every time we see a deviation from behavior, we go  
10 back to these values and say, we can't behave this  
11 way if we say we value these things. And we have  
12 those very candid discussions with our staff.

13 MS. JACOBS: I think maybe I can broaden  
14 that back, too, Chairman. If we look at the entire  
15 fleet, so part of our root cause analysis was to take  
16 a look at nuclear safety culture and do a nuclear  
17 safety culture review for the fleet itself.

18 And so, supplementing our team with some  
19 very experienced industry executives coming in and  
20 looking at what we're doing, putting it in terms of  
21 the NUREG-2165, the common culture traits that we  
22 have.

23 And really stepping back and  
24 acknowledging that, across the fleet, we need to have  
25 a stronger focus on nuclear safety.

26 And so, it really starts with the leaders



1 of what is most important for us and how we pull that  
2 out of the organization.

3 We heard an example about when we needed  
4 to take the unit down at ANO and we did that and that  
5 was probably different focus than what we would have  
6 done before.

7 We're seeing the same types of examples  
8 at our other sites where, if we've got an equipment  
9 issue, we're going after the equipment issue. If we  
10 need to bring the unit down, we're also asking  
11 ourselves, what other work is the right work to do?

12 Mr. Dapas talked about a recognition of  
13 our single point vulnerabilities and we've had a  
14 tendency to always want to mitigate instead of go  
15 eliminate. And, that's been a real focus for us. If  
16 we need to bring a unit down, we'll go through the  
17 complete list of a single point vulnerabilities and  
18 what can we go fix at this opportunity?

19 And, I think that's a lot different from  
20 the past where we might have been more focused on  
21 bringing the unit back up immediately instead of  
22 saying, we have an opportunity to make some  
23 corrections in our facilities.

24 So, while we've done that nuclear safety  
25 culture review, we're putting in more formalized  
26 corrective actions. I think the first step you have

1 to see is how we internalize it as leaders and we  
2 carry that across our fleet.

3 CHAIRMAN BURNS: Okay, thanks very much.  
4 Commissioner Svinicki?

5 COMMISSIONER SVINICKI: Well, thank you  
6 for your presentations.

7 When I visited ANO, one of the things  
8 that struck me that I took away from there was a  
9 strong sense of almost family between the women and  
10 men who work at the station and there was a real  
11 community spirit, but that carried over into the plant  
12 itself.

13 And, while employees looking out for each  
14 other is a very positive attribute, a site vice  
15 president, maybe I'll direct this to you, Mr.  
16 Browning, how do you assure yourself that employees  
17 are willing to challenge each other as will be  
18 necessary in order to have success on the recovery  
19 plan? Challenge each other's actions and to really  
20 move forward on the changes that are necessary?

21 MR. BROWNING: That wasn't an absolute.  
22 One of the five key insights that came out of our  
23 nuclear safety culture highlighted the fact that  
24 we're very close. We're a very tight team and almost  
25 family.

26 But then, the safety culture survey went

1 on to -- or assessment went on to say, and as a  
2 result, you tend to not want to intrusively challenge  
3 each other or you trust without verification.

4 So, we have to institutionalize some  
5 forcing functions to force ourselves to do this.

6 So, in some of our key meetings, we have  
7 brought in external people from ANO. This would be  
8 like in our Plant Health Committees, our people health  
9 committees, the challenge meetings that we do before  
10 we conduct maintenance called a critical evolution  
11 meeting.

12 And, these people from an external point  
13 of view are using the attributes of leadership and  
14 watching the managers. And, when they don't see  
15 those examples where we've challenged sufficiently,  
16 they will either interject during the meeting or  
17 provide a critique.

18 All that information is also rolled up  
19 into a product that we review on a frequency to see,  
20 are we seeing improvement in those behaviors over  
21 time? And we have been and these have been in place  
22 for, in some cases, a year.

23 COMMISSIONER SVINICKI: Yes, I think one  
24 other thing that goes along with that is when we look  
25 at closing out actions, how do we really challenge  
26 them to make sure we've been effective and the

1 implementation of the action closure review board,  
2 which is a team that that is their sole purpose is to  
3 go in and challenge that.

4 We're actually using that at other sites  
5 as well, not just at ANO. But, it's a very good  
6 opportunity for us to go through and make sure that  
7 the actions we're putting place are effective so that  
8 we can continue to move our improvement performance.

9 MR. MITCHELL: There's also a corporate  
10 role in addressing your question and that corporate  
11 role includes a corporate function of area managers  
12 but others. So the improvements that we're making  
13 from a fleet recovery standpoint are very focused on  
14 making sure that we have the right view of are those  
15 corrections, are those behaviors, are those  
16 improvement opportunities being recognized and acted  
17 upon?

18 MR. BROWNING: And so, a recent learning  
19 from a Waterford Station in the way they implement a  
20 management review meeting is, it had in the past been  
21 more of a fleet challenge of our performance, but  
22 we're changing that format to where it's more of a  
23 departmental challenge of each other's performance  
24 with the fleet's role to make sure that challenge is  
25 adequate.

26 So, it's a little bit of a change in the

1 mind set. The material's the same, but it's shown  
2 to be real effective at Waterford, so that's just  
3 another tool that we're using to make sure that the  
4 corporation has the ability to see us do that external  
5 to ANO.

6 COMMISSIONER SVINICKI: Another  
7 observation over the course of time in looking at  
8 U.S. industry performance is that, certain fleets or  
9 particular sights have cycles of performance over the  
10 decades.

11 Do you feel that you, as you developed  
12 your recovery process, have designed in long-term  
13 sustainment of the measures and different changes  
14 that you're making? Has that been something that was  
15 designed in up front?

16 MR. MITCHELL: That would -- absolutely  
17 our intent to make sure that that was our focus, not  
18 just a -- and that kind of leads back to Mr. Bakken's  
19 initial comments.

20 Our objective and our focus is not to  
21 exit column 4. Our objective is to restore  
22 performance at a level of excellence that ensures the  
23 sustainability that you're talking about.

24 But -- and that applies to Arkansas  
25 Nuclear One as well as the fleet. So, our everyday  
26 motto or mantra is to go focus them on, what do we

1       need to go do, not for today, but what do we need to  
2       do for the long-term health of the organization?

3               MR. BROWNING:  And, technically, at ANO,  
4       what that looks like is before any one of the focus  
5       areas gets closed out, it's about the execution,  
6       quality execution.  Did you see the performance  
7       improvement that you expected and then what are the  
8       sustainability tools?

9               So, those three scope elements have to be  
10       satisfied before any one of our focus areas will get  
11       closed.  And, it's not just ANO says that, it's ANO  
12       says that and then is challenged by not only fleet  
13       but also industry folks to say we believe that you've  
14       met the mark.

15              MR. BAKKEN:  Just a follow on from  
16       Jeremy's last thought and an answer to your question,  
17       I think we have a piece of work to do in terms of  
18       strengthening the capability of the fleet governance  
19       organization, the team that work in echelon to make  
20       sure that we have a proper vision of industry  
21       excellence, that we have sufficient benchmarking from  
22       our peers in the industry and that we keep that fresh.

23              One of the things we discussed in the  
24       meeting we had at the end of March was our ability as  
25       an organization to recognize excellence today.

26              We have bene insular, I mentioned in my

1 opening remarks. We tended to benchmark within our  
2 fleet and we've missed some of the improvements that  
3 others have made in the industry. So, when we look  
4 forward, I think part of the sustainability is to  
5 keep that alive, keep that benchmarking going.

6 One of the things I've been very pleased  
7 to find in taking this responsibility is the response  
8 from my peers in the industry who are very willing to  
9 try to help us and to allow us those opportunities to  
10 benchmark and to learn from them and their successes  
11 in doing things similar to what we're trying to  
12 achieve.

13 So, I think that part is really  
14 instrumental to us continuing to improve and then  
15 sustaining that over time is to keep that very fresh  
16 and current.

17 COMMISSIONER SVINICKI: Thank you.

18 Thank you, Mr. Chairman.

19 CHAIRMAN BURNS: Thank you.

20 Commissioner Ostendorff?

21 COMMISSIONER OSTENDORFF: Thank you all  
22 for your presentations.

23 I'm going to maybe pick up where you were  
24 leaving off, Commissioner Svinicki. I appreciate  
25 your candor as the Chief Nuclear Officer. I know  
26 you've been then a short time. Thanks for coming by

1 to see the Commission here earlier a few weeks ago.

2 You know, you've got a strong background  
3 in the nuclear industry in the United States and  
4 overseas. What was the biggest surprise you had  
5 coming into Entergy? And, my question's not about  
6 ANO but just about the overall fleet? Because I  
7 think the fleet issue is one that certainly has the  
8 Commission's attention here.

9 MR. BAKKEN: I don't know if I'd frame  
10 as a surprise but I think the one thing where we have  
11 the largest opportunity for improvement is to  
12 strengthen how we operate as a fleet.

13 Because, my vision of Entergy was a  
14 decade old and I had a very different perspective.  
15 When we were in England, it was actually Entergy  
16 people that were there helping us turn the fleet's  
17 performance around.

18 So, the clear roles and responsibilities  
19 and mission statement of the fleet organization is  
20 the area where I think we have a very large  
21 opportunity to improve and then consequentially  
22 improve our whole fleet's performance.

23 So, that would be my answer to the  
24 question.

25 COMMISSIONER OSTENDORFF: Okay. I'll  
26 ask this question and I'll let you decide who wants



1 to answer.

2 The question is, how do you assess morale  
3 at ANO? You can figure out who you want to have  
4 answer that question, it could be multiple people.

5 MR. BROWNING: Well, there's a couple of  
6 different ways we're doing that at ANO.

7 One is, we're doing pulse surveys every  
8 quarter targeting specific things. So, we're getting  
9 direct feedback from the employees.

10 We just finished a major survey where we  
11 had about 80 percent of the site participate in that.  
12 So, we get those learnings.

13 The other way is by being with your people  
14 in different settings. I call them 2C's meetings.  
15 People meet with me, they meet with the plant manager,  
16 a broad spectrum of the site.

17 They meet, I guess you could say,  
18 independently with some facilitators and then I would  
19 enter the room and then we discuss their comments and  
20 their feedback and then we address those.

21 So, those are some of the ways, but it's  
22 the best way that I know is to be with your people  
23 where they're doing their work and have meaningful  
24 interactions with them while they're doing it.

25 And then, you also can measure the  
26 results of that by the discretionary effort that you

1       see in the results that you see from your performance  
2       improving. That's the only way that I know.

3               MR. MITCHELL: I think there's another  
4       element to the morale at Arkansas Nuclear One. I  
5       think they are encouraged by the actions that are  
6       being taken, but there's still a question on their  
7       part of, are we committed to the long-term  
8       sustainability of those actions or is this just a  
9       short-term?

10              And, we have to demonstrate to them that  
11       it is a long-term commitment that we are after.

12              COMMISSIONER OSTENDORFF: Okay. Thank  
13       you all.

14              Thank you, Mr. Chairman.

15              CHAIRMAN BURNS: Thank you.

16              And, I guess what we'll do now is switch  
17       out to have the folks who address Pilgrim come forward.  
18       And, again, thanks.

19              Well, welcome. And, again, we'll proceed  
20       with the presentation from Entergy with respect to  
21       Pilgrim.

22              MR. BAKKEN: I did not intend to repeat  
23       my opening remarks. I'm sure you're happy to hear  
24       that.

25              CHAIRMAN BURNS: Thank you.

26              MR. BAKKEN: So, I'll let -- we've been

1       joined by John Ventosa who's the Chief Operating  
2       Officer for the northern portion of our fleet and  
3       John Dent, the Site Vice President. So, I'll hand  
4       over to John.

5                   MR. DENT: Thank you.

6                   Good morning. My name's John Dent,  
7       again, I'm the Site Vice President at Pilgrim. I  
8       very much do appreciate the opportunity to be here to  
9       talk with you this morning.

10                  Before I jump into the presentation, I  
11       first of all wanted to say that, on behalf of Pilgrim,  
12       on behalf of myself, completely align with Mr.  
13       Dorman's comments, the NRC's perspective of our  
14       performance.

15                  We agree that we're safe to operate. We  
16       do recognize, however, that we have work to do, a lot  
17       of work to do to continue to improve our margins to  
18       safety and we are 100 percent committed in doing so.

19                  So, with that said, what I intended to  
20       cover this morning is some questions that I thought  
21       may be of most interest.

22                  So, first of all, what I'd like to talk  
23       about is why Pilgrim's in column 4. And, I know Mr.  
24       Dorman talked about the ROP perspective of why we're  
25       in column 4, I wanted to take it just a little bit  
26       further.

1                   Additionally, I wanted to talk about how  
2                   we're addressing our performance problems, what our  
3                   fundamental problems are and what a fundamental  
4                   problem is, kind of a definition of what a fundamental  
5                   problem is, and then, finally, how we're driving our  
6                   recovery.

7                   And then, when I'm finished I'd be more  
8                   than happy to try to answer any questions that you  
9                   might have. Okay?

10                  First of all, why we're in column 4, as  
11                  Mr. Dorman talked about, 2013 we had a combination of  
12                  unplanned SCRAMS and SCRAMS with complications that  
13                  resulted in our entering the column 3.

14                  The latter part of 2014, we were  
15                  unsuccessful with our 95002 inspection. Subsequent  
16                  to that, we identify an issue with a safety relief  
17                  valve that we misdiagnosed in 2013 which, obviously,  
18                  resulted in a white finding, the third white finding  
19                  and our entry into column 4.

20                  So, I would characterize that as the  
21                  direct cause or the nuts and bolts from the ROP  
22                  mechanics of why we're in column 4.

23                  But, the real reason, the underlying  
24                  reason that we're in column 4 is because of us. It's  
25                  because of our culture. And, at the heart of our  
26                  cultural issues, I would tell you, is our

1 implementation of the corrective action program.

2 We've lacked the reverence, that deep  
3 appreciation for finding and fixing our problems.  
4 Now, I'm not here to tell you that's our only problem,  
5 but I would argue that, had we been implementing the  
6 corrective action program to the spirit by which it's  
7 intended, there's a pretty good possibility I  
8 wouldn't be sitting here talking to you today about  
9 why we're in column 4.

10 So, we're doing a lot of work in that  
11 area. We, as we talked about earlier, we think we're  
12 making progress. We recognize we have a long way to  
13 go and a lot of work to do to really instill the  
14 cultural changes that we need to instill to be where  
15 we need to be which is aligned with industry  
16 excellence.

17 So, that's the why we're in column 4.

18 How we're addressing our performance  
19 problems? There is a very systematic and  
20 comprehensive process that's been very successful in  
21 the industry. We've taken the opportunity to  
22 benchmark plants such as Fort Calhoun, Brown's Ferry,  
23 Palo Verde and, obviously, ANO. ANO's kind of an  
24 ongoing benchmark for us.

25 They are, obviously, further along in  
26 their efforts. We've taken the opportunity to

1       leverage the pluses and deltas and will continue to  
2       do so through our efforts.

3               I did want to touch on from a very high  
4       level how we're going about this.       There's  
5       three -- kind of three parallel activities, if you  
6       will, going on right now.

7               There's a team of industry experts, a  
8       company that does this for a living and is being very  
9       successful. We've hired that company. So, this team  
10      of nuclear professionals working with the Pilgrim  
11      team in concert.

12              Essentially, what they do from time zero,  
13      which was the latter part of 2015 to the beginning of  
14      2016, they take a look at our performance.  
15      Basically, turn over every rock going back in time to  
16      a point in time when performance at the station was  
17      considered to be healthy or strong.

18              So, all that data is pulled together and  
19      then, in parallel with that, there's a separate part  
20      of the team that's doing observations in the field,  
21      whether it be in the plant, the control room, meeting  
22      settings, training settings or whatnot.

23              And, they're gathering information so you  
24      have a combination of a historical perspective for  
25      our performance, coupled with a contemporary or  
26      current perspective of our performance.

1 All that information comes together, it  
2 goes through a very rigorous structured process and  
3 what comes out of that process is what's termed, one  
4 of the key outputs is our fundamental problems.

5 And, a fundamental problem is, by  
6 definition, it is your cultural problems, it is your  
7 systemic organizational issues. And, it's typically  
8 that the fundamental problems are the drivers for  
9 your other problems. And, I'm going to talk about  
10 those in just a minute.

11 So, in parallel with that, we have five  
12 issues of concern or five focus areas, very -- we're  
13 very clear on what those focus areas are.

14 So, from the onset, what we've done is  
15 we've implemented interim actions and the intent of  
16 the interim actions that address those five areas is  
17 to ensure we're managing risk throughout the process.

18 So, we understand what our fundamental  
19 problems are, our organizational drivers. We  
20 understand what the causes are. We understand what  
21 the corrective actions are to fix the problems.

22 We implement the corrective actions and  
23 then we assure ourselves that the corrective actions  
24 have effectively fixed our problems. Then and only  
25 then will be back off of the interim actions. So,  
26 that's the second piece.

1           The third piece is augmented staff.  
2       We've talked a lot about staffing and organizational  
3       capacity. But, what we've learned from benchmarking,  
4       what we've learned from our own experience and going  
5       through the 95002 inspection was that, to safely  
6       operate the plant is it takes a lot of effort. It  
7       takes a lot of attention from the site, from the  
8       leadership team, from the workforce to safely operate  
9       the plant.

10           That's the price of admission. We have  
11       got to operate the plant safely 24 hours a day, seven  
12       days a week. That's a foregone conclusion.

13           Equally as important, we have to recover.  
14       We have to understand what our fundamental problems  
15       are and we have to implement a recovery plan to  
16       improve performance.

17           So, to do that, we know that we've needed  
18       to augment the staff. So, key leadership positions,  
19       we've created shadow or assistant level full-time  
20       positions. And, in certain departments within the  
21       organization, we've augmented the staff as well.

22           And, to be clear, this augmented staff  
23       isn't just here from now until we get through recovery  
24       and when we return to column 1, this augmented staff  
25       are completely funded and resourced all the way to  
26       the end of plant life. So that's the third piece.



1                   So, it's big picture, analytical approach  
2                   to understanding our problems. We've got interim  
3                   actions in place to manage the risk until we solve  
4                   those problems.

5                   And, from an organizational capacity  
6                   standpoint, we have the staffing necessary to support  
7                   safely operating the plant and recovery.

8                   Okay? So, that's how we're addressing  
9                   our problems at a very high level.

10                  Our fundamental problems, just as  
11                  analysis or analytical approach I talked about is  
12                  referred to as the collective evaluation process.

13                  And, for us, at Pilgrim, the collective  
14                  evaluation process has determined that we had three  
15                  fundamental problems.

16                  Not surprising is CAP, corrective action  
17                  program. In fact, we didn't wait for the collective  
18                  evaluation process to complete. Very early on in the  
19                  process, we made the decision that we have a  
20                  fundamental problem in the implementation of the  
21                  corrective action program.

22                  So, we went right into the root cause  
23                  evaluation. We've been in the process of  
24                  implementing those corrective actions and we are  
25                  seeing improvement in our efforts.

26                  Again, a long way to go, but we are seeing

1 improvements in that area.

2 The next two fundamental problems, risk  
3 recognition and decision making is a fundamental  
4 problem for us.

5 And then, finally, in the area of safety  
6 culture, a specific focus in three areas, leadership,  
7 resources or organizational capacity and then,  
8 finally, oversight.

9 So, they are our three fundamental  
10 problems.

11 It is noteworthy, I just want to make a  
12 point here, since 2013, we've been working hard to  
13 improve our performance. We implemented a  
14 comprehensive improvement plan in 2013.

15 Objectively, subjectively, we've been  
16 seeing performance improve. Again, we've got a long  
17 way to go and we've got plenty of work to do in front  
18 of us. We're not where we need to be, I just want  
19 to be clear about that.

20 But, the reason I bring it up, this is  
21 really important in our process. As we go through  
22 the analytical portion and the causal analysis, it's  
23 very important to us that, for example, if we identify  
24 six drivers to a problem in say, CAP, if three of the  
25 drivers had been adequately addressed from the  
26 beginning of the assessment or the beginning of the

1 improvement efforts, we need to be clear that these  
2 drivers have been addressed.

3 And, the reason I tell you that, it's  
4 really important to us from a focus standpoint of the  
5 organization that we're not putting corrective  
6 actions in place and diverting the organization's  
7 attention to fixing things that don't need to be  
8 fixed, we need to be fixing the drivers that will  
9 improve our margins to safety. So, that's the reason  
10 I tell you that and that's a focus for us.

11 It sounds simple, it sounds basic, but  
12 it's a bit more complicated than it may sound.

13 So, that's the fundamental problems for  
14 us and then, finally, how we're driving our  
15 performance recovery efforts.

16 The root cause is the apparent cause. Of  
17 all that causal analysis work will come together in  
18 corrective action plans.

19 We have interim correction actions in  
20 place. We have an improvement plan that's in place.  
21 So, all that comes together and that'll be combined  
22 into what we talk about as the comprehensive recovery  
23 plan.

24 And, I'll tell you, that's the mechanics  
25 of how that comes together. But, the magic for us  
26 here, since 2013, we've been working very, very hard

1 to build the trust and transparency and openness and  
2 engagement of the entire workforce.

3 A key element of that in 2013 was the  
4 engagement of the workforce and helping us build the  
5 comprehensive improvement plan. Big dividends for  
6 us back then.

7 The ownership, the buy-in, the  
8 understanding, the knowledge. The knowledge of my  
9 role in a recovery, the knowledge of my role as a  
10 worker, what it means to be in column 4, what that  
11 means to us in terms of margins and safety and what  
12 my role is.

13 They are the dividends we're looking for.  
14 So, we're literally weeks away to implementing that  
15 portion of the process.

16 Again, we've been talking to the  
17 workforce a tremendous amount throughout the effort  
18 and the workforce knows that we're in the process and  
19 will be pulling together.

20 So, all that said, the way this is going  
21 to play out as we move forward here in the coming  
22 weeks, when we've got the comprehensive plan in place,  
23 when we're confident that our actions are being  
24 effective and we're seeing performance move in the  
25 right direction, when we're confident that the  
26 organization's completely aligned around where we're

1       going, then and only then will we pick the phone up  
2       and let the NRC know that we're ready for the  
3       inspection.

4               So, and, Mr. Mitchell alluded to it here,  
5       and I talk incessantly to the workforce about this  
6       and I want to be clear today, this 95003 inspection  
7       is very, very important to us. There's no doubt  
8       about it.

9               But, this isn't about passing an  
10       inspection. That's not what this is about. What  
11       this is about is an organization understanding what  
12       our fundamental problems are, what those cultural  
13       issues are, understanding what behaviors we need to  
14       change, not just to improve the margins to safety but  
15       to drive us to industry excellence. That's what this  
16       is all about for us.

17              So, that's what we're doing to drive  
18       recovery. And then, just very briefly to close  
19       things out here, as far as safe and reliable  
20       operation, there's a lot I can say in that area.

21              But, I keep coming back to engagement,  
22       continuing to engage and build on what we've  
23       accomplished with the workforce at Pilgrim and  
24       continue to leverage the workforce.

25              Our workforce to align top to bottom,  
26       horizontally, vertically, that's what's going to

1       carry the day for us and lead to our success in terms  
2       of, like I said, not just improving margins to safety,  
3       but driving our site's performance to excellence.

4               And, the last thing I wanted to just touch  
5       on is finishing strong. I have a board in the  
6       presentation that talks about finishing strong.

7               There's an elephant in the room we really  
8       haven't talked about a whole lot. We're shutting the  
9       plant at the end of May 2019. That's going to happen.

10              I know these are just words, I like to  
11       think our actions and our words mesh up. From our  
12       perspective, and when I say we here, when I say we,  
13       I mean the site leadership team, I mean the workforce,  
14       Entergy Nuclear, Entergy Corporation are 100 percent  
15       committed, not just to improve in our margins of  
16       safety, but we're a 100 percent committed to driving  
17       right through the end of the plant life here.

18              Somebody sitting in the room right now  
19       made a comment to me about a week ago and it really  
20       resonated with me. This organizational vision of  
21       running through the tape at the finish line, I really  
22       like that vision.

23              We've got the organization aligned around  
24       leaving a legacy of excellence. We've got a proud  
25       New England workforce and I think this workforce is  
26       completely aligned around finishing strong at the end

1 here.

2 So, I said a lot. I said a lot fast.  
3 I'd be more than happy to answer any questions that  
4 you may have.

5 Thank you.

6 CHAIRMAN BURNS: Okay, thanks. Is that  
7 it?

8 Okay, thanks very much. Again, we'll  
9 start with Commissioner Baran.

10 COMMISSIONER BARAN: Thanks.

11 Mr. Dent, I appreciate your  
12 acknowledgment that Dan Dorman's assessment of the  
13 issues at Pilgrim is fair. I think that's really  
14 helpful to have kind of a common understanding of the  
15 problems to address there.

16 I asked Dan about the Region's  
17 observation at the end of 2015, that's a few months  
18 ago now and that operations management wasn't  
19 embracing the need for change. It was more focused  
20 on regulatory characterization than on addressing and  
21 fixing problems.

22 I'm interested in your thoughts on -- he  
23 also mentioned that he's seen improvement, but  
24 there's a way to go. So, I'm interested in your  
25 thoughts on that and I'm interested in Chris's  
26 thoughts on that coming on those issues coming in and

1 new to the fleet.

2 MR. DENT: Yes, I think, first of all,  
3 we've made some organizational changes in ops,  
4 promotional across the board. But, nonetheless,  
5 we've some changes and I think the, at least I'll  
6 give my perspective, I won't speak on behalf of our  
7 residents or Mr. Dorman.

8 But, I think the lines of communications  
9 have opened considerably. I think the focus on, for  
10 example, shift managers driving performance at the  
11 station is a focus for us.

12 We're not an industry leader as far as  
13 shift managers driving performance and that's  
14 something that the operations leadership team as well  
15 as the senior leadership team are focusing on. And,  
16 I think we're seeing improvement within that area.

17 So, that is very much a focus for us and  
18 it is important to us.

19 MR. BAKKEN: And, just to follow on in  
20 the point I commented on it a bit earlier, but, you  
21 know, in my experience tells me that strong  
22 operational leadership leads you to have a  
23 successfully and well run site.

24 I think the other piece that we need to  
25 look at, which we really haven't discussed, is  
26 succession planning and workforce planning.



1                   Because, the other thing that makes an  
2                   organization successful is a pipeline through the  
3                   operations organization. It's then used as a feed  
4                   stock for the rest of the organization, be it  
5                   maintenance, engineering, licensing, et cetera.

6                   We have some of our facilities that do  
7                   that very well and we have others where we need to  
8                   improve. And, I think that role of the path through  
9                   the shift manager and then out into the broader  
10                  management           responsibilities           and           fleet  
11                  responsibilities is key to our success. So, that'll  
12                  be a focus area for us in the coming years.

13                  COMMISSIONER BARAN:       Mr. Dent, you  
14                  mentioned that one of the steps you're taking at  
15                  Pilgrim is to augment the staffing and that that's  
16                  something you intend to maintain over the next few  
17                  years in a run up to shutting down in 2019.

18                  How are you going to make sure that any  
19                  necessary capital improvements are made to the plant  
20                  even though it's only going to be operating for a few  
21                  more years?

22                  And, I guess this is a question also for  
23                  the senior leadership of the fleet. How is the fleet  
24                  going to make sure, fleet management going to make  
25                  sure that, if there are investments that need to be  
26                  made at a plant that's going to be shutting down in

1 three years, those investments are made?

2 MR. DENT: Yes, the timing, if you heard  
3 the safety culture comment I made around risk  
4 recognition and decision making, that decision making  
5 aspect, there are things we've done in terms of  
6 structure processes to make sure decisions that we're  
7 making are rigorously vetted out and challenged.

8 So, timing wise, we have one outage left,  
9 one refuel outage. We just finished scoping that  
10 outage. And, that is -- you have two years left to  
11 operate and from a making the decision what scope  
12 goes into the outage or not, what we did is we  
13 expanded it beyond the site.

14 We took our shot at scoping the outage  
15 and we thought were absolutely positively necessary  
16 for the efficient operation of the plant through plant  
17 life.

18 And, what we did is, we've had  
19 independent challenges at a fleet level to make sure  
20 that there wasn't anything we were missing or we  
21 weren't getting blind to it in terms of being too  
22 close to it.

23 So, we're including third-party or kind  
24 of independent help in that area to make sure we're  
25 not missing anything.

26 COMMISSIONER BARAN: Okay.

1                   MR. VENTOSA:   The only thing to add to  
2                   that, I mean there's a significant kind of fleet  
3                   corporate piece of that from an oversight piece, John.

4                   And, I think we looked at it a little bit  
5                   differently in the past. Not the probability of the  
6                   piece of equipment failing because you could  
7                   rationalize then two years, you know, probability  
8                   time, but what's the consequence?

9                   And, let's focus on consequence when  
10                  we're making scoping decisions. And, we are  
11                  committed, from a resource standpoint, and when you  
12                  look at the outage scope coming up in this next  
13                  outage, it's commensurate with consequence, not  
14                  necessarily probability.

15                  There's a little nuance there, but that's  
16                  kind of how we've focused, I think, the organization  
17                  that it was important for us.

18                  COMMISSIONER BARAN:   Thank you very much.

19                  CHAIRMAN        BURNS:            Thank     you,  
20                  Commissioner.

21                  One of the things, Mr. Dent, you touched  
22                  on it and I think in the presentations, but perhaps  
23                  you can elaborate some.

24                  You have, I think, what you have going is  
25                  you, in effect, have two things in one. You have the  
26                  notion of finishing strong apart from whether you're

1       being, you know, or Pilgrim was in column 4, it would  
2       have that challenge in terms of communication, in  
3       terms of the workforce, you know, the workforce  
4       commitment, enthusiasm, whatever in terms of getting  
5       across, as you say, getting across the finish line in  
6       May 2019.

7               The same token now we have in terms of  
8       the improvement processes, improvement initiatives  
9       that need to -- that focus on the column 4 status.

10              Can you tell me, how is that sort of  
11       integrated or how is that finish strong sort of  
12       influencing, in effect, the corrective actions taken  
13       with respect to the column 4?

14              Can you give me some sort of picture of  
15       how one influences the other or sort of absorbed or  
16       put together?

17              MR. DENT:  If I could just step back for  
18       a minute to answer --

19              CHAIRMAN BURNS:  Sure.

20              MR. DENT:  -- that question in terms of  
21       speaking on behalf of the workforce.

22              Prior to March of this year, there was  
23       anxiety within the workforce.

24              CHAIRMAN BURNS:  Yes.

25              MR. DENT:  Frankly, because we hadn't  
26       made the decision whether we were shutting down in

1       '17 or '19 and the other variable out there was the  
2       workforce didn't understand what their retention was  
3       going to be.

4               So, what does this mean to me and family  
5       and my life? So, that was a distraction to the  
6       workforce. We're past all that now.

7               So, there's an interesting, I don't know  
8       that I can completely explain it, but the workforce,  
9       maybe it's the demographic. I think 2019 fits into  
10      a large portion or a large demographic of the  
11      workforce life's plans, if you will.

12              So, there's this sense of positive -- a  
13      positive energy within the workforce that is really  
14      heartening. It's really, I hate to say surprising,  
15      but given the circumstances, it's surprising. But,  
16      it's very, very encouraging.

17              So, you couple that with running -- we're  
18      running multiple initial classes right now, three  
19      initial maintenance classes, initial license class,  
20      initial non-license class. We're bringing in folks  
21      from Fitzpatrick.

22              We're actually able to attract people  
23      from within the industry that are at a different part  
24      in their career, at the end of their career because  
25      of the retention. So, we're able to draw that  
26      experience in.

1                   So, you couple all that and there is an  
2                   organizational momentum right now and this, like I  
3                   said, this New England, there's a sense of this New  
4                   England pride and this leaving a legacy of excellence  
5                   resonates.

6                   I forgot who it was mentioned the folks  
7                   from Vermont Yankee coming in with the spirit of  
8                   finishing strong. Fitzpatrick has the same kind of  
9                   a presence about them as an organization. And,  
10                  that's kind of the groundswell that's coming up  
11                  through the organization.

12                 So, we're, as far as the column 4 recovery  
13                 is concerned, we're recovering. We've had  
14                 independent, outside of Entergy, multiple  
15                 organizations and individuals come in and say, you'd  
16                 never know this plant's shutting down. You wouldn't  
17                 be able to tell by the behaviors of the workforce.  
18                 You just, in casual conversation, the organization we  
19                 used Marathon to help us with recovery efforts, they  
20                 were astonished by how positive and how engaged -- how  
21                 the leadership team and workforce is interested in  
22                 fostering more of that spirit of continuous learning.

23                 So, I know I said a lot, I'm not sure if  
24                 I answered your question.

25                 CHAIRMAN BURNS: No, no, I think that's  
26                 helpful. That's helpful, it does help elaborate.

1                   One of the other things you talked about  
2           in terms of both in the initiative on finishing strong  
3           in terms of transparency, communication with the  
4           workforce, Pilgrim is, quite honestly, one of those  
5           plants that gets a lot of attention from the local  
6           community.

7                   How are you communicating what you're  
8           doing in the local community in Massachusetts?

9                   MR. DENT:       Yes, we worked fairly  
10          extensively with the Selectmen in the township. We  
11          work a lot. Our recovery director, a guy by the name  
12          of Dave Noyes, is very engaged. Chip Perkins sitting  
13          behind me.

14                  So, we have a lot of engagement with the  
15          Selectmen.

16                  We're working on setting up an advisory  
17          committee that's more tailored towards going into the  
18          phase of decommissioning. So, there's a lot of work  
19          that goes on at that level and I think it's fairly  
20          effective.

21                  We've brought in just recently, it was  
22          just announced within the last day or two, another  
23          individual that had been at Pilgrim before that's  
24          responsible for that public relations kind of  
25          approach with the various stakeholders.

26                  So, we've got a few different prongs that

1       we're working through in terms of the outreach and  
2       engagement. So EWC, Entergy Wholesale Commodities,  
3       has a whole division that's basically dedicated to  
4       exactly that, not just with us, but with Fitzpatrick  
5       and Vermont Yankee and Indian Point as well.

6                   CHAIRMAN BURNS:     Okay.     Thanks very  
7       much.

8                   Commissioner Svinicki?

9                   COMMISSIONER SVINICKI: Well, thank you  
10      for your presentation and for your responses to my  
11      colleagues' questions.

12                  We have covered quite a bit. I will ask  
13      one question, maybe I should have asked this also of  
14      the ANO, you've made very clear that your recovery  
15      plan does not begin and end at passing an inspection  
16      or exiting column 4.

17                  But, if I were to narrow my question and  
18      say, in terms of approaching significant inspection  
19      milestones or other regulatory milestones, is it  
20      clear to you what you need to do and what the  
21      expectations are?

22                  I guess I'm asking for some feedback in  
23      terms of our communications on regulatory  
24      expectations and the scope and intent of how we're  
25      going to assess various things as those milestones  
26      approach.



1 MR. DENT: Absolutely. So, I'll talk  
2 about something internally we're doing and my  
3 accountability to the guy sitting to my right.

4 But, in terms of the, you know, all the  
5 way up to Mr. Dorman, and I hadn't gotten into this  
6 when I said I was aligned with his comments, the  
7 relationship that we have with the regulatory is very  
8 transparent and open and clear in terms of our  
9 communications.

10                   There wasn't one comment that Mr. Dorman  
11       made that surprised me or because we have that  
12       dialogue. We have that open communication channels  
13       at all levels, from the resident's office all the way  
14       up to Mr. Dorman.

15                   So, as far as the inspections coming  
16       down, we've had a lot of them, as we talked about,  
17       not just the phase alpha and bravo, but a lot of  
18       supplemental inspections.

19 Not one of them have we not been crystal  
20 clear on what's expected and I don't expect that to  
21 change going forward.

22 MR. VENTOSA: Just to add a little bit,  
23 I mean, because the Pilgrim experience was somewhat  
24 unique in that it was limited attributes.

25 COMMISSIONER SVINICKI: That's true.

26 MR. VENTOSA: So, the dialogue, from my

1 perspective, and the open communication is really  
2 critical from the very beginning and I have no  
3 negative feedback. It's been open both at a regional  
4 Branch Chief when they have a concern, they bring it  
5 up. And, we made sure that that dialogue is open  
6 from the beginning because there isn't a lot of  
7 precedent in that particular piece of column 4 for  
8 Pilgrim.

9 So, feedback is, I believe, it's working  
10 well.

11 COMMISSIONER SVINICKI: Okay.

12 Thank you, Mr. Chairman.

13 CHAIRMAN BURNS: Okay, thank you.

14 Commissioner Ostendorff?

15 COMMISSIONER OSTENDORFF: Thank you for  
16 your candid presentations. I was listening intently  
17 with respect to the morale, the shutdown in 2019 and  
18 it's good to hear that you're encouraged.

19 But, my human nature experience indicates  
20 that that road will get tougher in the coming months,  
21 not easier.

22 And so, I'm not saying I'm a skeptic, I  
23 believe what you're telling me, but I've seen a lot  
24 of organizations approaching end of life or outside  
25 the nuclear industry and I just would encourage  
26 constant vigilance in that area. I know it's going

1 to get -- I think it's going to get more difficult  
2 for you than -- as the 2019 approaches.

3 That's all I have, thank you very much.

4 CHAIRMAN BURNS: Okay.

5 Well, thank you. Again, thanks for  
6 the -- thank you for the presentations. This has,  
7 as some of my colleagues have noted, this is one of  
8 the most important meetings we hold during the year  
9 to go over the assessment of performance within the  
10 industry, both.

11 And we've spent a lot of time on in the  
12 reactor fleet, but also for the materials -- licensees  
13 that we have a responsibility for, both directly as  
14 NRC but also in cooperation with our colleagues in  
15 the Agreement States.

16 I'm also pleased we've had this  
17 opportunity to hear from Entergy to address the plans  
18 for seeking improvement at both ANO and at Pilgrim.  
19 And, we're pleased to hear about the plans for  
20 improvement at those sites.

21 Thank you all again and, with that, we  
22 are adjourned.

23 (Whereupon, the above-entitled matter  
24 went off the record at 11:56 a.m.)

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