

NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

BRIEFING ON LICENSEE PERFORMANCE
APPRAISAL SYSTEM

Place - Washington, D. C.

Date - Thursday, 26 October 1978

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BRIEFING ON LICENSEE PER-
FORMANCE APPRAISAL SYSTEM

Room 1130
1717 H Street, N.W.
Washington, D.C.

Thursday, 26 October 1978

The Commission met, pursuant to notice, at 2:40
p.m.

BEFORE:

DR. JOSEPH HENDRIE, Chairman
PETER A. BRADFORD, Commissioner
VICTOR GILINSKY, Commissioner
JOHN AHEARNE, Commissioner

ALSO PRESENT:

J. Davis
H. Thornburg
H. Shapar
L. Gossick
K. Pedersen

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P R O C E E D I N G S

CHAIRMAN HENDRIE: If we could come to order.

The Commission meets this afternoon.

Our first subject is a briefing by the Enforcement and Inspection group on a licensee performance appraisal system.

The Commissioners will have noted that the paper itself is a fairly -- by the time you get all of the displays added to it -- is a fairly substantial piece of work, and to forestall what might be comment that maybe a little more time might be allowed for reading it before we get briefed, what I wanted to say is that the nature of the briefing this afternoon is by way of assisting the Commission in the reading of this document, and I by no means contemplate that people have studied it and want to make learned comments about it.

So we are here to take the briefing as an introduction to this pile of paper, rather than as --

COMMISSIONER AHEARNE: Particularly since the paper just came today.

CHAIRMAN HENDRIE: Yes, exactly so. If you had had it for three weeks, then there might be some reason to expect that everyone would have read it.

Lee, glad to see you.

John, I take it you have the happy duty. Please go ahead.

1 MR. DAVIS: This briefing this afternoon deals with
2 what the Office of Inspection and Enforcement entitles Licensee
3 Regulatory Performance Evaluation.

4 This is one of the modules of the IE study. You will
5 recall this overall study which was launched about two years
6 ago, consisted of 11 study modules, and these were aimed at
7 examining the IE program and regulatory program on which IE
8 impacts with an aim toward improving the effectiveness of our
9 office, Office of Inspection and Enforcement.

10 The Commission was last briefed on this subject as
11 a part of the overall briefing on the IE study in August of
12 1976. In addition, the licensee regulatory performance evalua-
13 tion is briefly discussed in the Staff paper, SECY-78-413
14 submitted by Dr. Vogeneau in July of this year.

15 Now, the purpose of this briefing is two-fold:

16 First, inform the Commissioners of the status of
17 IE efforts in this particular study module, and to obtain
18 Commission approval to launch into a two-year trial program
19 of Licensee Regulatory Performance Evaluation.

20 In this briefing, I will talk about the concepts
21 of licensee performance evaluation, the objectives, the uses,
22 some precautions with regard to its use, what IE has been doing
23 with licensee regulatory performance evaluations and plans
24 on where we may go from here, with your approval.

25 Now, the briefing does not deal with the details

1 of evaluation methods. We will be quite happy, IE will be
2 quite happy to arrange for such briefings if there is an interest
3 in them.

4 Licensee Regulatory Performance by the IE definition
5 means the ability of a licensee to meet regulatory requirements
6 and to avoid events whose occurrence appear directly control-
7 lable by the licensee.

8 And graph 1 sets forth our definition of Licensee
9 Regulatory Performance Evaluation, evaluation of this ability.

10 IE has been working on this since early 1976 to
11 identify a system to evaluate licensee regulatory performance.

12 I would like to emphasize that we are aiming toward
13 a system evaluation. Over the years, we have been conducting
14 forms of licensee evaluation, basically on an individual basis
15 as a part of our routine inspection program, a plant-by-plant
16 basis.

17 We have looked at plants as a part of the program
18 and have matched how plants have performed against the require-
19 ments.

20 The difference in inspection attention has resulted
21 from some of these evaluations, basically done on a regional
22 level.

23 But this inspection attention has been largely
24 determined by the number of "problems" which a licensee may
25 have encountered.

1 There has been no formal program within IE for
2 considering licensee performance on a national basis, and
3 there has been little program for reacting to licensee perform-
4 ance, other than specific reaction to identify problems.

5 Now, the IE effort toward the establishment of this
6 system is really to bring performance evaluation to a national
7 level to better manage these efforts, and to apply broader
8 perspective to these efforts.

9 Now, we have studied various techniques in attempt-
10 ing to do this. And each of these techniques has drawbacks.
11 In doing these studies, we have focused in on operating
12 reactors, because we have the largest and the most developing
13 data base for these particular plants.

14 If it is successful, of course, we will expand it
15 to constructing -- to reactors under construction and other
16 aspects of our inspection program.

17 I would like to emphasize from the beginning that
18 this developmental work has not been greeted with uniform
19 acceptance. There is disagreement on the Staff concerning
20 these approaches and concerning the use of a national level,
21 licensee regulatory performance evaluation. There is a dis-
22 agreement.

23 Now, positions and concepts have shifted as new
24 insights have been developed. We are not presenting to you
25 something which has 100 percent Staff support at this time.

1 The public has not been informed of these study
2 efforts. Industry, perhaps is generally aware that something
3 is underway but is not aware of any of the study results.

4 Yet, we believe, IE believes, that we should ini-
5 tiate a trial program because of the opportunity for real
6 payoffs if this works.

7 We think we should launch into a trial program to
8 further develop an acceptable technique and to test the tech-
9 nique in actual situations.

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1 Now, the driving force behind IE interest in
2 licensee regulatory performance evaluation has been to
3 achieve two objectives: these are shown on the next chart.

4 (Slide.)

5 The first is the identification of factors that
6 lead to different levels of regulatory performance. Now,
7 from experience we know that licensees have varying levels
8 of success in meeting requirements and avoiding what
9 we term licensee controllable events; by use of this
10 evaluation process IE helps to identify by some success
11 level groupings licensees and seek the factors that lead
12 to success so that these factors can be generally available
13 to the industry.

14 First, we want to identify the factors that
15 control performance. Secondly, the next objective is to
16 gain more effective and efficient use of NRC inspection
17 resources.

18 COMMISSIONER GILINSKY: the performance defined
19 by these criteria that you are setting up now, that is --

20 MR. DAVIS: We are not considering what one
21 would consider to be the more usual means of judging a
22 utility's performance, productivity, reliability, this kind
23 of thing.

24 When we define performance here, licensee
25 performance, we are talking about the ability or the success

david2 1 he has in meeting requirements and avoiding what we term
2 licensee controllable events. That is what this aims toward.

3 We do know that licensees have a variety of
4 success in these endeavors. One of the thrusts or objectives
5 is to identify what determines the success level. The
6 other thing we want to do is gain more effective and
7 efficient use of our resources. We have had little program
8 recognition of licensee performance in applying resources
9 to licensees.

10 COMMISSIONER GILINSKY: Which means putting
11 resources where the performance is less good?

12 MR. DAVIS: That is a natural assumption. That is
13 not sure that is what we would do. We would have to examine
14 how we vary our application of resources, not just manpower
15 resources, but for example, if we are successful in
16 identifying licensee groupings, we may want to vary our
17 enforcement approach to different groupings of licensees.

18 This is something that we would have to develop in
19 the trial, how we use this information to vary our
20 resources. I will say this: our mode has been when this has
21 been more on a regional basis with some urgings from
22 headquarters, it has been to put more resources towards those
23 who perform less well.

24 COMMISSIONER GILINSKY: There is an implicit
25 objective, which is to identify the licensees who are

david3 1 doing well and those who are not doing as well.

2 MR. DAVIS: Yes, sir: right.

3 Conceptually, if you look at graph three, you will see
4 what we consider a concept of licensee regulatory performance
5 evaluation.

6 This would be to group the licensees according
7 to regulatory performance, a majority grouping which
8 would include the average performance, the majority
9 plus that was above the majority who have performed better
10 than the majority grouping; and the majority minus
11 grouping, those who do not perform as well as the majority
12 grouping. These groupings do not mechanistically determine
13 anything.

14 What they do would point us toward licensees for
15 examination on a case by case basis.

16 COMMISSIONER AHEARNE: Is this a subjective --
17 or do you have some sort of list of 95 items and you add
18 those up and --

19 MR. DAVIS: It is a variety of approaches. I
20 will get to those. It is hopefully some quantitative, some
21 subjective, an intermingling of these.

22 But this whole concept does not substitute for
23 the exercise of professional evaluation skills and judgment.
24 If it is successful, what it will enable IE to do from a
25 national perspective is to focus on majority minus and

majority plus licensees on a plant by plant basis.

COMMISSIONER AHEARNE: Why would you be focusing on majority plus?

MR. DAVIS: To determine what makes them plus. In other words, do they have some particular characteristic or factor that should be made known to the rest of the industry.

If we can't find the factor, we won't focus very long on those.

COMMISSIONER AHEARNE: And if the factor turns out to be they have competent managers.

MR. DAVIS: Then the industry should know that the performance is dependent on the competence of their managers. I would assume they already know that. But maybe we could identify the characteristics that lead to competence.

COMMISSIONER GILINSKY: Did I understand you to say that your focus is especially on the majority plus?

MR. DAVIS: No, sir.

I said on -- and majority minus; plus and minus. On majority minus, we would be looking to determine again if they really are majority minus, there are factors in there that make this not quite as precise as we would like. We would look at those areas in the operation of the majority minus plants where there is a lower level of performance. Is it

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1 a general lower level or are there particular areas where
2 they are deficient? Then we look for the causes for these
3 lower levels of performance, maybe poor procedures, training,
4 whatever, and then air toward corrective action.

5 Once we have done this, then what are we going
6 to do with it if it works?

7 The next graph shows some of the uses we would
8 make. First, this is not a formal enforcement tool.

9 (Slide.)

10 We don't base enforcement action on the result of this
11 particular effort. As I have mentioned, we have to use it
12 for making IE resources, we hope, to use it to identify
13 characteristics of the majority plus groupings so these
14 characteristics can be made generally known to identify the
15 cause of majority minus performances that upgrading
16 actions can be taken of informing the public and licensees
17 and to respond to the agency's responsibilities to inform
18 the bpulic on a periodic basis, maybe a rainbow book
19 to publish the summary evaluations.

20 And lastly, is a basis for meetings with
21 licensee management. We have been considering having
22 periodic meetings between regional directors and
23 licensee corporate management to review areas of mutual
24 regulatory interest. Meetings now frequently are held when
25 hold them with licensee upper management in the tense atmosphere

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1 of an enforcement conference.

2 Consequently, we believe we should meet on a
3 periodic basis and review areas of interest to them and
4 of interest to us, such things as the regulatory
5 performance of each of the utilities' nuclear sites,
6 comparisons between his sites and location of performance
7 groupings and factors that lead to better performance.

8 We think it will serve as a good basis to meet
9 with utility management.

10 COMMISSIONER GILINSKY: I would think that that
11 is something the utilities would want too, so they would
12 get a clear idea of where they stand. It seems to me it
13 is an absolute requirement for running an effective
14 program, meeting with them, I would say at least
15 annually.

16 MR. DAVIS: Yes, sir. This is what we have
17 under consideration. We would hope if we move to the
18 test program, we would hope we could get some early
19 information developed with which we are fairly secure
20 and go out and meet with utilities.

21 COMMISSIONER GILINSKY: This performance
22 evaluation -- and I presume you are going to tell us
23 something about what goes into such an evaluation, the
24 kinds of components.

25 MR. DAVIS: Are you talking about number two?

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1 COMMISSIONER GILINSKY: I am talking about --

2 MR. DAVIS: The whole thing? Yes, sir. I will
3 get to that, yes.

4 COMMISSIONER GILINSKY: Perhaps I am anticipating
5 something you are going to say. Are you going to be
6 basically working with information you already have, or do
7 you see yourself making new kinds of measurements or
8 new kinds of visits?

9 MR. DAVIS: No, sir. We will basically be
10 working with information already in our data base with
11 those approaches that we think are more quantitative than
12 others. We have underway what we call our performance
13 appraisal teams. These will do some corporate level
14 inspections. We used to do these kind of inspections years
15 ago and suspended it for awhile. We are going to try that
16 again.

17 That basically will be looking for these
18 characteristics, these factors of success.

19 COMMISSIONER GILINSKY: You are basically going
20 to be putting together information you already have in a
21 more systematic way?

22 MR. DAVIS: Yes, sir. The information basically,
23 the information on which we have done any of our
24 quantitative --

david8 1 quantitative approaches is already in our data base.

2 COMMISSIONER AHEARNE: When you say that this
3 would not be a basis for formal enforcement action, are
4 you saying that this would not be a new basis, if
5 for example, in your evaluation of the minuses you detected
6 and found some actual issues that would then lead normally
7 to -- clearly you would do it.

8 MR. DAVIS: Yes, sir. We would pursue it by
9 going back to the licensee site. It would be picked up as
10 an inspection or investigation at the site. That is one of
11 the purposes, to point out to the sites that we ought to
12 pay more attention to -- in trying to develop this method
13 of performance evaluation, we have undertaken three
14 separate efforts.

15 And the next graph, graph five, shows what these
16 are.

17 (Slide.)

18 We have what we term a statistical method. What
19 it does is review the information from our data base,
20 basically non-compliances, and certain Licensee Event Reports.
21 We had planned to look at personnel exposures on effluent
22 releases. We have not yet done this. The data base is
23 not large on those particular items. We have what we call
24 a trend analysis approach which is associating events within
25 a system, the same licensee system and seeking to find causal

relationships between events, trend analysis.

Then we have a regional survey method which is really a subjective judgment, a regional managers -- it is a questionnaire type of approach; conceptually the first of these, the statistical method and the last of these, the regional survey method may lead to the groupings of majority, majority plus and majority minus.

The second one, the trend analysis method does not directly lead to such a grouping. It is measuring a licensee against his own performance, how he has performed in the past, looking for trends in order to avoid problems.

Now, the basic data for this statistical method and the trend analysis method which we have used are publicly available. The reports for these three approaches which you Commissioners have, have been treated as pre-decisional, the large pack of paper which you have.

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1 COMMISSIONER AHEARNE: You will get back to these?

2 MR. DAVIS: Yes. Chart 6 discusses precautions
3 for this evaluative approach.

4 (Slide.)

5 MR. DAVIS: What we have done so far does not
6 support any consideration that the groupings sharply
7 distinguish between the safety of operations of plants.

8 If you go back and look at our definition, you
9 will see that we are talking about meeting requirements and
10 avoiding events.

11 COMMISSIONER GILINSKY: If this has nothing to do
12 with safety —

13 MR. DAVIS: I didn't say it had nothing to do. I
14 said it does not permit a sharp distinguishing against
15 safety between plants.

16 COMMISSIONER AHEARNE: Are you saying if you don't
17 want someone to say that a plus plant is safe and a minus
18 one is not?

19 MR. DAVIS: We can't justify that. Our data will
20 not support that.

21 The fact that a licensee is in majority minus plant
22 grouping doesn't mean in a quantifiable sense that the
23 licensee is less safe than those in the majority or majority
24 class.

25 COMMISSIONER GILINSKY: I understand that you want

gsh 1 to be very careful about labeling plants as safe and unsafe.
2 But, nevertheless, our regulations are designed to produce
3 safe operation.

4 COMMISSIONER AHEARNE: They are all safe. Some are
5 more safe.

6 COMMISSIONER GILINSKY: Presumably, we think that
7 those that comply are safer than those that don't comply.
8 Otherwise, we ought to be changing our regulations.

9 MR. DAVIS: I won't disagree. Perhaps you gave
10 a better description than I did.

11 What I say is we can quantify it.

12 COMMISSIONER GILINSKY: I think that is probably
13 correct.

14 MR. DAVIS: Also, of course, each of these plants,
15 regardless of where it is, on a plant-by-plant basis is
16 subjected to a formally described conducted inspection
17 program subjected to a continuing review by NRR as to its
18 ability to operate safely.

19 So the continuation of its authority to operate is
20 evidence that it is the staff's judgment that it is operating
21 safety. This evaluative technique does not change that
22 judgment.

23 So the groupings don't sharply distinguish between
24 safety and cooperation. This could be used as a constant
25 ratcheting technique if you go into groupings. It is

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gsn 1 comparative rather than absolute.

2 Consequently, some group comparatively will always
3 be or has the opportunity to be majority-less, majority
4 minus. So as experience is gained in using this, what we
5 hope to do and what we will see as a threshold, above which
6 no special actions will be taken — so the goal of this
7 approach and the goal of IE actions would be to achieve an
8 industry-wide condition where all licensees are above that
9 threshold.

10 COMMISSIONER AHEARNE: Back to the point that
11 Vic was making. Essentially, we have got a threshold now.

12 MR. DAVIS: Permission to operate.

13 COMMISSIONER AHEARNE: All licensees are above
14 that; that is, that are operating.

15 MR. DAVIS: That's right.

16 COMMISSIONER AHEARNE: Are you saying that you will
17 find it appropriate to reach that threshold?

18 MR. DAVIS: No, sir. I am saying that some licensees,
19 as I guess you have said, and Dr. Gilinsky has said, that are
20 less than others. And we would like to raise all of the
21 less to majority.

22 COMMISSIONER AHEARNE: So that you are trying to
23 gradually move that up.

24 MR. DAVIS: Yes, sir.

25 COMMISSIONER AHEARNE: I guess that I would prefer

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gsh 1 wratcheting. It has a significance that goes beyond any
2 significant proposal.

3 I think you are saying it is a constant improvement
4 technique.

5 MR. DAVIS: This is a criticism that has been
6 directed against us in this. You have already got some
7 bottoms. You are trying to push them up, and sooner or
8 later, everybody will be in the 99.9 percent, but you will
9 still be pushing.

10 COMMISSIONER AHEARNE: Is there an intent in these
11 groupings of plus, minus, and average to take one-third,
12 one-third, one-third?

13 MR. DAVIS: No, sir. I will get to that. If you
14 will look at the next chart —

15 (Slide.)

16 MR. DAVIS: — there is a summary of the evaluative
17 methods that we used. And the first one is the statistical
18 method. We looked at four performance measures, or
19 planned to, and it described each site relative to other
20 sites.

21 We looked at noncompliance items and these were
22 weighed. We looked at licensee preventable events, and this
23 is a term — we call it licensee preventable, controllable.

24 What we mean by that term is that these are events
25 that are coded to have been caused by such things as operator

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1 error, which is a licensee controllable, or a procedural
2 problem, which is a licensee controllable, as opposed to
3 design or something else.

4 COMMISSIONER AHEARNE: The licensee, where it is
5 building the plant, decides not to take into consideration
6 a report that says there is an earthquake fault. Is that
7 a licensee controllable?

8 MR. DAVIS: We don't go back to the mine, sir.
9 In other words, we have been doing this for the plants in
10 operation and we have been aiming toward those that can be
11 corrected. In other words, controllable during the plant
12 operation and consequently can be corrected as a part of
13 this effort.

14 COMMISSIONER AHEARNE: Is that also weighed, the
15 licensee preventable events? Are they weighted?

16 MR. DAVIS: In relation to the noncompliance item,
17 but not in relationship to each other.

18 COMMISSIONER GILINSKY: How do you decide on all
19 of the weights?

20 MR. DAVIS: We started out subjectively deciding
21 on them and we tested that mathematically. It is my
22 understanding that it did survive the test. I am talking
23 about by noncompliance. We have three groupings. We have
24 violation infractions and deficiencies and we associate
25 numbers with those.

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1 COMMISSIONER GILINSKY: But depending on those
2 numbers, you can make some licensees look good and others
3 look bad.

4 Is this determined in your office or is this
5 something that you would put on comment?

6 MR. DAVIS: The licensees know about it now.

7 COMMISSIONER GILINSKY: Did they have an opportunity
8 to suggest that the weighting ought to be different?

9 MR. DAVIS: They always have that opportunity. We
10 didn't ask them, I will say. But this is part of the
11 enforcement program. It has been out for some time.
12 Occasionally, we will get into some dispute with the licensee
13 over a particular item of noncompliance, how it is
14 classified. But I don't recall any dispute at all, whether
15 a violation is ten times the weight of an infraction which is
16 five times the weight of the deficiency.

17 COMMISSIONER GILINSKY: I would think that that
18 is something that could usefully be the subject of public
19 discussion. We have our view, and in the end, we are the
20 ones who decide.

21 But it seems to me that that is something that
22 we might learn something about by getting the views of
23 others.

24 MR. DAVIS: By the way, these weightings feed
25 directly from our enforcement program. Another one of the

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gsh 1 modules in this study was enforcement program, and we have
2 some modifications. And that would be a good opportunity
3 to go out rather than in this, I believe.

4 COMMISSIONER AHEARNE: I go back to a comment that
5 the Chairman made at the beginning. Is this described in
6 more detail in the large paper?

7 MR. DAVIS: Very much more detail. Yes, sir.

8 COMMISSIONER AHEARNE: So if I take the time to
9 read through that, I should be able to understand it?

10 MR. DAVIS: Yes, sir. We would be very happy to
11 talk you through it or brief you on the individual methods,
12 whatever you desire.

13 CHAIRMAN HENDRIE: If you read all of the large
14 paper, John, you may have to forego a knowledgeable comment
15 on a number of other subjects.

16 COMMISSIONER AHEARNE: I usually do.

17 MR. DAVIS: As a result of these performance
18 measures, we ended up with what we call a Z-score. This is
19 a dimension-less rating that represents deviations from the
20 mean for the particular site.

21 We have done this with the operating plant data
22 for calendar year '76 in only about 40 facilities or sites.
23 We have some -- that is in the report that you have -- we
24 have more that go about half of calendar year '77, but that
25 is not in the report.

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1 We have displayed these results in two ways. We
2 have listed these licensees according to the Z-score, or the
3 sites according to Z-scores and associated them with
4 groupings A, B, C, which relate to majority plus, majority
5 minus.

6 We have also displayed these by graph, which is
7 in the report which you have.

8 Chart 7-A on the slide, it will not be easy to see,
9 is a modified sample of this graphic display.

10 (Slide.)

11 Those sites located above the line perform less
12 well than the average, and those below the line perform
13 better than the average.

14 Of course, when you go to the majority groupings,
15 you widen your line.

16 CHAIRMAN HENDRIE: It does indicate something I
17 kind of suspected, and that was that at least to some extent,
18 the number of licensee controllable events that may appear
19 on a plant's dossier is at least in part a function of the
20 level of inspection effort.

21 MR. DAVIS: The number of items of noncompliance
22 are, Mr. Chairman, but not necessarily the events, whether
23 we inspect them or not.

24 CHAIRMAN HENDRIE: But either all or some of those
25 noncompliance events flow on through and become licensee

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1 controllable events. And since the controllable events
2 typically deal with operator function or lack thereof,
3 administrative procedures and so on, a more detailed searching
4 at the plant of those matters by inspectors, I would think
5 more of them.

6 That creates an interesting situation, because if
7 you now couple this evaluation with some shaping of the
8 effort, you create a divergency. A plant which, by luck, gets
9 through its first inspection phase with a smaller number
10 of things observed, then in the next phase, gets less
11 inspection; hence, automatically, less of these things.

12 So the plants will naturally tend to flow into
13 groups. At one end you will have plants that are classed
14 as really very good and get very little overview, and plants
15 that are classed as bad and get all of the overview. And
16 they will tend to stay there because of this dependency.

17 Part of the thing you will have to do is to find
18 a way to normalize back out of the data,
19 that functional dependence between the number of these events
20 and the level of inspection.

21 In fact, at the present time, there is some
22 variation in the inspection.

23 COMMISSIONER GILINSKY: That was at least a factor
24 of two -- not inspection effort, but in terms --

25 MR. DAVIS: There are variations.

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gsh 1 COMMISSIONER GILINSKY: — noncompliance per
2 reactor year and going from region to region.
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1 MR. DAVIS: There are variations.

2 COMMISSIONER GILINSKY: Like a factor of 2.

3 CHAIRMAN HENDRIE: I think it is clear that you have
4 to find some way so that you avoid, in effect, chasing your
5 tail, and sort that dependence out.

6 MR. DAVIS: That is one of the things we look at for
7 resource management. This resource application has been
8 controlled by the region. We want to use this as an overview.

9 CHAIRMAN HENDRIE: But Commissioner Gilinsky's point
10 is also true, and it leads to a little problem when he points
11 out that there may be differences in the practice of regional
12 office groups that sort of develop naturally because they are
13 out there in separated locations, and this group may look and
14 tend to come in with more items per sweep of a plant per
15 inspection.

16 MR. DAVIS: There are differences between inspectors,
17 also.

18 CHAIRMAN HENDRIE: Well, you might manage to average
19 out differences between inspectors by shuffling the offices
20 from time to time. There are other things, differences between
21 plants, old plants, new plants, 2-loop, 3-loop, boiler, pres-
22 surized, CE, Westinghouse.

23 I wonder how distinguishable some of those things
24 that are built into the vintage of the plant, sort of its fixed
25 characteristics as you take it in an operational sense, how

mte 2

1 much separation between that and the operating staff controlla-
2 ble matters you would really be able to sort out.

3 MR. DAVIS: We anticipate it would be difficult.
4 And these are things, if you approve the trial program, we
5 would emphasize that in the trial program.

6 One of the points about this whole approach is,
7 conceptually it sounds simple; the deeper you get into it, the
8 more complex it does become. We well appreciate that.

9 COMMISSIONER GILINSKY: Let me ask you: What sorts
10 of difference in score do you consider significant on a scale
11 like that?

12 MR. DAVIS: Feally, what we have done, as I say, we
13 haven't done them plant by plant. What we look at this as
14 showing us are different groupings, and any plant that falls
15 into the majority-minus grouping is worthy of an examination on
16 an individual basis. In other words, these are attention-
17 pointers.

18 COMMISSIONER GILINSKY: What is the majority?

19 MR. DAVIS: It is the band around your line. Actually,
20 I believe that one worked out to have 15 in the majority, 6
21 in one tail and 9 in the other tail.

22 COMMISSIONER GILINSKY: What do you mean, "worked out"?
23 Who decides how many are in the majority?

24 COMMISSIONER AHEARNE: The Z-score, right?

25 MR. DAVIS: Yes. It is just a typical type chart.

mte 3

1 COMMISSIONER AHEARNE: The chart itself, the line,
2 et cetera, is just the -- it is the weighted noncompliance.
3 And now you are not putting in the licensee-preventable events.
4 So when you are talking majority-plus-minus, you are not
5 talking about the main charts, you are talking about the box in
6 the right-hand corner?

7 MR. DAVIS: We are talking about the number, the
8 Z number, and grouping them according to Z number.

9 COMMISSIONER AHEARNE: What are you defining as the
10 majority, minus 1 to plus 1?

11 MR. DAVIS: Yes, sir, minus 1 to plus 1 deviation.

12 COMMISSIONER GILINSKY: So this is what you regard
13 as significant, one standard deviation?

14 MR. DAVIS: Right.

15 Again, you -- what we are aiming toward is identify-
16 ing plants that need to be specifically examined. We don't
17 abandon what we do now. This means that -- these 9 plants, or
18 whatever the number may be, which are majority-minus, regional
19 directors go out and give special attention to those plants to
20 see if in fact there are problems associated with them.

21 CHAIRMAN HENDRIE: Which side are -- let's see, I got
22 to be careful about the language. Which side are the majority-
23 plus? Is that a plus Z score? That is a minus?

24 MR. DAVIS: Majority-plus are plus Z scores, but they
25 are minus on the chart.

1 COMMISSIONER GILINSKY: This has the making of a
2 great transcript.

3 (Laughter.)

4 CHAIRMAN HENDRIE: Let me put it in terms that are
5 more suitable to a Chairman's intellect.

6 As I look at the thing in the box there, are those
7 good plants on the left or are they bad ones?

8 MR. DAVIS: The minus scores are badder plants.

9 CHAIRMAN HENDRIE: So those are majority-minus.

10 MR. DAVIS: But from the graph itself, in association
11 with the line, those which are above the line are the ones
12 which perform less. Well, we inverted so we wouldn't get back
13 to MUF.

14 CHAIRMAN HENDRIE: It seems to me that the signifi-
15 cance of the main graph is to provide you some normalization,
16 and that your Z scores really ought to be based on something
17 like, how many points per 100 inspection hours they got, rather
18 than how many points total, just to get out this dependence on
19 the degree to which dependence is based.

20 MR. DAVIS: But the more hundreds of inspection hours
21 you do --

22 CHAIRMAN HENDRIE: I regard the main line here as part
23 of the underlying analysis rather than a result of fundamental --

24 MR. DAVIS: Yes. This was put to show what you are
25 going to look at if you get around to reading the paper.

1 (Laughter.)

2 I mean when you get around to reading the paper.

3 COMMISSIONER GILINSKY: What is the need for cate-
4 gorizing the results in majority-plus, majority, and majority-
minus? Why don't we have them in numerical results?

6 MR. DAVIS: Because the data and our treatment of the
7 data is not sufficient enough to lead to that precision. And
8 if we treat it as if it is that precise, everybody will assume
9 it is that precise.

10 COMMISSIONER GILINSKY: But you are saying that the
11 two licensees that are judg a smidgen apart around Z minus 1
12 or plus 1 are going to get tr differently.

13 MR. DAVIS: We will ine them to see if they are
14 going to get treated differently. We will go to the regional
15 director and say, this one fell out here, Mr. Regional Director,
16 examine him to see if he should be treated differently.

17 COMMISSIONER GILINSKY: I wonder if you need all that,
18 in the sense that you are going to go back to all of the
19 licensees anyway, and talking with all of them, I hope, anyway.

20 CHAIRMAN HENDRIE: You sort of trade one problem for
21 a very similar one if you do that, Vic. As you say, you have
22 two plants which are very close in performance, but one falls
23 just nominally above and one nominally below the cutoff line
24 between these groupings. But if you ju quote the number for
25 the plant, one of them is 0.9, minus 0.9 on the Z score, and

1 the other is minus 1.1, and you have got the other 70 operating
2 plants with their numbers. It is absolutely inevitable that
3 there will be a ranking produced in which it is shown that
4 this plant is better than this one, because its ranking is 1.1
5 and this one's ranking is 0.9. Then you will have 70 classes,
6 as it were, instead of 3. I am not sure -- there is a ranking
7 problem no matter which way you cut it. I am not sure whether
8 they would be better off with 3 classes or 70 or 10 classes or
9 2. Any time you begin to categorize, then you are going to
10 have just the same problem.

11 And what is important, whether you use the Z number
12 or whatever else they conclude is the right measurement, or
13 use these broad classes, to be very clear on your understanding
14 that there is by no way any sort of great precision in the
15 underlying analysis that ought to be given. So these dis-
16 tinctions --

17 MR. DAVIS: Graph 8 shows what we have been talking
18 about for the last minute, some concerns about this method.

19 (Slide.)

20 The Z-score does imply precision which is not
21 warranted. The technique and the data don't support high
22 precision. It is, of course, quite influenced by the objec-
23 tive weightings which are given in this particular process.
24 There has been some concern expressed, as I previously men-
25 tioned, that noncompliances really might not describe in any

mte' 7

1 quantifiable sense the level of safety or security, and the
2 connection between noncompliance and safety is not directly
3 described --

4 COMMISSIONER GILINSKY: Let me go back --

5 MR. DAVIS: I am expressing the concern, not a
6 belief.

7 COMMISSIONER AHEARNE: A concern --

8 MR. DAVIS: Expressed by various people about this
9 technique.

10 COMMISSIONER AHEARNE: What causes me a problem in
11 what you said is that noncompliances may not describe a level
12 of safety or security. That is not the technique; that is
13 just the straight issue of noncompliance.

14 MR. DAVIS: Yes, sir. But by using the noncompli-
15 ance in this statistical method, if you believe that about
16 noncompliances, then you believe that the outflow is of little
17 value.

18 COMMISSIONER AHEARNE: Not having gone through all of
19 the background that these other gentlemen have, is it in issue
20 that noncompliance itself is not a safety-related item?

21 CHAIRMAN HENDRIE: I don't think that anybody is
22 saying that. The general thrust of noncompliance to the regu-
23 lations is that we believe that plants where there is that
24 tendency are operating, on balance, less safely than if they
25 were in compliance. The whole system presumably points in the

mte 8

1 right direction.

2 I think the only point is that a specific item --

3 COMMISSIONER AHEARNE: The quantitative application
4 in this method.

5 CHAIRMAN HENDRIE: And certainly some things are more
6 important than others.

7 MR. DAVIS: Of course, other concerns expressed about
8 inspection and requirement differences may significantly
9 influence the results. There are regional differences. There
10 are differences in the precise requirements placed on plants.
11 And there are certain other influences. Licensee activities
12 simply aren't laboratories; they are dynamic. They shift from
13 time to time. The NRC program is dynamic and comparisons may
14 be improperly drawn between unlike elements, which is a real
15 concern which we have, and which, of course, is a part of the
16 test.

e-4

17 That is the first technique.

18

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4.05.1

pv 1 The second technique is the trend analysis, and
2 graph 9 outlines this approach.

3 (Slide.)

4 This considers the events under the licensee's
5 control, operational and procedural events, human-element
6 events. It identifies these events by a reactor system and
7 then analyzes the patterns of events with particular emphasis
8 on repeated events of the same type in the same system.

9 What we hope to do is to be able to forecast
10 events. In other words, looking at this pattern we hope to be
11 able to answer the question: does the licensee learn from
12 past problems, and does he react to prevent problems?

13 This is still a very active study phase. We
14 haven't wrapped this one up, but one would have to describe
15 this as more preventive in nature than that which we have
16 normally done.

17 COMMISSIONER GILINSKY: Why do you distinguish this
18 from your previous categories, "statistical method"?

19 MR. DAVIS: The statistical method was an analysis
20 of noncompliance and events weighed, licensee-controllable
21 events. We did not analyze events to see what the licensee
22 had done as a result of these events. We were in a comparison
23 between licensees. This is looking at the licensee's own
24 performance, how he reacts to events over a period of time.

25 COMMISSIONER GILINSKY: You would come out with

4.05.2

pv 1 certain measures, repetition of events, of similar events.

2 MR. DAVIS: In which?

3 COMMISSIONER GILINSKY: In this category.

4 MR. DAVIS: Yes, you will come out with a
5 repetition.

6 *COMMISSIONER GILINSKY: Why isn't that another
7 category to be incorporated into your Z number?

8 MR. DAVIS: Perhaps we could.

9 COMMISSIONER AHEARNE: I guess I share Vic's point.
10 I would think if the licensee repeats the same kind of a
11 problem, that should have a greater weight than just the fact
12 of the number of times it was done, because it is a more
13 significant fact. The licensee is never learning or there is
14 some other endemic problem.

15 MR. DAVIS: As I say, we do hope — we think that
16 we will be able to see some of these trends by watching.

17 Graph 9, which is extremely busy, is lifted out of
18 the contractor's report on this. Just to show you the type of
19 thing, again, that you will be looking at.

20 (Slide.)

21 MR. DAVIS: There are concerns about this method.
22 If you look at chart 10, it says "for some of these concerns."

23 (Slide.)

24 We are still in the study phase. We are not as far
25 down the path in trying to use this as we are in the other

4.05.3

pv 1 techniques. The concerns are that, really, the capabilities
2 for doing this have not been established. It is still in
3 study. There are some who believe, at least in the early
4 results of the study, that the study was fulfilling prophecy.
5 In other words, staff was pointing the contract to certain
6 licensees, they knew the history, and it came out that way.
7 I am not that critical of the study. That was a
8 concern expressed.

9 COMMISSIONER AHEARNE: As I look at the chart, I
10 conclude that you are not drawing a distinction about the type
11 of reported event attributable to human causes.

12 MR. DAVIS: Not on this chart, but the other parts
13 of the study do. The study goes into quite a bit of detail.

14 This particular technique has been quite costly in
15 terms of manpower. It is perhaps partially due to the fact
16 that it is new and pioneering in the study phase. If we find
17 it is of value and attempt to put it into the routine
18 performance, it may not be that intense. The existing data
19 base provides some problems with using this technique. It
20 depends very heavily on the cost codes of events, and system
21 identification is very important. In fact, the contractors
22 have to go back and examine each cost code associated with the
23 event to see if the code appears to be proper. It is a
24 continuing effort.

25 The last technique we have tried is what we call

4.05.4

pv 1 the regional survey method. This is outlined on the next
2 chart.

3 (Slide.)

4 Using a contractor, in August 1977, a questionnaire
5 was prepared, to be completed by IE regional personnel
6 concerning their judgment of plans or sites. And the staff
7 members completed it, and they were told that their responses
8 would be anonymous.

9 We ended up with ratings based on 45 sites. The
10 report on this approach has a page for each of the sites. We
11 have not yet grouped these, nor have we in any way attempted
12 to rank them, which we haven't done with any of them.

13 COMMISSIONER AHEARNE: You have a scale there from
14 "acceptable" to "exceptionable." Did you think of pushing the
15 scale down lower?

16 MR. DAVIS: We afforded the opportunity to give
17 narrative comments on this. Some inspectors gave narrative
18 comments that may have reduced that scale. The terms were
19 selected based on the fact that if the plant is operating, the
20 region obviously considers it acceptable.

21 COMMISSIONER AHEARNE: Except this is anonymous.

22 MR. DAVIS: No, we have some anonymous pieces of
23 paper. But the next chart shows what one of the summary
24 sheets looks like.

25 (Slide.)

4.05.5

pv 1 There are 45 of these in the report which you have
2 before you. You will note that we have put on this graph
3 "acceptable" to "exceptionable," and this graph is the typical
4 plant. We asked each of the raters to see in general, what do
5 you think of the plants, not any particular plant. And then
6 this was used to adjust the individual ratings on the basis of
7 perhaps some bias or preconceptions on the part of the rater
8 with regard to safety of plants.

9 COMMISSIONER BRADFORD: The narrative statements at
10 the bottom would have come from individual raters and wouldn't
11 be designed to reflect the median line.

12 MR. DAVIS: No, sir.

13 COMMISSIONER BRADFORD: They might have come from a
14 rater at one end or the other.

15 MR. DAVIS: Right. You can't see it from the
16 chart, but, actually, if you look on your lines between
17 "acceptable" and "exceptionable," on this one you have a
18 little ball beneath the "acceptable" pointer. At the
19 "exceptionable," you will see some have balls beneath the
20 pointer. And these show the extremes of the raters.

21 COMMISSIONER AHEARNE: Was there a seven-point
22 scale between "acceptable" and "exceptionable"? In taking
23 overall safety, what was the questionnaire? Was the person
24 asked to rate on a scale of one to seven?

25 MR. DAVIS: They were asked to draw a line between

4.05.6

pv 1 "acceptable" and "exceptionable." Then we measured the line.

2 COMMISSIONER BRADFORD: And if a rater considered
3 something to be unacceptable, what did he do? Draw a line --

4 MR. DAVIS: He wrote in his narrative statement:
5 "I think it is unacceptable."

6 Again, going back to what we embarked on to start
7 with, is to identify plants that need additional attention.
8 This is another technique to do that.

9 I might say that I would describe some of the
10 raters' statements, anonymous statements, as "unvarnished."

11 (Laughter.)

12 COMMISSIONER BRADFORD: What happens when you do
13 this by site instead of by reactor?

14 MR. DAVIS: This is by site.

15 COMMISSIONER BRADFORD: If there were a significant
16 difference between two reactors at the same site, you would
17 lose that in this technique?

18 MR. DAVIS: I would anticipate, although I would
19 have to go back and check the details, I would anticipate that
20 an individual concerned about a site would cull it out in his
21 comments.

22 COMMISSIONER BRADFORD: It would show up in the
23 narrative statement but not --

24 MR. DAVIS: That's right.

25 CHAIRMAN HENDRIE: I am fascinated to note that

4.05.7

pv 1 these sorts of evaluations occasionally lead to different
2 results than Z-scores.

3 MR. DAVIS: Definitely, they do, which is one of
4 the questions we will have to examine in the study.

5 If we could turn to the concerns, perhaps this
6 would be the place to speak to it. That is the next chart.

7 (Slide.)

8 They are subjective. They might be even considered
9 basically a collective opinion, although informed opinions.
10 They are colored by many things, as any subjective
11 questionnaire is. The timespan for the Z-score was very
12 definite, easy to cut off. It was some months before this
13 questionnaire.

14 I would suspect -- in fact, I think we can cull out
15 a couple of plants -- that things that occurred at the plant
16 after the cutoff date did somewhat color these.

17 COMMISSIONER GILINSKY: How do you know you have
18 the right algorithm for getting the Z-score? In other words,
19 these ratings are, to some extent, arbitrary, and if the
20 results don't jibe with experience that people think are the
21 right answers --

22 CHAIRMAN HENDRIE: At least on a consensus basis.
23 That is kind of interesting.

24 MR. DAVIS: This is one of the things that we
25 wanted to look at. We look at the tails. If you tail these,

pv 1 there are some matches in the tail, but there are some that
2 don't match.

3 What we would do is not say we will look at the
4 plants which happen to match. We would ask the regional
5 people to examine all of the plants which are in the tails.

6 COMMISSIONER AHEARNE: I guess, speaking from an
7 analyst's point of view, I think Vic's point is exactly right.
8 Usually, when you have developed a methodology and then you go
9 through a calculation and you check your intuition to see how
10 it tracks -- your intuition here is that you have got these
11 subjective ratings, and if it doesn't track, you want to go
12 back and take a look at your methodology, particularly when it
13 seems to be -- it is an attempt, but an arbitrary attempt, to
14 construct weightings and meshing of these various things
15 together.

16 MR. DAVIS: And, of course, again, that is part of
17 what we are requesting, to move into a trial program in a
18 development approach. That would be part of the approach, to
19 see what the differences are that produce the mismatch.

20 COMMISSIONER AHEARNE: One of the things that you
21 might do -- you have this set of data which you have weighted
22 and added it together to get a Z-score -- one thing you might
23 do is see if there is an alternate way of adding and weighting
24 to come closer to matching the subjective judgment.

25 MR. DAVIS: Right, sir. That is a tentative

4.05.9

pv 1 comment.

2 CHAIRMAN HENDRIE: As he says, you have to watch
3 out that you are dealing with approximately the same time
4 periods. That is, a Z-score and -- which is largely a year,
5 two years old, now.

6 MR. DAVIS: These were about a year apart, as I
7 recall, when they were taken.

8 CHAIRMAN HENDRIE: There is some opportunity there
9 for change, which wouldn't be cured -- well, if you don't
10 compensate for that when you attempted to do what you are
11 saying, which is to look at the methodology a little bit and
12 see -- you are likely --

13 COMMISSIONER AHEARNE: Since the Z-score approach
14 is a numerical-based approach, it seems it could be updated
15 for that.

16 CHAIRMAN HENDRIE: That's right.

17 MR. DAVIS: Quite obviously, no single method
18 appears to be feasible, and maybe no integrated method appears
19 to be feasible.

20 What we would like to do is to move into the
21 development of an integrated approach by using these methods
22 and perhaps others, and the next graph shows an outline of
23 some of our thinking on the integrated approach.

24 (Slide.)

25 Perhaps the performance can best be described by a

4.05.10

pv 1 combination of a factual component and an interpretive
2 component. In the factual you would consider such things as
3 noncompliance history, which we have discussed, the events
4 enforcement sanctions, enforcement conferences, and this kind
5 of thing.

6 An interpretive component would be developed by the
7 regional staff when we get this function of licensee — of the
8 performance appraisal team approach. We will have some
9 national-level inspections which will give us one inspection
10 group doing some comparative type inspections, which should be
end#5 11 a level of regional differences.

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tape 6
david1

1 We would hope to publish a public report, and
2 use this as a basis for meeting with licensee management.
3 If the Commission does approve a trial program, the last
4 chart shows a schedule which we would hope to follow.

5 (Slide.)

6 The elements in the trial program would be
7 basically to develop a methodology for an integrated
8 approach to use this approach for calendar year '78-'79,
9 to perform the plant specific evaluations of the plants
10 identified by the evaluation and then to see if we can,
11 in fact, identify performance factors needed.

12 And then last, to assess the resource
13 implications.

14 COMMISSIONER GILINSKY: Why would you restrict
15 yourself to 1978?

16 MR. DAVIS: Both '78 and '79, I'm sorry.

17 COMMISSIONER GILINSKY: Or even '78 and '79.
18 And why wouldn't you go back further?

19 MR. DAVIS: We have already got '76 and part of '77
20 in what we have done so far.

21 COMMISSIONER AHEARNE: You mean data up to that
22 point?

23 MR. DAVIS: Yes, sir.

24 COMMISSIONER AHEARNE: Not just that year?

25 COMMISSIONER GILINSKY: When you come up with a

david2

1 Z-Score, is it last year's Z-Score?

2 MR. DAVIS: The Z-Score has been a 12 month
3 Z-Score.

4 COMMISSIONER GILINSKY: I think you would want
5 more than one kind of number.

6 MR. GOSSICK: The Z-Score from the last year
7 and compare that over a longer period.

8 COMMISSIONER GILINSKY: Suppose you had some
9 management failure over a period of time. I think it would
10 take you some time before we could have the confidence that
11 you could go back into the better category.

12 MR. DAVIS: It may very well.

13 COMMISSIONER GILINSKY: I wouldn't think you
14 would immediately shift into the upper category.

15 MR. DAVIS: Right, sir.

16 COMMISSIONER GILINSKY: Or possibly the other
17 way around. I guess I would look at more than a year.

18 MR. DAVIS: With regard to our request for
19 approval to move into this trial program, there are two
20 points that should be noted in the staff paper. The
21 documents on which the paper is based have been treated
22 as predecisional information, the large package which you
23 have. IE recommends release of these documents to the
24 PDR at the time you make your decision.

25 Then, you should note that NRR concurs with the

david13

1 objective. However, since the mechanism for achieving
2 these objectives has not been developed, NRR can offer
3 a view as to the overall acceptability. NRR recommends that
4 the overall program be subjected to peer audit program
5 office review.

6 COMMISSIONER GILINSKY: How would this thing work?
7 Who would be in charge of it? What sort of staff would be
8 involved?

9 MR. DAVIS: We anticipate if we moved into the
10 trial program we would require about three man years per
11 year. The performance appraisal group, which is already
12 budgeted, considers -- we consider performance evaluation
13 a part of the mission of that particular group, and it would
14 be performed by that group.

15 COMMISSIONER GILINSKY: Who is in charge of that?

16 MR. DAVIS: IE.

17 COMMISSIONER GILINSKY: But who is in charge of it?

18 MR. DAVIS: Harry Thornburg.

19 MR. PEDERSEN: John, let me get a sense of the
20 scope of this trial program. This would clearly be shaking
21 down the methodology, trying to get a good sense of proper
22 weightings, sensitivities of the measures and so forth.
23 Does this trial program also include the followup inspections,
24 the special emphasis that would be applied, and if so, is that
25 really within three man years of effort? Is it really that

1 small? Does it include the whole thing?

2 MR. DAVIS: You mean --

3 MR. PEDERSEN: Would you go outand being
4 conducting additional inspections where you find the
5 majority minus, or is this shaking down the methodology?

6 MR. DAVIS: It wouldn't be just shaking down the
7 methodology. If in the course of doing this, if we see
8 something that attracts our attention, we will immediately
9 go to the region and say, look into this. There would be
10 that kind of reaction.

11 MR. PEDERSEN: Your three man years --

12 MR. DAVIS: Would not include that. That would
13 be built into our currently budgeted reactor program.

14 MR. PEDERSEN: That would be absorbed in that.

15 MR. DAVIS: Right.

16 MR. PEDERSEN: So, something else would be taken
17 away from to do that?

18 MR. DAVIS: We would probably slide the routine
19 inspection, but we budget our total inspection budget,
20 including 20 percent for what we call reactive effort, which
21 is basically non-scheduled. So, this would be picked up in
22 that particular piece.

23 The way we react to that, if it goes over that
24 20 percent, we generally delay inspections of this type.

25 MR. PEDERSEN: The three man years are the people

1 who are going to be formulating the methodology?

2 MR. DAVIS: Front end, yes.

3 COMMISSIONER GILINSKY: What is the relationship
4 of this to these periodic meetings we have talked about
5 with licensees?

6 MR. DAVIS: We hope that this would serve as a
7 basis for them. What we would plan to do early in this
8 is to go out and begin to get some licensee input into what
9 we intend to do, not wait until we are done and have
10 done all this, and tell the licensee where you come out,
11 but explain this technique to them and get their input into
12 it.

13 COMMISSIONER AHEARNE: So, if we don't approve
14 this, you won't have to have the periodic meetings?

15 MR. DAVIS: No, sir. We will have periodic
16 meetings with licensees. If you do not approve this, what
17 that means we won't do is the three things that we have
18 described as the techniques. We will continue to do our
19 plant by plant analysis. We will continue to do our reaction
20 to problems as we perceive them on the regional level. We
21 will continue to do our performance appraisal. It will not
22 be done in this formalized sense of licensee performance
23 evaluation.

24 COMMISSIONER GILINSKY: This is on a plant by
25 plant basis?

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1 MR. DAVIS: No. What this does, it identifies --
2 this is done plant by plant, but by doing it plant by plant,
3 we identify the small number of plants which get the
4 extra attention.

5 COMMISSIONER AHEARNE: Is it fair to interpret
6 this, John, as you have a lot of data and you have a lot
7 of people doing inspections, and you are trying to in a
8 way stand back from all of that and see if you can't measure
9 or determine some other lessons that might be lost when you
10 are looking and concentrating on an individual plant?

11 And from that different way of treating your
12 data, you are hoping to identify something that will provide
13 an additional advice that you can give to specific
14 plants on how they can improve their operation.

15 MR. DAVIS: Yes, sir. That plus perhaps different
16 methods of managing resources.

17 COMMISSIONER GILINSKY: Go ahead.

18 MR. DAVIS: I was going to say, if the decision
19 is made that this predecisional information does go to the
20 PDR, we intend to mail a copy to each licensee mentioned in
21 the particular document.

22 COMMISSIONER GILINSKY: If you go forward with
23 these meetings between division directors and licensees,
24 would these be on a plant by plant basis?

vid7 1 MR. DAVIS: On a corporation basis.

2 COMMISSIONER GILINSKY: Presumably -- I understood
3 your response to John to be that you would go forward
4 with it.

5 MR. DAVIS: Yes, sir. And we, however -- then
6 the meetings become a lot more regionally oriented. In
7 other words, if the utility presidents have -- one thing
8 they apparently have an interest in is how they compare with
9 other utilities, and the regional director is only equipped
10 at the present time to reply in his region, if equipped at
11 all for that.

12 COMMISSIONER GILINSKY: Still, I would think that
13 is an important thing to do, not only compare with other
14 utilities, but to give some sense of how we think the
15 utility is doing and also if there are problems, to get
16 the attention of the top people.

17 After all, ultimately, we depend on them to take
18 care of it.

19 MR. DAVIS: We do intend to move into this. We
20 think if we go this route, and this is successful, we have
21 something much more definitive that we can discuss.

22 COMMISSIONER GILINSKY: But I think you ought
23 to go forward with the other independently. I don't know if
24 we have ever taken it up here, but I would like to see it.

25 MR. DAVIS: We are moving in that direction.

rid8 1 CHAIRMAN HENDRIE: That other direction is a
2 part of the I & E program which the Commission, at least
3 in some sense, reviewed in connection with the budget, has
4 reviewed in connection with the budget reviews, and has
5 approved, so we regard that as an approved program, that
6 they will go and do it in any event.

7 The question here is whether these assorted
8 analytical techniques ought to be exercised to try to do
9 some more detailed characterization of these elements of
10 good and successful operation and so on.

11 Let me suggest to you, and I think it is only
12 reasonable in light of the fact that the paper itself has
13 only arrived this morning, and the I & E, I think, was
14 anxious to provide this briefing to help and reduce this
15 large stack of paper and provide some focus and attract attention,
16 your attention to it.

17 But it seems to be premature for me to say, and
18 how do you vote.

19 What I suggest we try is -- Sam, will you pass
20 around in due time voting sheets on this and let us see if
21 it is sufficient for us to express opinions on those,
22 including the comments, and after we get some returns on
23 that, we will see whether that is sufficient to provide
24 guidance and make the decision or whether we should have
25 another meeting and provide a chance for the collegial

body to interact. I don't want to cut off further comment, questions, or whatever.

Peter, you have a pen raised.

COMMISSIONER BRADFORD: Howard, what legal significance might evaluations of this sort have? Do you see them surfacing in the enforcement proceedings or subsequent licensing proceedings regarding the licensing of facilities?

MR. SHAPAR: One comment we had on an earlier draft of the paper was apparently there was some attempt to place at least a partial basis on whether or not the licensee was in accordance with the spirit of the regulations and that sort of thing.

This has been extracted for the paper as it has been presented to you today. From a legal standpoint, I guess all this boils down to is I & E's own evaluation of the licensee, and it is not directly connected with any enforcement action.

The worst result of the imprecision of the methodology is that somebody is going to get looked at that maybe shouldn't be looked at.

On the other hand, I think you raised a valid point, because that may be what we intend. Nonetheless, it does reflect I & E's evaluation of a licensee, and that may very well be germane to the issue of the qualification of the

avid10 1 licensee and the enforcement action.

2 There is no way we can say it is completely
3 non-german. I think your point is well taken.

4 COMMISSIONER AHEARNE: Shouldn't it be germane?

5 MR. SHAPAR: It is in fact germane. John is
6 saying all it means to him is not that he thinks the plant
7 is not safe, not that he thinks the licensee is not qualified,
8 but it is merely a threshold device to tell him when to
9 go look at a licensee who otherwise would not be looked at.

nd 6 10 There is the dilemma.

egin 7 11 CHAIRMAN HENDRIE: Other comments or questions?

12 (No response.)

13 Good. Thank you very much. It is a very
14 interesting proposition.

15 COMMISSIONER AHEARNE: There is a much better
16 chance of reading the bigger document, having whetted the
17 appetite.

18 CHAIRMAN HENDRIE: How would you like to have
19 two minutes?

20 COMMISSIONER AHEARNE: Fine.

and 7 21 (Whereupon, at 2:53 p.m., the meeting was adjourned.)
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