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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

JUN 19 1997

Scientech, Inc.
Shirley Afable
910 Clopper Road
Gaithersburg, MD 20878

Dear Ms. Afable:

SUBJECT: CONTRACT NO. NRC-04-94-045, TASK ORDER NO. 2, ENTITLED,
"DEVELOPMENT OF PERFORMANCE-BASED REGULATORY
APPROACHES"

In accordance with the task order procedures of the subject contract, this letter definitizes Task Order No. 2. This effort shall be performed in accordance with the enclosed Statement of Work and the Contractor's technical proposal dated June 10, 1997.

Task Order No. 2 shall be in effect from June 19, 1997, through January 18, 1998, with a cost ceiling of \$162,003.00. The amount of \$151,446.00 represents the total estimated reimbursable costs and the amount of \$10,557 represents the fixed fee.

The obligated amount of this task order shall at no time exceed the task order ceiling. When and if the amount(s) paid and payable to the Contractor hereunder shall equal the obligated amount, the contractor shall not be obligated to continue performance of the work unless and until the Contracting Officer shall increase the amount obligated with respect to this task order. Any work undertaken by the Contractor in excess of the obligated amount specified below is done so at the Contractor's sole risk.

The amount currently obligated by the Government with respect to this task order is \$136,129.00, of which the sum of \$127,223.00 represents the estimated reimbursable costs, and of which \$8,906.00 represents the fixed fee. It is estimated that the amount currently allotted will cover performance through December 23, 1997.

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Accounting Data for Task Order No. 2 is as follows:

Commitment No:	RES-C94-001 (Under the base contract)
APPN No:	31X0200460
B&R No:	46019202400
JOB CODE:	J6040
BOC No:	252A
Obligated Amount:	\$136,129.00 (Previously obligated to base contract)

The following individuals are considered to be essential to the successful performance of work hereunder: R.W. Youngblood, J. Meyer, R. Hunt, and F. Dombek. The Contractor agrees that such personnel shall not be removed from the task order effort without compliance with Contract Clause H.1, "Key Personnel."

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PDR CONTR
NRC-04-94-045 PDR



JUN 19 1997

Your contacts during the course of this task order are:

Technical Matters: Joseph Mate, Project Officer
(301) 415-6202

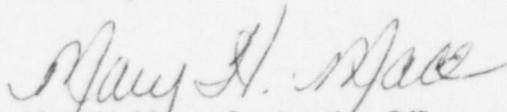
Contractual Matters: Sally Adams, Contract Administrator
(301) 415-6588

The issuance of this task order does not amend any terms or conditions of the subject contract.

Please indicate your acceptance of Task Order No. 2 by having an official, authorized to bind your organization, execute three copies of this document in the space provided and return two copies to the Contracting Officer. You should retain the third copy for your records..

If you have any questions regarding this matter, please contact Sally Adams, Contract Administrator, on (301) 415-6588.

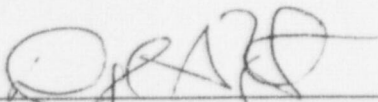
Sincerely,



Mary H. Mace, Contracting Officer
Contract Management Branch 1
Division of Contracts and Property Management
Office of Administration

Enclosure:
As stated

ACCEPTED:



NAME
Douglas A. Knight
Manager, Contracts &
Administration

TITLE

6-19-97

DATE

STATEMENT OF WORK
TASK ORDER # 02
NRC Contract NRC-04-94-045

Development of Performance-Based Regulatory Approaches

BACKGROUND

In its response to SECY-96-218, the Commission has directed the staff, through an SRM dated January 22, 1997 (attached), to include, where practical, performance-based strategies in the implementation of risk-informed regulatory decision-making processes. The Commission's objective, in part, is to be responsive to numerous risk-informed industry initiatives in the power reactor area, where the potential benefits for reducing unnecessary burden, enhancing safety decision-making, and improving staff efficiency are readily apparent. Additionally, legal and technical issues are expected to be resolved in the context of (and, where appropriate, integrated with) risk-informed regulatory approaches. The Commission expects the staff to include initiatives that do not explicitly reference criteria derived from PRA insights. An example of this approach is a phased inclusion into the overall regulatory improvement and oversight program of ranking techniques derived from relative hazards analysis.

OBJECTIVE

The contractor shall provide technical support by reviewing technical literature, preparing summary documents, preparing options papers, and performing other technical support functions that enable development of performance-based regulatory approaches. Such approaches shall enhance consistency, coherence, accountability, reproducibility, addressing of uncertainty issues, and public understanding of NRC's regulatory practice. To the extent feasible, preliminary value-impact analysis may be requested of candidate changes to the existing regulatory structure.

WORKSCOPE

The contractor shall review documents identified through a literature search (see reference attached) that describe the staff's positions and the Commission's directives, receive guidance from the NRC's technical monitor relative to technical literature searches, consolidate information from the searches in a useful fashion, and draft technical support documents. The technical monitor will provide references to the publicly available documents. It will be the contractor's responsibility to expeditiously gain access to the referenced documents for the work to proceed.

The key personnel assigned to this task shall have sufficient expertise and experience to rapidly understand the scope of regulatory initiatives that will be the focus of this task. The scope will include but not be limited to RGs, SRPs, Tech Specs and other tools of regulatory practice. At

the same time, the contractor would be expected to generate reports on the state-of-the-art in decision-making and performance assessment using numerically-based and non-numerical performance measures. Various types of performance assessment shall be covered, including direct assessment, indirect (or surrogate) assessment, and assessments displaced in time (root cause determinations and leading indicators of performance). Studies of decision-making where risk information is not explicitly used shall address methodologies that maintain objectivity of the decision-making process while using as input non-numerical data. Issues addressed shall include treatment of uncertainties and optimization to suit specific regulatory purposes. Research needs shall be identified as appropriate. Applications explored shall include nuclear and non-nuclear technologies.

DELIVERABLES

Expressed in terms of time from approval of Task Order.

Product	Draft	Final
Report on literature search	Jul 31, 1997	Aug 31, 1997
Report on performance measures	Aug 15, 1997	Sep 15, 1997
Report on decision making techniques	Aug 22, 1997	Sep 22, 1997
Candidate regulatory applications	Sep 30, 1997	Oct 31, 1997
Value-Impact analysis (if feasible)	Oct 31, 1997	Nov 28, 1997
Final Report	Dec 1, 1997	Dec 31, 1997

MEETINGS AND TRAVEL

The contractor shall plan on an average of one trip to Rockville MD per week during the period of performance.

PERIOD OF PERFORMANCE

The period of performance is for seven months from initiation of this task.

LEVEL OF EFFORT

1550 staff hours