

Pl. 50

Aug

SEP 13 1985

Mr. J. Dexter Peach, Director  
Resources, Community, and  
Economic Development Division  
U.S. General Accounting Office  
441 G. Street, N.W.  
Washington, D.C. 20548

Dear Mr. Peach:

We appreciate the opportunity to comment on the draft GAO report "Additional Improvements are Needed in the Nuclear Regulatory Commission's Procedures for Backfitting Changes into Nuclear Plants." The report makes several points which are useful to the Nuclear Regulatory Commission, and it highlights several areas in which we agree that further work by NRC is desirable. We have and are acting to improve those areas.

A primary thrust of your report is that the NRC is backfitting excessively and too often without adequate justification. We welcome your agreement that several NRC initiatives have improved our backfit management process. Given that there will be deviations from optimum performance for some time as major revisions are wrought in NRC policy and practice, I believe that we must assure that any error is in the direction of assuring the safe design, construction, and operation of nuclear plants. I will act to assure that any difficult backfit decisions are made with that objective in mind.

We note that the review on which the report is based was finished in April 1985, which could account for the lack of recognition of several important NRC actions taken in 1985 to strengthen our performance with respect to plant-specific backfit management. These actions are described in our specific comments on your recommendations enclosed. Under separate cover, I am forwarding a copy of a report by our Office of Inspection and Auditor, issued June 21, 1985, which also provides an informed response to your recommendations, and shows that the Commission has implemented changes to more effectively manage plant-specific backfits.

Sincerely,

(Signed) William J. Dircks

William J. Dircks  
Executive Director for Operations

Enclosure:  
Comments on GAO Recommendations

\*SEE PREVIOUS CONCURRENCE  
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Per Rehm 9/13/85;  
Chairman's office  
approved.

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Distribution Ltr to Dexter Peach, GAO fm Dircks, dated SEP 13 1985

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## SPECIFIC COMMENTS ON DRAFT GAO REPORT

### "Additional Improvements are Needed in the Nuclear Regulatory Commission's Procedures for Backfitting Changes into Nuclear Plants"

#### 1. Comments on GAO Recommendations (Executive Summary)

- a. Define backfitting as the imposition of new or modified regulatory requirements after a construction permit has been issued.

Response - A final rule amending 10 CFR 50.109 was approved by the Commission at a public meeting on August 1, 1985. This rule defines backfitting in clear terms and in a manner that we feel is fully responsive to the GAO recommendation.

- b. Establish a policy that utilities must comply with NRC staff regulatory requirements not covered by their plant licenses only when a designated agency official explicitly determines that such requirements must be imposed because they offer substantial additional protection and provide the affected utilities with the bases for those determinations.

Response - The amended 10 CFR 50.109 as approved by the Commission explicitly states that the Commission shall require the backfitting of a facility only when it determines, based on a systematic and documented analysis, that there is a substantial increase in the overall protection of the public health and safety or the common defense and security to be derived from the backfit.

Policy guidance for the staff is expressed in draft Manual Chapter 0514, issued on April 12, 1985 from the Office of the Executive Director for Operations. Draft MC-0514 states that the documented Regulatory Analysis prepared in support of a backfit action will be approved by an Office Director or Regional Administrator and transmitted to the plant owner with the statement describing the proposed backfit action.

- c. Periodically assess the performance of NRC managers and staff in carrying out the agency's backfit regulation, policies, and procedures.

Response - Since January 1985, all Senior Executive Service managers whose assignments involve the identification and management of backfit actions have had performance criteria relative to backfitting established in their SES performance plans. In addition, the Plant-Specific Backfit System, a computerized, interactive terminal data base has been in place since June 1985, providing the current status of each backfit action initiated by either the NRC staff or by

a licensee. This information, entered in the system by users in all Regional Offices and three headquarters offices, will be used to maintain a current management knowledge of how backfit actions are managed and resolved with respect to standing policy and also to assemble and analyze data for periodic reports to the Commission.

2. General Comment on Overall Report.

The GAO draft on page 13 indicates that information gathering for this review was completed as of April 1985. Several significant NRC actions have been taken since that time regarding backfit management. Those actions are described briefly here because the actions explicitly addressed the greater issues that have been identified by GAO as deficiencies in NRC backfit management:

- (a) A revised draft NRC Manual Chapter 0514 was implemented on May 1, 1985. It is a substantial revision of the previous Manual Chapter issued on April 20, 1984. The revision was based on public comments, staff comments, and a management review of staff progress in managing backfitting during 1984. Among other changes, the May 1985 document clearly defines backfitting and includes an Appendix that describes how backfitting can be recognized in several typical NRC staff activities.
- (b) The three headquarters offices involved in licensing and inspection activities and all five regional offices are preparing detailed office procedures to implement the policy guidance in the Manual Chapter. All regional offices and two headquarters offices have received approval of their office procedures as of September 1, 1985. The Manual Chapter and office procedures will undergo final revision when the new backfit rule approved by the Commission is published. Only minor revisions are expected.
- (c) Seminars in all regions and four headquarters offices have been conducted to train the staff how to identify backfit issues and how to conduct the backfitting process in the context of the procedures and the Manual Chapter. Approximately 600 managers and nonmanagers participated in these meetings. The seminars have been reported to be extremely valuable in ensuring that the staff understands the approved backfitting principles and objectives.
- (d) The Plant-Specific Backfit System (PSBS) has been designed and implemented (June 1985) to establish a recordkeeping and reporting data base for monitoring the efficacy of the backfit control measures. This is an agencywide data management system that provides access to a common data base at headquarters and regional offices by microcomputer work stations at each locations. The PSBS provides for the entry, modification, and retrieval of data by all using offices.
- (e) Management of backfitting was established as an explicit performance elements in all SES contracts as of January 1985.

- (f) The EDO plans to issue a generic letter to all utility licensees advising them of the revised plant-specific backfit process and soliciting their response regarding implementation problems. Following that issuance, meetings may be arranged as deemed appropriate and useful to explain the principles and objectives of the backfit policy to the regulated industry.