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Subject: [External_Sender] Update on Issue Escalation Process
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Alex asked for an update on our proposal to standardize our approach to escalating disagreements with NRC. Dave Gudger has been working on this effort for the past several months and will lead our briefing on this topic today. His presentation file is attached. I will bring paper copies for sharing in the meeting room this morning.

If you have any questions, please contact me.

Best regards,

Jim

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Standardized Issue Escalation Practices

Dave Gudger, Exelon
NEI Reactor Oversight Process Task Force

August 28, 2019

OBJECTIVE

Establish and communicate a timely, efficient and formal **stepwise** issue escalation practice seeking the common goal of resolution based on **objective evidence** and **sound regulatory principles** at the **lowest level** of management practical.

Why does the industry see the need to formalize the escalation?

- Disagreements between the licensee and the regulator are inevitable and sometimes cannot be resolved at the level at which they arise
- When disagreements occur, the licensee and regulator may also disagree on when or how to escalate the issue for resolution
 - The ideal is “parallel” escalation, in which each side understands escalation is occurring and the salient points of concern
 - The alternative is “non-parallel” escalation, which can result in **misinformation** and **strained relationships**
- Both Industry and NRC recognize the importance of issue resolution at the lowest management level
- Industry believes aligning on a best practice approach could improve efficiency and timeliness for NRC and licensees

POTENTIAL CONSEQUENCES

Pitfalls of Non-Parallel Escalation

- **Misinformation**
 - Salient points are not clearly articulated – Where do we agree and where do we disagree?
 - Relevant facts do not always get escalated along with the issue of concern
- **Strained Relationships**
 - If the licensee drives escalation, NRC personnel may perceive this as “going over my head” to get a more favorable resolution
 - If the NRC drives escalation, the licensee’s personnel may perceive this as inspectors are not willing to consider licensee input
 - Both the above perceptions undermine mutual trust we desire to maintain in our working relationships

What does GOOD look like?

Five Principles:

1. **Seek mutual understanding:** All parties should understand when escalation becomes necessary
2. **Perform due diligence:** The parties should do their “homework”, i.e., establish, share, and document as appropriate all relevant facts at every step
3. **Escalate systematically:** Escalation should occur systematically one level at a time
4. **Provide feedback:** The basis for the final decision should be fed back to all levels
5. **Capture lessons learned:** After the disagreement is resolved, lessons learned from exercising the escalation process should be captured for organizational or process improvements

PROPOSED SOLUTION

Best practice approach follows a template

- **Define the Gap:** After all relevant information has been presented by both parties and a robust and candid dialogue has occurred, licensee communicates specific points of disagreement and why escalation is warranted
- **Document and Elevate:** Using the recommended template and, after an impartial assessment of the facts, both parties communicate escalation internally in advance (Template becomes the 'traveler' for the issue)
- **Resolve:** Template is updated at each step of escalation to include new information or insights gained as well as any decisions or actions
- **Close the Loop:** Document and feed back the final decision or additional actions, decision makers, and the basis for any decisions

Next Steps

- Complete our internal reviews
- Share more broadly with industry
- Share with NRC
- Monitor implementation and use