



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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MEMORANDUM TO: Chairman Jackson
Commissioner Rogers
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan

FROM: Hugh L. Thompson, Jr. *Hugh L. Thompson*
Acting Executive Director for Operations

SUBJECT: ARTHUR ANDERSEN STUDY OF SENIOR MANAGEMENT PROCESS AND
INFORMATION BASE

On June 28, 1996, the Commission issued a Staff Requirements Memorandum requesting that the staff evaluate the development of indicators that can provide a basis for judging whether a plant should be placed on or removed from the watch list. The staff contracted with Arthur Andersen & Company to conduct an independent evaluation of the current process for placing plants on the watch list, and to identify the characteristics, measures and indicators that could improve the objectivity, consistency and timeliness of judgments regarding the operational performance of nuclear power plants.

The Arthur Andersen effort was managed by the Office for Analysis and Evaluation of Operational Data. Oversight was provided at major milestones by a panel of senior managers representing the Office of the Executive Director for Operations, the Office of Nuclear Reactor Regulation, The Office of Nuclear Regulatory Research, and the Regions.

Arthur Andersen staff conducted a review of the written record of Senior Management Meeting (SMM) decisions from 1992 to 1996. They also conducted interviews of over 20 NRC executives with direct involvement in the SMM, and interviews of several resident inspectors who compile information used in SMMs. In order to gain an industry perspective of performance indicators, Arthur Andersen interviewed several executives from nuclear utilities. Analytical studies of potential indicators were conducted by Arthur Andersen, with assistance from the Idaho National Engineering Laboratory.

Enclosed is the Arthur Andersen final report. While the NRC staff and management have given considerable input to the study, and have provided comments to Arthur Andersen on the technical accuracy of the report, the findings and recommendations represent the views of the contractor.

CONTACT:
Richard J. Barrett, AEOD
415-7481

The staff is currently evaluating the recommendations. A Commission Paper on the approach and schedule for improving the SMM process and information base using insights and recommendations from the Andersen study will be provided to the Commission by March 28, 1997.

Attachment: Recommendations To Improve The
Senior Management Meeting Process

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The staff believes that Arthur Andersen has done a thorough and credible study of the SMM process. The findings and recommendations provide a sound basis for developing improvements to the SMM process. The staff is currently evaluating the recommendations. A Commission Paper on the approach and schedule for improving the SMM process and information base using insights and recommendations from the Andersen study will be provided to the Commission by March 28, 1997.

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