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 STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Publi 05000529  
 STN-50-530 Palo Verde Nuclear Station, Unit 3, Arizona Publi 05000530  
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SUBJECT: Comment opposing review of revised NRC SALP.

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102-03463-WLS/AKK/ACR  
August 31, 1995

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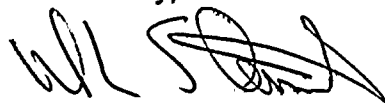
**Subject:** Palo Verde Nuclear Generating Station (PVNGS)  
Units 1, 2, and 3  
Dockets Nos. STN 50-528/529/530  
Review of Revised NRC Systematic Assessment of Licensee  
Performance Program, 60 Federal Register 39193 (August 1, 1995)

On August 1, 1995, the Nuclear Regulatory Commission (NRC) published in the Federal Register a request for public comment on the Systematic Assessment of Licensee Performance (SALP) program. The request included a number of specific issues. Arizona Public Service Company (APS) herewith submits a response to the requested issues in the attachment to this letter.

APS believes that the SALP process, as currently implemented, remains subjective, exceeds the NRC's regulatory requirement of determining if licensees are meeting license requirements, and is subject to misunderstanding and misuse by financial entities and public utility commissions. As noted in responses to items D. 9 and E, the SALP process and the related Integrated Performance Assessment Process (IPAP) are beyond the regulatory mandate. APS encourages the NRC to reconsider the regulatory goals of SALP and to modify SALP to meet appropriate goals.

Thank you for the opportunity to comment on the SALP Program. Should you have any questions about these comments, please call Angela Krainik at (602) 393-5421.

Sincerely,



WLS/AKK/ACR/dpr

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Q PDR



**COMMENTS ON**

**THE REVISED NRC SYSTEMATIC ASSESSMENT OF  
LICENSEE PERFORMANCE PROGRAM**



## Comments on the Revised NRC systematic Assessment of Licensee Performance Program

The following comments are submitted by Arizona Public Service Company (APS) as requested in 60 Federal Register 39193 (August 1, 1995). As noted in the cover letter and in the responses to NRC Issues D.9 and E, APS believes that the current SALP process, as well as the related Integrated Performance Assessment Process (IPAP) are not appropriate to the NRC's regulatory mandate. Nevertheless, responses are given to all issues raised in the Federal Register. The responses to each issue should not be understood to dilute the comment that the SALP process, as a whole, should be reexamined.

### A. Functional Areas

#### NRC Issue

1. Are the current four functional areas (operations, maintenance, engineering, and plant support) an improvement compared to the previous seven functional areas?

#### APS Response

Yes. The overall effect is to focus attention on the major areas. However, due to regulatory significance, radiation controls should be considered as a separate area. A recent rough comparison of Public Document Room violations and non-cited violations in 1995 by true functional areas show that approximately 9 percent of all violations have been due to problems with radiological controls and approximately 18 percent of the non-cited violations have come from that functional area. The current SALP radiological controls is hidden in plant support.

#### NRC Issue

2. Are the plant support functional area messages clear in characterizing individual elements (radiological controls, emergency preparedness, security, fire protection, chemistry, and housekeeping)?

#### APS Response

Yes, with the exception of radiological controls. See A.1.



**NRC Issue**

**3. Are additional improvements needed for the designation of functional areas? What types of improvements?**

**APS Response**

See the response to A.1.

**B. Management Involvement**

**NRC Issue**

**1. Did increased NRC management involvement in the SALP program result in program improvements and improved communication with licensee management?**

**APS Response**

Yes. The pre-meeting between Licensee management and the NRC was helpful in gaining a better understanding of the SALP results.

**NRC Issue**

**2. Did the SALP program changes result in better licensee and public understanding of the SALP results?**

**APS Response**

The time taken by the NRC at the APS SALP meeting enhanced APS' overall understanding of the process. APS provides comments on the continuing general public misunderstanding of the SALP process in the response to issue D.9.

**NRC Issue**

**3. Did increased involvement of the regional administrator or deputy at the SALP meeting result in improved communication with licensee management?**

**APS Response**

It is difficult to respond to this question/issue. The regional administrator of Region V had always been heavily involved in the SALP meeting. We saw little change in our first experience with Region IV.





#### NRC Issue

4. Was the change in SALP presentation meeting format--from a presentation to more of a discussion--effective in improving communication with licensee management?

#### APS Response

See the response to issue B.3. Little change was noted except that perhaps the discussion was more useful to observers.

#### NRC Issue

5. Are additional improvements needed in the areas of communications with licensee management and licensee and public understanding of SALP results? What types of improvements?

#### APS Response

An informal pre-meeting between the licensee and NRC management to discuss specific information and differences in perspective needs to be conducted and/or continued. At these meetings, the licensee has the opportunity to provide additional information to the NRC in order to clarify possible misunderstandings, as well as for the NRC to give the licensee insight into the reasons for the NRC's perspective on important issues.

Improving public understanding of SALP is most difficult since the public seems to be more focused on numerical scores and how they compare to other licensees than to whether a utility is operating safely and meeting regulatory requirements. The current system tends to continue the misuse of SALP scores.

### C. Assessment Period

#### NRC Issue

1. What bases should be considered when determining SALP period length and how should they be applied?

#### APS Response

A SALP period length of 18 months, with appropriate allowances for changes in the period length, should be sufficient. If a utility is not meeting regulations, or if a utility's plant performance is such that an evaluation must be done to determine if the utility is operating safely, then a shorter SALP period could be appropriate. Likewise, a utility with a strong record of regulation adherence and safe operation might be accorded a longer SALP period.



**NRC Issue**

2. SALP assessments currently range from 12 to 24 months (nominally 18 month average). Is this variation in practice appropriate?

**APS Response**

Yes. See the response to C.1.

**NRC Issue**

3. How long should the SALP assessment period be for good, average, and poor performing plants?

**APS Response**

See the response to C.1.

**D. SALP Report**

**NRC Issue**

1. Are the new, shorter SALP reports more effective in communicating the results of the NRC's assessment of safety performance than the previous, more lengthy reports?

**APS Response**

The new, shorter reports focus attention on key areas. Since the short SALPs do not leave much room for explanation, there should always be good backup for statements made in the SALP and a willingness to discuss the backup material with the licensee if requested.

**NRC Issue**

2. Are SALP reports appropriately focused on safety issues and do they deliver a clear message?

**APS Response**

See the response to D.1. The new SALPs are well focused and clearly identify major points. In addition, the SALP preparation process is not well understood. It would be most helpful if utilities would be permitted to witness SALP proceedings as a method of better understanding the NRC's concerns and thus preclude surprises and misunderstandings.



#### NRC Issue

3. Do SALP reports provide a balanced assessment of licensee safety performance (and are positive aspects of licensee safety performance appropriately considered)?

#### APS Response

The recent APS SALP report seemed balanced as far as positive and negative performance aspects.

#### NRC Issue

4. Do SALP reports consistently focus on the last six months of performance? Is this practice appropriate?

#### APS Response

APS has received only one SALP report in the time frame. It is not possible to answer this question on consistency based on only one data point.

#### NRC Issue

5. Is the level of detail in the SALP report appropriate?

#### APS Response

The level of detail is acceptable.

#### NRC Issue

6. Are SALP report conclusions well supported by documented facts?

#### APS Response

APS found that the meeting discussion was well presented. However, the NRC noted in the SALP meeting that the SALP scores did not represent recent improved performance seen by the NRC. This message was unclear to APS. As presented herein, the SALP report may be used inappropriately by financial entities and by public service commissions.



NRC Issue

7. Are SALP report cover letter messages consistent with the associated SALP report messages?

APS Response

Yes. However, the SALP scores did not seem to be consistent with the message given in the SALP meeting. See D.6.

NRC Issue

8. Are licensee self-assessment efforts adequately recognized in the SALP report and cover letter?

APS Response

The self-assessment efforts were not specifically mentioned in the cover letter. Actions which resulted from the self assessment efforts were noted in the cover letter as pertaining to all functional areas, but the letter concluded that "...it is still too early to judge the effectiveness of all the changes..."

Nevertheless, self assessment activities were specifically and appropriately noted in the discussions of the Maintenance and Engineering functional areas. There were extensive self assessments conducted in all four functional areas during the SALP period which appear to have received little notice in the SALP process.

NRC Issue

9. Are additional improvements needed in the SALP reports? What types of improvements?

APS Response

In general, the changes may be considered an improvement. However, the SALP process still puts the NRC in a mode of operation that exceeds the regulatory mandate, and the SALP process remains subjective.

The NRC should reassess the goal of the SALP program. Is the goal to determine whether a licensee is meeting its license commitment, i.e., meeting regulations? Or, is the SALP goal to provide a means to encourage improvements in licensee performance above and beyond the license? In APS' opinion, it would be much better to provide a document that properly addresses the NRC's regulatory function of assuring the health and safety of the workers and the public. To that end, it is appropriate to provide licensee assessment feedback to licensee management and to the public. However, there is no mandate in the regulations that requires or even suggests that the NRC encourage performance above and beyond performance meeting the license requirements. Historically, the SALP process, especially the numerical grading,



has been misinterpreted and, as a result, misused. The NRC should return to the regulatory mandate of determining if licensees are meeting the regulations and their license commitments and leave performance improvements above and beyond regulatory requirements to the industry, in particular, to the utility and to INPO.

#### E. Additional Comments

##### NRC Issue

In addition to the above issues, commenters are invited to provide any other views on the NRC SALP program that could assist the NRC in improving its effectiveness.

##### APS Response

See the response to D.9. In addition, it is noted that the NRC is embarking on a significant new performance inspection effort, the Integrated Performance Assessment Process, or IPAP. This process is detailed in SECY 95-070. The IPAP involves a "multi-disciplinary assessment team" which will spend two weeks preparing for the inspection, two weeks conducting the inspection, and two weeks in preparing an analysis of the inspection results. A review of the IPAP reveals that it is essentially identical to the existing SALP process. However, while SALP is generally done by personnel familiar with the licensee site, IPAP uses an assessment team that is not routinely involved in inspecting or reviewing the site. This is to ensure that the IPAP inspectors "...may contribute independent insights into licensee performance." The IPAP is assumed to take 40 staff weeks (average of 6.7 inspectors for 6 weeks). Assuming 40 billable hours per week and a billing rate for NRC inspectors of \$116 per hour, the IPAP will cost a utility \$185,600.00 in fees. (The licensee hours needed to prepare for the inspection, provide materials to the inspectors, interface with the inspectors during the inspection, answer inspectors questions, and respond to the IPAP report are not included.)

This initiative is duplicative of the SALP process and comes with a very high price tag. In light of the extreme competitive pressures in the utility industry and the budget pressures on the NRC, the IPAP and SALP processes should be reexamined.

