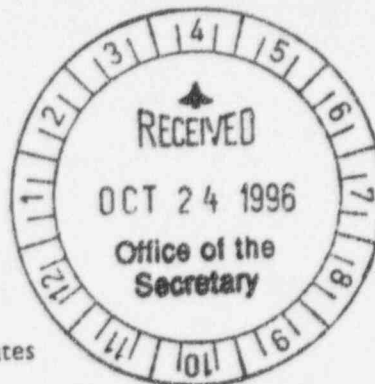


Organization of Agreement States



DSI-11

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Roland Fletcher, Chair-Elect
Thomas Hill, Secretary

Robert Quillin, Chair
Richard A. Ratliff, P.E., Past Chair

October 21, 1996

Mr. John C. Hoyle
Secretary of the Commission
U.S. Nuclear Regulatory Commission
Attn: Chief of Docketing and Services Branch
Washington, D.C. 20555-0001

Dear Mr. Hoyle:

As you know, there are currently 29 states that have entered agreements with the NRC under Section 274 of the Atomic Energy Act of 1954. The agreement state program is an excellent example of the ability of states to conduct regulatory programs in an effective and efficient manner. The Organization of Agreement States (OAS) provides a vehicle for Agreement States to interact on common issues that affect individual states or all 29 Agreement States.

The OAS has received comments from individual Agreement States on the Direction Setting Issue Papers issued as part of the NRC's Strategic Assessment of Regulatory Activities. These comments have been summarized for each of the Direction Setting Issue Papers and are attached for consideration in this matter. Many of the individual Agreement States will provide state specific comments as well.

If you have any questions, please contact me.

Sincerely,

Richard A. Ratliff for

Robert Quillin, Chair
Organization of Agreement States
Radiation Control Division
Department of Health
4300 Cherry Creek Drive South
Denver, Colorado 80222-1530

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DECISION SETTING ISSUE 11

"OPERATING REACTOR PROGRAM OVERSIGHT"

Issue

Given the changes in the external/internal environment, what are the implications for the current strategies for the operating reactor program?

Preferred Option

Option 2 -- This should be the best option. The nuclear industry is a mature one. The safety record is outstanding compared to other industries and even to other ways of generating electricity. Operating plants have operated for a long time now, and NRC, INPO, NEI and others have pushed operating and safety standards to a high level. Not all plants are keeping up however, and the more vocal industry critics cause the public to see the whole industry in the light of the weaker performing plants. Peer pressure within the utility industry organizations has not been effective in all cases. Browns Ferry, Millstone, Dresden, and others did not get bad overnight. In most cases in which a plant has suddenly been put on the watch list, it has been because a different set of eyes with a different regulatory attitude or set of operating values has evaluated the plant. This implies that not all regulatory people are consistently focused and regulating to similar standards. The performance-based nature of 10 CFR 50 Appendix B offers wide latitude for enforcement discretion. The evolution to risk-based inspections should sharpen the focus and narrow that latitude. We believe the NRC should aggressively pursue the move to risk focused inspections. Performance-based regulation is good for the licensees that have a good attitude and safety culture, it will not work for those that do not, will not, or cannot. It is not likely that the industry can be successful in changing the performance of its weaker members, and to rely on this to happen is not wise. This is particularly true in the emerging deregulated power industry.