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February 12, 1996

C. R. Hutchinson

Vice President
Operations
Grand Gulf Nuclear Station

U.S. Nuclear Regulatory Commission
Mail Station P1-37
Washington, D.C. 20555

Attention: Document Control Desk

Subject: Grand Gulf Nuclear Station
Docket No. 50-416
License No. NPF-29
Performance-Based Audit Scheduling Program

Reference: NRC Letter Dated January 3, 1996 from W. D. Beckner to C. R. Hutchinson

GNRO-96/00009

Gentlemen:

Last November, Grand Gulf issued a QA program change to enable implementation of a performance-based audit scheduling program, and met with NRR and Region IV staff to describe how the audit program would be administered. As we discussed, the impetus for change was our desire to enhance safety through better focus of audit resources on current problem areas.

We were disappointed to receive your referenced letter which concluded that implementation of a performance-based audit scheduling program was a reduction in quality assurance program commitments. Our disappointment stems from a number of factors, some of which include:

- The staff's evaluation is couched in terms of what commitments were being eliminated without recognizing that our QA program change involved the substitution of a more comprehensive commitment to a performance-based audit scheduling process in preference to rote audit subjects and frequencies.
- The Grand Gulf 50.54 evaluation of the change is based upon safety improvement. The staff's letter does not review our 50.54 evaluation and is silent on safety effects, focusing instead on the deletion of specific information.
- As the staff noted, Grand Gulf highlighted the QA program change on our docket and in a presentation to the staff in order to foster a dialogue. Contrary to the Commission's recent policy statement on "Communications Between NRC And Licensees", no dialogue ensued. The referenced letter was issued without an attempt on the part of the staff to discuss areas of disagreement.

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Since these concerns are policy-based and applicable to other issues, they are worth discussing in some more detail.

Commitment Substitution

Because the majority of audit resources are consumed by required audits (e.g., yearly audit of license conditions), some of which add little safety value, implementation of a performance-based audit scheduling program cannot proceed without additional flexibility to allocate audit resources.

Therefore, the QA program change at Grand Gulf eliminated required audit frequencies and substituted in their place a performance-based audit scheduling process. The intent of the audit scheduling process is to identify current problem areas at the plant and select subjects for audit based upon the subject's problem frequency and importance to safety.

The staff's evaluation considered only what was eliminated. They concluded:

"Thus, the deletion of specific information that describes how the requirements of Appendix B will be met is considered a reduction in commitment. The [Grand Gulf QA program changes] are a reduction in commitment because provisions related to 10 CFR 50, Appendix B, Criterion XVIII, were deleted from the quality assurance program."

We believe this is an inappropriate interpretation of how the controls of 10CFR50.54 should be applied. Prohibiting substitution of an equivalent or better commitment for a commitment being eliminated is not consistent with the spirit or intent of 10CFR50.54, particularly when substitution would constitute an enhancement to safety. Since most QA program commitment changes involve the elimination of some aspect of an existing commitment (usually coupled with substitution of a new commitment), a more general application of the staff's evaluation would prohibit changing virtually all QA commitments without prior NRC approval.

We also believe that the staff's conclusion on this issue is a good example of the need for revision of 10CFR50.54 in accordance with NEI's pending petition for rulemaking. The rulemaking petition was prompted in part by differing interpretations of what constituted a "reduction in commitment", and the excessive demand on staff and licensee resources to resolve the differing opinions associated with QA program changes like the Grand Gulf change.

Safety Must Be The Key Criterion

Grand Gulf's 50.54 evaluation (which was provided to the staff) considers the question of reduced commitment in terms of effect on safety. Since the term

"commitment" is not directly defined in the regulations, our evaluation reviewed prior NRC positions on the meaning of "commitment" and noted:

"From this discussion we can discern a couple of the characteristics of a commitment. First of all, a commitment is something different from the plans implemented to satisfy the commitment, i.e., by its nature it is broader than the implementing details. Secondly, a commitment is safety focused. A commitment cannot exist separately from a safety purpose. In other words, changes in commitment should be evaluated in terms of the presence or absence of safety equivalence."

The evaluation then noted that rote audit requirements do not recognize advancements in the understanding of safety significance. As a result, many of the activities that we understand today to be safety significant (e.g., shutdown risk management) cannot be audited when available audit resources are consumed by required audits. Since many of the required audit areas are mature and strong performers, required audits provide lower safety value than audits scheduled based on safety importance and problem frequency. Therefore, the evaluation concluded that substituting a performance-based audit scheduling process for a set of rote requirements would result in an improvement in safety, and would not represent a reduction in commitment.

The staff's evaluation, on the other hand, fails to mention safety, nor does it review or evaluate the Grand Gulf 50.54 evaluation. Instead, it talks in terms of "elimination of required audit frequencies", "deviations from the regulatory guide audit schedule provisions", and the like.

As above, we believe that an evaluation which does not consider the safety effects of a change is inconsistent with the intent or spirit of 10CFR50.54. Again, the NEI rulemaking petition would ensure that 50.54 evaluations are focused on the safety effect of a change.

Communications Between NRC and Licensees

The regulations allow Grand Gulf to implement a change to the QA program without notifying the NRC for an extended period of time. For the performance-based audit scheduling change, we could have implemented but delayed docketing the change until approximately Spring, 1997.

In addition to working with NEI on a generic audit scheduling framework, we chose to docket the change early and engage the staff in a dialogue because we felt it was apparent that a performance-based audit scheduling program had safety benefits broadly applicable to other plants. In fact, we

anticipated the staff may embrace the change as a means to add more concrete value to plant safety through the QA program. Although we expected some areas of disagreement, we expected to work out those areas through dialogue.

To this point, there has been no dialogue with the staff. Despite a detailed presentation on the audit scheduling process on 11/16/95, the only subsequent communication from the staff has been their referenced letter. We believe this to be inconsistent with NRC policy.

On 11/6/95, the Commission published its policy statement on "Communications Between NRC And Licensees". It notes, in part:

"The Commission also expects the NRC staff to exercise initiative in maintaining open lines of communication and to ensure that its regulatory activities are appropriate and consistent. The Commission recognizes that honest, well-intentioned differences in opinion between the NRC staff and the licensee will occasionally occur. Therefore, the Commission encourages open communications to foster an environment where such differences receive constructive and prompt resolution."

Grand Gulf was unaware of any differences of opinion over implementation of our audit scheduling program until receipt of the staff's letter. Even after receipt of the letter we have no indication of where the staff disagrees with our 50.54 evaluation. To this point, we don't believe an environment of constructive resolution exists.

The policy statement also addresses inconsistent application of regulations. The Grand Gulf 50.54 evaluation for the performance-based audit scheduling program is identical, from a policy and interpretation standpoint, to our evaluation in early 1995 which enabled graded QA at Grand Gulf. Our evaluation, technical criteria and implementation details for graded QA have been shared in exhaustive detail, and over numerous meetings with the staff. No objection or concern has ever been raised to us over the graded QA program change or its evaluation basis.

Conclusion

We believe that the staff's determination that our performance-based audit scheduling program constitutes a reduction in QA program commitments is incorrect. Since implementation of the audit scheduling program will result in a safety improvement at Grand Gulf, we do not believe that the staff's request to cease implementation is appropriate.

The staff's conclusion involves policy and regulatory interpretation issues that may have a significant adverse effect. Carried to its logical conclusion, virtually all QA program commitment changes would be prohibited without prior NRC approval. Consequently, we request a meeting with Mr. Ashok Thadani to present our concerns and work towards a constructive resolution.

We would be happy to further discuss these issues with the staff prior to our requested meeting. Please feel free to contact Mike Meisner at (601) 437-6470.

Yours truly,

A handwritten signature in black ink, appearing to read "C. R. Meisner", with a long horizontal flourish extending to the right.

CRH/MJM

cc:

(See Next Page)

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