



PDR

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

August 2, 1985

The Honorable David Dreier  
United States House of Representatives  
Washington, D. C. 20515

Dear Congressman Dreier:

This is in response to your letter of June 5, 1985 which requested a brief statement on regulatory reform at the U.S. Nuclear Regulatory Commission. The Commission has conducted a regulatory reform effort since 1981 with a broad view toward improving the effectiveness and efficiency of the agency. The ongoing regulatory reform program has principally involved three initiatives:

1. Committee to Review Generic Requirements

The Commission's numerous regulatory requirements emanate from a number of different sources within the agency. Because of the large number of these requirements, agency and industry priorities have not always been focused on those matters having the greatest safety significance.

The Commission's response in October of 1981 was to create a central point -- the Committee to Review Generic Requirements -- where proposed requirements for one or more classes of nuclear power plants can be comprehensively reviewed. The Committee's purpose is to help the agency assure that new requirements (and present requirements as well) do, in fact, contribute significantly to public health and safety and use Commission and licensee resources in as optimal a fashion as possible. The Committee uses cost-benefit analysis and probabilistic risk assessment where data for its proper use are adequate.

The Committee reports to the Executive Director for Operations, who makes decisions on the Committee's recommendations. Membership on the Committee includes the Deputy Director for Regional Operations and Generic Requirements and one senior official of each of the principal staff program offices.

2. Regulatory Reform Task Force

It is apparent that the licensing and regulatory processes of the Commission are in need of reform. In November 1981, the Chairman created an internal Task Force to address this problem. The Task Force reviewed the available information

on nuclear licensing reform and prepared draft legislation that would mold a licensing process for new standardized nuclear power plants. The legislation, which is discussed more fully below, was published for public comment and submitted to an ad hoc committee outside the Commission for review.

The Task Force also considered reforms that can be accomplished within existing laws. One measure recently proposed would revise the standards and procedures that govern retroactive application of new safety requirements to older plants that are already licensed. Other reforms address the adjudicatory hearing process which applies to nuclear power plant licensing. These matters are also covered more fully below.

A major goal of the Task Force has been to solicit public input on the proposed reforms, and the Commission's creation of the Ad Hoc Committee to Review Task Force Recommendations allowed individuals with widely differing perspectives to address directly the proposals before the Commission.

### 3. Improved Guidelines for Value-Impact Analysis

Partially in response to Vice President Bush's request that the agency comply with the spirit of Executive Order 12291 (which requires Executive Branch major regulations to be accompanied by Regulatory Impact Analyses), Commission staff reviewed internal guidance for preparation of Value-Impact Analyses, which are roughly equivalent to Regulatory Impact Analyses. The review was also prompted by Commission Policy and Planning Guidance to evaluate requirements on a cost-benefit basis. As a result of the review, the staff proposed revisions to the guidelines which would provide the flexibility to tailor the scope of the analysis to the significance of the action being considered. The general framework would permit the staff to select methodologies for assessing cost and benefits that are most appropriate for the particular case. The revisions have been approved by the Commission.

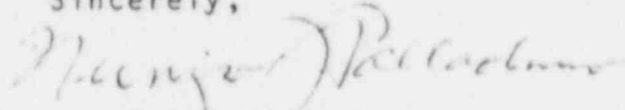
The Commission has specifically suggested legislative reforms to Congress, first in 1983 with the "Nuclear Power Plant Licensing Reform Act of 1983" and more recently with the "Nuclear Power Plant Licensing and Standardization Act of 1985." The 1985 proposed Bill was introduced in the Senate as S.836 and in the House of Representatives as H.R. 1447. The Bill focuses on standardization and improvements in the licensing process by providing for early site review, advance approval of essentially complete designs, and the issuance of combined construction permits and operating licenses. If passed, the Bill could substantially improve the effectiveness and efficiency of the licensing process.

The Commission has administratively issued a proposed rulemaking on backfitting (that is, the retrofiting of nuclear power plants) for public comment, has evaluated those comments and expects to issue a final rule in the near future. This rulemaking is intended to qualitatively improve the regulatory system by requiring a more disciplined approach to modification of nuclear power plants.

The Commission is also considering a revision of its rules on the hearing process. The exact nature of the changes to be made has not been fully discussed and voted upon by the Commission. However, a notice of proposed rulemaking could issue for public comment within the next few months. The revisions under discussion are directed toward improving the discipline of the hearing process.

Thank you for your expression of interest in regulatory reform. If you have any further questions, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nunzio J. Palladino".

Nunzio J. Palladino