



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

MAR 17 1986

MEMORANDUM FOR: James M. Taylor, Director  
Office of Inspection and Enforcement

FROM: Harold R. Denton, Director  
Office of Nuclear Reactor Regulation

SUBJECT: MANUAL CHAPTER 0516, "SYSTEMATIC ASSESSMENT OF  
LICENSEE PERFORMANCE"

This is in response to your November 5, 1985 memorandum (forwarding the revised SALP Manual Chapter for review), and your memorandum of December 12, 1985 (requesting comments on your proposed staff actions based on Category Three SALP Evaluations). We do not endorse the use of the SALP report as an enforcement tool. We believe the SALP process should continue to be a periodic and systematic evaluation of licensee performance. We recall that the stated objective of SALP is to provide a rational basis for allocation of resources and to provide a basis for NRC to encourage or require licensee improvements. If, at any time, NRC's review of a licensee's activities indicates the need for enforcement action, the action should be taken at that time, and not be deferred until the SALP process is underway or the SALP report is finalized.

NRR has reviewed the proposed revisions to the Manual Chapter and agrees that they constitute improvements which should be incorporated. However, the changes do not go very far towards addressing our fundamental concern with the program. Therefore, NRR's concurrence in the Manual Chapter is based on the understanding that a broad re-evaluation of the program is needed and will be undertaken. The following comments are being provided as discussion topics aimed at improving the existing SALP program. The re-evaluation should address the following thoughts:

I. Making the assessment an assessment of plant safety

1. including the use of performance indicators;
2. including an assessment of the design and design changes;
3. including combining minor categories such as "Fire Protection" and "Refueling" into larger categories;
4. including provisions for directly addressing operational events (rather than simply addressing the reporting of those events).

II. Improving our ability to modify the performance of problem plants

1. use of "Regulatory Improvement Programs";
2. including enforcement policies on poor performance;
3. including provisions for rapid action outside the normal SALP schedule, when necessary.

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James M. Taylor

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As you know, efforts have been initiated to develop a set of performance indicators that more clearly correlate licensee performance to safety. The principal objective of these efforts is to implement an NRC program for prompt identification and timely correction of the problems. This objective is consistent with the goals outlined by Mr. Dircks in his November 26, 1985 memo on the lessons learned from Davis-Besse. We are aware that IE and the Regional Offices have considerable interest in the area of performance indicators and we will be coordinating our efforts in this area with other NRC actions on performance indicators. If the SALP process is determined to be the most appropriate vehicle for assessing plant safety based upon the performance indicators developed, additional modifications to the SALP Manual Chapter will be proposed.

Regarding using SALP as an indicator for the allocation of our NRC resources and attention, we agree in concept with the recent decision to decrease inspection resources at selected reactors in Region III. We believe the concept can be expanded to other Regions and in the future NRR would very much like to be involved in the selection of such plants, since we must move forward in our efforts of better integration of the inspection and regulatory efforts.

Detailed comments on the Draft Manual Chapter, including suggested editorial changes, have been provided to your staff. If you have any questions on this subject, please contact G. Holahan (24410) of my staff.

Original Signed By  
H. R. Denton

Harold R. Denton, Director  
Office of Nuclear Reactor Regulation

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