UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
***
BRIEFING ON
REACTOR LICENSING INITIATIVES
***
PUBLIC MEETING

Nuclear Regulatory Commission
One White Flint North
Rockville, Maryland
Wednesday, January 13, 1999

The Commission met in open session, pursuant to notice, at 10:10 a.m., Shirley A. Jackson, Chairman, presiding.

COMMISSIONERS PRESENT:
SHIRLEY A. JACKSON, Chairman of the Commission
GRETA J. DICUS, Commissioner
EDWARD McGAFFIGAN, JR., Commissioner
JEFFREY S. MERRIFIELD, Commissioner
STAFF PRESENT:
ANNETTE L. VIETTI-COOK, Secretary of the Commission
KAREN D. CYR, General Counsel

PRESENTERS:
WILLIAM TRAVERS, EDO
ROY ZIMMERMAN, Deputy Director, NRR
DAVE MATTHEWS, Director, Division of Regulatory Improvement Programs, NRR
CHRIS GRIMES, Project Director, License Renewal PD, NRR
ROBERT WOOD, Generic Issues & Environmental Projects Branch, NRR

RALPH BEEDLE, Senior Vice President, Nuclear Generation and Chief Nuclear Officer, NEI
TONY PIETRANGELO, Director, Licensing, Nuclear Generation, NEI

P R O C E E D I N G S

[10:10 a.m.]

CHAIRMAN JACKSON: Good morning. I'm pleased to welcome members of the NRC staff and the Nuclear Energy Institute here today to brief the Commission on the status of reactor licensing initiatives, recent accomplishments in this area, and any areas where difficulties, challenges or limitations have arisen.

A representative from the Union of Concerned Scientists was not able to join us for this briefing this

morning.

Today's briefing is the second of three Commission briefings scheduled to address major topics identified in the staff's response to the August 7, 1998 tasking memorandum. This past Monday, the Commission was briefed on risk-informed initiatives and next week, on Wednesday, January 20, the Commission is scheduled to be briefed on reactor inspection, enforcement and assessment initiatives.

The agency has many important activities underway relating to reactor licensing, including the 50.59 rule-making, license renewal, FSAR update guidance, design basis definition, improved technical specifications, confirmatory action letters, requests for additional information, known as RAIs, 2.206 petitions, application of the back-fit rule, and license transfers.

Over the past several months, the staff has made quite significant progress in these areas, working with various stakeholders, as appropriate, but I'll mention -- I will highlight a few. One is completion of the scheduled license renewal milestones for Calvert Cliffs and Oconee; issuance of a final rule to streamline the license transfer hearing process; issuance for public comment of a proposed rule to provide flexibility and clarity to 10 CFR 50.59; and, issuance of a Commission paper, SECY-99-001, proposing revisions to guidance on the information required to be included in the updated final safety analysis reports or FSARs.

Although numerous issues will be discussed today, I would, in particular, and you will hear this from me, like to delve a little deeper into a few of the issues surrounding the next major rule change that will be forwarded for Commission deliberation of 10 CFR 50.59, changes, tests and experiments.

As you know, in the fall of 1995, I directed the staff to perform a systematic reconsideration and reevaluation of the regulatory framework that authorizes licensees to make changes to their facilities without prior NRC approval. 10 CFR 50.59, issued in 1962, is a fundamental regulation, the application of which has expanded over the years.

Given the importance of this rule to both the staff and the licensee and the fact that we have a slightly modified Commission at this time that will be reviewing recommendations on the final rule language next month, I would request that both the NRC staff and NEI provide sufficient coverage of what they believe to be on this topic in today's briefing, highlighting any differences of position on wording or concepts between the staff and the nuclear power industry. I think it's important that the Commission understand.

I understand the copies of the viewgraphs are available at entrances to this room. I also would like to note that many of the agencies' reactor licensing initiatives and milestones are included in what is termed the staff's update to the tasking memorandum response, which is issued monthly and is available on the NRC's home site.

Unless my colleagues have any opening comments, Dr. Travers, please proceed.

DR. TRAVERS: Good morning, Chairman. You've already highlighted he focus of today's meeting. I would point out that each one of the initiatives that you've mentioned are, in fact, included in our response to the

Chairman's tasking memorandum. There are some 11 under the category of reactor licensing initiatives and just yesterday, for those who are interested, I signed out the

most recent status report on our progress in addressing those issues.

I am encouraged by the progress we are making. We are substantially on track and on schedule for the bulk of them, as you will hear today. So we look forward to this briefing and we're glad for the opportunity to update the Commission.

At the table with me today are Roy Zimmerman, Deputy Director of the Office of Nuclear Reactor Regulation. We also have Chris Grimes, Director of the License Renewal Project Directorate in NRR; Dave Matthews, who is the Director of the Division of Reactor Program Management; and Bob Wood, who is a Senior Financial Policy Advisor in the Office of Nuclear Reactor Regulation.

Without further ado, let me turn it over to Roy to begin the briefing.

MR. ZIMMERMAN: Our plans this morning, the majority of our presentation will be on the four areas of license renewal, license transfer, 50.59 rule-making, and FSAR update. Chris Grimes will lead the discussion on license renewal. Bob Wood will take us through license transfer and Dave Matthews will discuss the status of the rule-making on 50.59 and the FSAR updates.

As time permits, we would also like to be able to discuss several of the other initiatives that are addressed

in the reactor licensing oversight area in our tasking memo and Dave Matthews and myself will walk the Commission through those items. The Chairman has mentioned many of the items that we'd like to provide an overview of.

As you know, many of these items were discussed at the Senate subcommittee hearing in the summer time-frame and have been the subject of discussion between the Commission and the stakeholders on two occasions thus far. A number of the initiatives that we're going to talk about today were underway prior to last summer time-frame, but as a result of the stakeholder interest, we have expedited a number of items and we will bring those to light today, and there is increased management in light of the concerns that we received.

There is a common thread that will come through in our discussions as we discuss reducing unnecessary regulatory burden in a number of these areas. But I need to say at the outset that maintaining public safety is our first and foremost effort and before we look for those areas where we can reduce burden, we are particularly careful to make sure that we are not undermining the necessary safety infrastructure.

So with that, let me ask Chris Grimes to lead a discussion on license renewal.

MR. GRIMES: Thank you, Roy. Good morning. May I

have slide three, please? The regulatory requirements the Commission established in Part 54 to Title 10 provides a means to ensure safe plant operations during a 20-year period of extended plant operation through a systematic review of the programs that demonstrably manage aging effects applicable to passive, long-lived structures and components that perform safety-related functions.

The requirements in Part 51 provide an appropriate scope of environmental impacts to be evaluated in conjunction with such a licensing action. Given those accomplishments, the present objective of the license renewal program is to establish a review process that is effective, efficient, timely, and predictable.

May I have slide four, please? With that objective in mind, the NRC staff developed a review process, as set forth in NRR Office Letter 805. The staff's environmental impact review is conducted in parallel in accordance with NRR's Office Letter 906.

These procedures are applied through an aggressive review schedule which will provide a complete safety evaluation and final environmental impact statement in 585 days following receipt of a license renewal application.

The new procedure also provides for a formal feedback mechanism to identify generic renewal technical and process issues and lessons learned during the review of the

initial applications. This provision ensures that issues are promptly identified and addressed and the resolution of these issues are captured in improvements to the implementation guidance.

Monthly management meetings are held to monitor the progress of the renewal reviews against the milestone schedules. Success measures are established each month to demonstrate continued progress toward the future milestones. We hold public meetings as often as possible, including public meetings that are held in the vicinity of the plant site when site visits are conducted to gather information concerning aging management programs and we are exploring ways to expand the license renewal information, including the status of generic renewal issues and progress towards improvement in the guidance on NRC's web site.

The License Renewal Steering Committee was established in April 1998 to monitor the progress of the staff's review of the initial renewal application. Review implementation of the license renewal program and to advise responsible line management, the Steering Committee meets bimonthly with the NEI License Renewal Working Group.

On alternating months, the Steering Committee meets internally with the NRC staff to review the progress of the staff's efforts.

In addition, in accordance with the March 6, 1998

memorandum from the EDO, the Executive Council monitors the progress of license renewal to ensure oversight, coordination and strategic implementation of the renewal program. The EC meets about monthly on license renewal. It's periodically scheduled.

The next meeting with the EC will be held on January 19. The next meeting of the Steering Committee, in conjunction with a monthly management meeting, will be held tomorrow.

The next slide --

CHAIRMAN JACKSON: Before you go, let me ask you two quick questions. Has the staff identified any potential policy issues that require direction or guidance from the Commission with respect to license renewal?

MR. GRIMES: No. The staff has not identified any policy issues at this point. We are continuing to monitor a series of generic renewal technical and process issued and at that point, we're continuing to dialogue with the industry and we believe that these can be -- these generic

renewal issues can be resolved with implementation guidance.

CHAIRMAN JACKSON: And can you speak a bit to what public outreach initiatives you have ongoing?

MR. GRIMES: Our public outreach consists primarily of holding as many public meetings as we can, both in conjunction with the license renewal applications and

generic license renewal meetings with NEI and NEI's working group and task force on license renewal.

CHAIRMAN JACKSON: When was the last public meeting you had?

MR. GRIMES: It was in the middle of December. As I mentioned, our next public meeting is tomorrow.

CHAIRMAN JACKSON: When I talk about public meeting, I'm not speaking of meetings with NEI in the public. Rather, I mean meetings with the public in the vicinity of the --

MR. GRIMES: The last fully public meeting in that sense was the environmental scoping meeting at the Oconee site.

CHAIRMAN JACKSON: You can tell me later. I'll let you go on.

COMMISSIONER McGAFFIGAN: Madam Chairman, could I follow up on your question and give the staff a chance to answer now.

NEI, in its last viewgraph, later in the meeting, raises a policy question. I don't know if it's a policy issue. Is the intent of the rule to re-verify the existing CLB programs and activities? And I don't know whether that's a rhetorical question, but since you're on it right now, is there an issue arising as you go through the first two applications that NEI perceives, where you're going

outside the scope of the license renewal rule?

MR. MATTHEWS: There are discussions underway with NEI with regard to -- they characterize it as a policy issue. It may be an implementation and review issue. But regardless of its title, it has to do with the level of detail and the information that needs to be provided to meet the demonstration requirement in Part 54 in several areas.

The one that's getting the most attention is the one related to the EQ program. It's the staff view that compliance with the applicable sections of Part 54 depend on a description of the programs that are relied upon to manage aging effects, submitted on the docket to support the staff findings in the safety evaluation.

A simple commitment, which I believe is NEI's position, of continued compliance or implementation of particular programs in accordance with the regulations, without any supporting program description, we don't believe provides an adequate basis for that purpose.

We've expressed that position in individual conference calls with the two applicants involved and a letter has been recently forwarded to BG&E; with that position and I believe they are preparing to provide such a description.

COMMISSIONER McGAFFIGAN: There is an existing EQ program and there is an existing description in the

licensing basis as to what they have to do to meet our regulations.

MR. MATTHEWS: There is an existing requirement for EQ in the regulations.

COMMISSIONER McGAFFIGAN: And there is something in the current licensing basis with regard to how they meet that current requirement.

MR. MATTHEWS: If you deduce that the current licensing basis extends to what they have on site, certainly there is a portion of their licensing basis that addresses how they have implemented a program to meet that requirement. That doesn't necessarily mean that it's within the hands of the NRC.

MR. ZIMMERMAN: Much of that information is not docketed.

COMMISSIONER McGAFFIGAN: I see. So the issue is -- is this also somehow connected with the notion that we're really doing a new license, that this is --

MR. MATTHEWS: No, I don't think it's that broad and it's less of an issue of a perception than it is one of the regulatory language in Part 54 that addresses the need for the licensee to demonstrate to the satisfaction -- these are my words -- the satisfaction of the NRC in accordance with their review criteria, that they are going to have a program in place to manage the effects of aging through the

renewed term.

CHAIRMAN JACKSON: Is it a question of NRC being able to have access to the information that allows it to make that judgment?

MR. MATTHEWS: It's more important, I think, to phrase it as -- I think we might have access in that we can go on site and do an examination of that program, but it's more an issue of them representing, as part of their application for renewal, on the docket, the description of the programs they intend to rely on and it then becomes, of course, a basis for the decision we make in granting the renewed license, and that's the issue.

MR. ZIMMERMAN: I think this is a relatively new issue and it's a matter of trying to talk it through to see if there is common ground here. In a discussion recently that went on last month, there were questions from the applicants, do we want to see all their programs, all their procedures, do we want to see everything get boxed up and sent in, are we going to pour over all that level of detail.

And through the dialogue, we were discussing that what we need is a summary that explains it at a higher level. So you can see that there was some agreement and focus coming together. We're not there yet, I'm not sure that we will get there, but it was moving in that direction.

CHAIRMAN JACKSON: Narrowing it down.

MR. ZIMMERMAN: Narrowing it down.

COMMISSIONER McGAFFIGAN: Could I ask a follow-up? Is this something, when you've suspended working on the standard review plan, because we wanted to get these first couple done, it was sort of embedded in the standard review plan at the point that the standard review plan was suspended?

MR. MATTHEWS: I will let Chris respond to that.

MR. GRIMES: Yes. I will explain in the following process. We originally came in and said we had a variety of these generic implementation issues. One of them is credit for existing programs. We said that there is certain guidance in the standard review plan or certain guidance in the content of a renewal application that gets to how this information is conveyed and an explanation of how aging effects are managed and how time managed aging analysis will

be managed in the future.

We know have a database of some 98 issues where we've broken them down individually. Environmental qualification is one, credit for other existing programs are others, and it really gets to what level of detail is going to be described in the application and then what level of detail will the staff put in its safety evaluation that provides the basis of how much we're going to inspect these programs for the new license in the future.

We're trying to find optimum description of these programs. We're not trying to challenge the current licensing basis, but as is usual, whenever we start poking at the current licensing basis and try to understand how it operates, there's a natural nervousness.

Similarly, the ASME is naturally nervous about what we say about how in-service inspection manages aging effects. Those are all, in my view, implementation issues in terms of what level of detail will the safety evaluation basis for the granting of this new license rely upon.

CHAIRMAN JACKSON: Okay. Why don't you go on?

MR. GRIMES: If I could have slide five, please. The staff's view of the Calvert Cliff's and Oconee license renewal applications are on schedule. Upon receipt of the responses to the staff's requests for additional information from Baltimore Gas and Electric in December 1998, the staff began preparation of the safety evaluation report and draft environmental impact statement for Calvert Cliffs, both of which are scheduled to be completed in March 1999.

The staff's request for additional information from Duke Energy on the Oconee license renewal application were issued as scheduled in December 1998. Actually, the requests for additional information for the environmental review beat the scheduled January 3 date. They were issued on December 29.

The responses to those requests from Duke have already begun and are scheduled to be completed by March 1999. The staff is continuing to work with the NEI license renewal group to focus and resolve generic renewal issues.

NEI has provided issue descriptions and contacts to facilitate communications as well as NEI has provided commitments to provide supplementary information to help clarify the issues the staff will address.

The resolution of generic renewal technical and process issues are expected to improve the efficiency of the review process by providing clarity in the guidance for the content of future renewal applications and the conduct of renewal reviews.

Similar benefits are expected from the review of generic technical reports submitted by owners' groups. Two of the B&W; reports have been completed and two more are being reviewed on schedules that are consistent with the Oconee review, because Duke references those reports. Progress is also being made on the review of the generic technical reports submitted by the BWR owners in anticipation that we will receive an application from Hatch in early calendar year 2000, and the Westinghouse Owners Group, in anticipation that we will receive an application from Turkey Point.

Finally, we are aware of other parties interested

in license renewal; in particular, the Southern Company has

described their methodology for submitting an application for plant Hatch. That includes information sharing with Northern States Power and Philadelphia Electric Company.

Florida Power and Light and Virginia Power have also expressed an interest in license renewal and sharing information in order to facilitate communicating with the staff. Any of these generic activities obviously will benefit the staff by being able to address issues in a more efficient way.

The NRC staff has also tried to be responsive to other utility companies and even foreign groups working on aging management programs or life extension who have contacted the staff about various aspects about how the NRC is implementing its license renewal program.

That concludes it.

COMMISSIONER MERRIFIELD: I've got two questions for Mr. Grimes. The first one is, you discussed a variety of plants that may be interested in pursuing license renewal in a relatively -- a time period of relative -- a relatively short time. Is that -- are the requirements to address those dealt with in your budget assumptions; i.e., do you have sufficient budgetary resources programmed and anticipated in order to deal with that level of interest in license renewals?

MR. GRIMES: The answer to that today, at this point in time, the answer is yes. In fact, we have to go back and review the projected number of renewal applications for fiscal year 99 and 2000, because as yet we have not identified an applicant that would submit an application in fiscal 99, although we have planned on receiving two more applications.

But we also recognize that success in this program could result in a couple of more years, say, beginning in year 2000, with a flood of applications that might overwhelm our resources.

So we have identified it as a dialogue, that we want to continue with the industry a way to try to meet our license renewal applications in such a way that we can have as much predictability in our budgeting assumptions as the industry would like predictability in the review process itself.

COMMISSIONER MERRIFIELD: To the degree that you're doing that kind of pacing, are you working with NEI to try to identify facilities that may fit into that 1999 time period?

MR. GRIMES: Yes, with NEI and with their working group and with the task group and at this point licensees have expressed interest, but many of them are not at a point where they can make any firm commitments about particular

submittal schedules.

CHAIRMAN JACKSON: There are some fairly detailed discussions that licensees have with you when they are seriously on the path to come in as of a certain date, is that not correct?

MR. GRIMES: That's correct. As a matter of fact, we were asked to meet with Arkansas Nuclear on January 22 and they want to describe their plans to us. As I mentioned, we just recently received a submittal from plant Hatch and they're working conscientiously toward their plan to submit a license renewal application in 2000.

COMMISSIONER MERRIFIELD: The last question I had for you is -- and this is a question I asked on Monday in

our meeting. What would a revision of the scope of the maintenance rule mean to the license renewal process and would such a change impact the milestones you've set for Oconee and Calvert Cliffs?

MR. GRIMES: I do not see a change in the scope of the maintenance rule affecting Calvert Cliffs or Oconee, because they have already established a scope of passive long-lived systems, structures and components for which they're demonstrating aging management programs.

I do see that a change in the scope of the maintenance rule, because of the nature of the way that licensees try to use that scoping process to scope license

renewal, it potentially could have a destabilizing effect on license renewal as we go through a change in what is safety-related, what systems, structures and components are relied upon for design basis transients and events.

But in the long run, I see license renewal could eventually come back and blend right in. It's the question about during the transition period, as the industry and the staff are trying to change the scope of safety-related systems, structures and components, how do you prevent that change from destabilizing the predictability of the scope of the license renewal review.

At this point, we've only looked at it conceptually. I think it's a workable problem. The question is whether or not it can be worked in such a way as to not impact long-term planning.

COMMISSIONER DICUS: Let me follow up on that, if I may. Of the licensees that are talking to you about coming in with applications in FY-2000, are they talking to you about this issue, as well? Are they concerned about did some changes in scope in the maintenance rule, that that might delay them or they're concerned about it or are they talking to you about that at all? If so, could we have some feedback on that?

MR. GRIMES: Our dialogue thus far has primarily been with the practitioners of license renewal who have

taken as given a scope of systems, structures and components. At the higher levels, when the steering committee and the NEI executives meet, they have talked about it in a conceptual way, but no one has identified it as a particular concern.

CHAIRMAN JACKSON: Is it true, Mr. Travers, that this issue of metering of the license applications, license renewal applications and discussions with the industry, nuclear power industry about that, is it your intent for that to play into the planning and budgeting process in a way that you have a coherent approach?

DR. TRAVERS: It is. It's a very important element because of the resources that would be required to evaluate any given application. So we're certainly encouraging, to the extent we can and they can respond, to get information from the industry on their plans, to give them information on our planning assumptions, so that they know some of the limitations we face at least today in our current thinking and how we would budget for license renewal and give them an idea of sort of how long the queue is, how long the review is certainly in terms of the predictability element.

But as much as we can, share and get information from them on their plans.

CHAIRMAN JACKSON: I take it that good feedback

has been received from the license applicants to this point in terms of how the process has been going.

DR. TRAVERS: At my level, yes. I think in my discussions with the two plants thus far at least, in my relatively new capacity, I have been encouraged by what the staff and licensee interaction has been to date. Our ability to move forward on the issues, to identify them and to work to closure and resolution on some of them to make the processes efficient and predictable, but mostly to achieve our fundamental goal of ensuring safety in the renewal period.

MR. GRIMES: At my level, the feedback is more than sufficient.

CHAIRMAN JACKSON: Well, let me give you some feedback. I think you're doing a sterling job and you laid out a plan and you're working the plan, but you're seeing to the issues, as far as I can tell. The Commission doesn't get directly involved at this point, but I have my sources.

So I just want to encourage you to keep it up and you have a big task.

DR. TRAVERS: Thank you.

CHAIRMAN JACKSON: You seem to be doing a great job.

COMMISSIONER McGAFFIGAN: Madam Chairman, I will second everything you just said. I just want to ask the

staff. We have committed to a plan here. You've got very specific dates, in the updates to the tasking memo, as you've had in previous updates. We're headed towards ACRS review early next year and presumably Commission review in the March/April time-frame for the first application, a couple months later for the second application, of the SER and environmental impact statement.

I can't resist making a comment about something I saw in the Trade Press sort of challenging us to get this done by June, and I think that was disservice to try to -- that would have been a destabilization of a process.

There is no way, having laid this out, having assigned resources, licensees assigned resources, on a schedule, to --

CHAIRMAN JACKSON: I'm content to let Chris handle it. That's my point of view.

COMMISSIONER McGAFFIGAN: Right.

CHAIRMAN JACKSON: And if he meets or beats the milestones, all to the good. What we want is for him to meet the milestones, but if he beats them, all to the good. We should let him -- it's his job to manage it and I think he's been doing a great job.

COMMISSIONER McGAFFIGAN: But on the issue of public meetings, it seems, to me, that in the March time-frame, there will be an opportunity -- in the

environmental impact statement process, there is a public meeting again when the draft EIS goes out, is my recollection. And when the initial safety evaluation report goes out, there will be these periodic meetings, but that will be a pretty important document.

So any member of the public who wants to pay particular attention to the safety evaluation will have a real chance when the initial safety evaluation report comes out.

MR. GRIMES: We were talking about the plans for

the public meeting for the Calvert Cliffs environmental impact draft just within the last two days and I have begun talking about a way to hold a public session that would also discuss the safety evaluation report that will be available at that time, without interfering with the logistical things that we have to do for the purpose of satisfying NEPA.

So we will be pursuing that. And to the extent that we can try and hold more public meetings in the vicinity of the plant site, at this point, we're simply taking advantage of site visits because trying to make public meetings, like the scoping meeting or the environmental impact meeting, those are -- those are very demanding, too, and I don't want to distract the resources from meeting these milestones.

I will also add that I think I was quoted in that

same article as saying we'll work milestone to milestone. And in our meeting tomorrow, we're reviewing the milestones and we will speak to the reconsidering the milestones after the staff evaluation and the draft environmental impact statement have been published. We'll have a much better idea at that point about what the workload will look like.

It will be appropriate to reconsider the milestones at that point, but we're not going to change any milestones and jeopardize not being able to meet them.

COMMISSIONER MERRIFIELD: Madam Chairman.

CHAIRMAN JACKSON: Please.

COMMISSIONER MERRIFIELD: I didn't want to let the moment go by and I want to associate myself with your compliments to Chris Grimes and all of his staff in terms of the superb work that they've been doing. Keep it up.

MR. GRIMES: Thank you.

CHAIRMAN JACKSON: Okay. Let's move forward.

MR. GRIMES: We'll turn to Bob Wood now.

MR. WOOD: Chairman and Commissioners, happy to be here today.

CHAIRMAN JACKSON: Happy New Year.

MR. WOOD: Happy New Year. Before I get into slide six, I'd like to just go through the goal of the license transfer initiative and some of the background that might be helpful to you and putting it in perspective.

The goal is similar to the goals of a lot of the licensing initiatives that we have; in other words, we want to enhance the predictability, timeliness and efficiency of the license transfer process, while, at the same time, maintaining protection of public health and safety.

The license transfer requirements are statutory. They are in Section 184 of the Atomic Energy Act, and that requirement is spelled out in some more detail in Section 50.80 of the Code of Federal Regulations.

The NRC has to approve in writing any transfer that comes before it and it has to look at both the technical and the financial qualifications associated with the transferee. It includes both direct and indirect transfers. A direct transfer is a straightforward sale or the license itself is transferred to a different entity. An indirect transfer, we've seen several of those in the past, and they're in the nature of, for example, a holding company being formed above an existing licensee and the control of the licensee, and thus the license being transferred indirectly in that capacity.

When we look at license transfer applications,

there are several factors we can look at, depending on the specifics of the application. We look at financial qualifications for operations. We look at decommissioning funding assurance, antitrust, which is a statutory

requirement, the foreign ownership considerations, foreign ownership control and domination issues, technical qualifications in terms of management's ability and experience in operating a plant, and then finally there are Price Andersen and on-site insurance issues that sometimes arise in the context of a transfer application.

We've looked at about 50 license transfers over the past four years or so and 20 just in 98. Those are in the nature of acquisitions, where one license -- a licensee might acquire another entity, either a licensee or a non-licensee, mergers between two essentially co-equal companies that are licensees, holding company formations that I mentioned before, non-owner-operating companies that are formed by existing owners to operate the plant, and then, finally, outright sales, and we've seen that, of course, with TMI-1 and Pilgrim most recently, those being the first examples we've had of sales of entire plants.

Now, with respect to slide six, I will briefly -- could we have slide six, please? Thank you. I'll briefly go through some of the completed actions that we've done so far. As you're all, of course, aware of, UC has completed a final rule on streamlining the licensing transfer hearing process. The rule, final rule was published December 3 in the Federal Register. It was immediately effective.

It establishes a new subpart M to Part 2 of our

regulations. It basically establishes a more informal hearing process.

Another important aspect of the rule change was that there are categorical exclusions for and eliminates the need to prepare site-specific environmental assessments and no significant hazards determinations.

We've also issued final standard review plans on financial qualifications and decommissioning funding assurance and antitrust. As you're well aware, of course, there is one in process now, a draft standard review plan on the foreign ownership issues.

CHAIRMAN JACKSON: You should probably give yourself credit for the decommissioning funding assurance rule, because the standard review plan plays off of that.

MR. WOOD: Impending actions, in light of the time we've got here and covering all these issues, I wasn't going to go into any detail on slide seven, but, of course, the major one on our plate now is the TMI-1 transfer and looking at that, and also Pilgrim had come in towards the end of December and we're also looking at that at the same time.

These other issues I think are fairly self-explanatory and I'll be happy to answer any more detailed questions on them, but that really concludes my prepared remarks on this area.

CHAIRMAN JACKSON: Okay. Any comments, questions?

COMMISSIONER MERRIFIELD: What is your time line for the TMI review?

MR. WOOD: We should have it completed in early March in terms of the staff analysis and the safety evaluation. We've given ourselves three months. The application came in on December 4, I believe, so we're going to try to complete it within that three month time-frame.

Now, that does not include consideration, if there is a hearing. We understand that there were some expressed interests on the part of an intervenor to intervene, but we understand that that may be going away.

CHAIRMAN JACKSON: You suggested, I think, at the beginning, that if there were the license transfer rule in place, a time line on the order of eight months, six to eight months.

MR. WOOD: That's correct.

CHAIRMAN JACKSON: So far, are you meeting your milestone?

MR. WOOD: Yes.

CHAIRMAN JACKSON: Okay.

COMMISSIONER McGAFFIGAN: I again just want to commend the staff. I think this is another success area and we've got some reviews to do, but the rule, getting that done as promptly as it was done was very --

CHAIRMAN JACKSON: I think the rule is one part of

it. I think what we need to compliment them on is the whole --

COMMISSIONER McGAFFIGAN: Right.

CHAIRMAN JACKSON: -- infrastructure they've put into place, the rule, the standard review plans, the schedules, and the actual review process.

MR. WOOD: Thank you.

COMMISSIONER MERRIFIELD: I second the Chairman, and keep it up.

MR. WOOD: Thank you.

CHAIRMAN JACKSON: Now to the point that's most interesting in the sense of more difficult.

MR. MATTHEWS: Gee, I was hoping to proceed through my portion of the presentation as rapidly and smoothly as Mr. Wood did. Is there any expectation?

CHAIRMAN JACKSON: Well, I'll put it this way. You have one thing going for you, Mr. Matthews. That is, yesterday, we had a three hour and 45 minute Commission meeting. At least I do not intend that.

MR. MATTHEWS: Good. With that, I'll begin. I'd like to address two areas. They're interrelated. They also are connected to a third and one of the other licensing initiatives that are contained in our set of viewgraphs that have been provided.

The first one I'd like to discuss is the 10 CFR

50.59 rule-making activity. By way of background, and I am on slide eight at this point. By way of background, and this will be brief, Madam Chairman, you already gave an introduction with regard to the fact that this effort had been undertaken at your request some time ago.

It has proceeded through the 1996-1997 time-frame and now one more year has passed and we are still addressing these issues in that reevaluation. But it is coming to closure, in my view.

We have responded to a Commission SRM in March of 98 to prepare a proposed rule. You reviewed that proposed rule and authorized us to issue it for public comment, but suggested that we solicit comment in some additional areas beyond the content of the proposed rule that was offered by the staff.

Those additional areas related to a wide range of options on margin of safety and to seek comment on several other topics, such as minimal increases and definitions and

the need for definition of accidents.

That rule was published for public comment. That occurred on October 21 and you had asked us in that SRM to provide you a final rule, back to the Commission for your consideration, on February 19 of 1999, which is close to a month from now.

With regard to the current status, we got

extensive public comment, 57 comment letters have been received, totaling in number about 300 pages. We did get comments from NEI, as were expected.

In addition, we got comments from 35 power reactor licensees and two non-power reactor licensees. I'd like to remind everybody that this rule has wide applicability. It addresses issues at power reactors that are operating, power reactors that are in the process of decommissioning, non-power reactors, and also addresses -- and I probably won't have an all-inclusive list -- but changes relative to people who have licenses under Part 72.

So it is an important rule and one that affects a lot of the operations that are overseen by the NRC.

We did not get any comments from any public interest group on this rule. We did have some comments from members of the public and interested parties, but no combined public interest group offered views on this rule.

Most commenters supported the objectives of the rule-making and I will summarize the more significant groups of comments, without belaboring the details, other than to the extent that we need to go into them, at your discretion. I will take them only in order of what I view to be significance and the ones that are going to be most difficult for the staff, first, and then the Commission, secondly, to wrestle with.

Margin of safety drew many comments. NEI offered an approach that would substitute a group of criteria in place of the existing margin of safety criterion. In fact, they didn't even label it. They refer to it as criterion seven. The reason being that their approach would not be to address that issue with a concept of margins, but to establish and focus on parameters that need to be addressed to control the integrity of fission product barriers, and they would argue that prior approval would be required if they were to alter or exceed any of that set of parameters.

They would call these parameters for this group of issues related to fission barrier product integrity as design basis limits that would be agreed upon. They exist in the FSARs at this time.

CHAIRMAN JACKSON: In all of the FSARs.

MR. MATTHEWS: I believe all of the FSARs address those limits.

CHAIRMAN JACKSON: Does the staff have a position on this?

MR. MATTHEWS: We are probing their proposal at this point in time and that's the best way I can say it, because there is an issue of concern over completeness and we don't think we've got a bottom line on whether it may be sufficiently complete to exercise the degree of oversight necessary.

We had an extensive public meeting with them last Friday, extended well beyond the snow release time, and we had a few individuals from Chicago there and I think maybe it was because they probably preferred being here.

CHAIRMAN JACKSON: They couldn't go home anyway.

MR. MATTHEWS: I thought they preferred being here rather than there. And we have another meeting scheduled to further explore their proposal. They're certainly here and are well equipped to describe it. I think I got it, in a nutshell.

With respect to probability and the relationship of the phrase "minimal" to changes in probability, some commenters noted that minimal increases in probability may be difficult to justify without more definitive guidance concerning the use of and quality of the PRAs. I think this is an issue that was discussed at some length on Monday.

My understanding of NEI's comments in this area, they aren't very eager to step off into a definitional discussion on what means minimal and they are very comfortable with continued use, as they had in 96-07 and NSAC-125 that preceded it, with the concept of negligible as applied to discussions relating to probability in that existing criterion on Part 50.59.

CHAIRMAN JACKSON: Wasn't negligible the original staff recommendation?

MR. MATTHEWS: Yes. The last item that I wanted to speak to directly was with respect to the treatment on consequences and the relationship of the word "minimal" increases of consequences and that corresponding criterion in 50.59.

There is a bit of dual treatment that I think NEI would like us to consider. You may recall that the staff proposed in the proposed rule as one of the primary options for dealing with consequences that we adopt a view of minimal relative to the percentage of change that would be permitted based upon a sliding scale, dependent on how far you were away from an acceptance criteria that may have been established by either regulation or some other form.

And where no acceptance criteria could be inferred, that in the areas that you may recall the staff sometimes would view that it was -- the acceptance criteria was not numerical, but was some small fraction of 10 CFR Part 100.

In those instances, NEI would propose that they have the flexibility to not be held to a small fraction of a small fraction and that they be allowed to allow those consequences to increase to the regulatory acceptance criteria that most usually is found in the standard review plan.

So I think there is a mixed story with regard to

the degree of acceptance we saw in at least the industry comments on minimal as applied to consequences.

CHAIRMAN JACKSON: This prospective was suffused in both the NEI and the actual power reactor licensing.

MR. MATTHEWS: I'll have to look to Eileen for that. Eileen McKenna is the primary staff individual on 50.59.

MS. McKENNA: Eileen McKenna, NRR staff. I would characterize the comments we got from across the spectrum of saying there were those that agreed that limiting this percent of difference with respect to the SRP values was unduly restrictive.

I would also comment that we did get a set of comments that still would go back to, if you will, that the -- you would not -- you should not measure whether there's

been any increase in consequences, unless the limits themselves, whether they are either the regulatory limits or the standard review plan limits that are exceeded; that they were rejecting, if you will, the minimal increase approach.

So I wouldn't say that there was a uniformity, but I would say that there were those that did accept the idea of having some limitation on the degree of change. They also raised this question of the SRP limits and things like that, that those not be also applied in this percent change action.

CHAIRMAN JACKSON: I see. So that they should be able to go all the way to the limits without having NRC.

MS. McKENNA: These subsidiary limits, if you will.

CHAIRMAN JACKSON: Without having any NRC review.

MS. McKENNA: Correct, yes.

CHAIRMAN JACKSON: Does the staff have a position at this point, a preliminary position?

MS. McKENNA: Again, we're looking at that and seeing whether there are any reasons why that would not be acceptable, but I don't think we're prepared to say today that we're accepting or rejecting.

MR. MATTHEWS: Turning now to slide nine, I just wanted to very quickly talk about the approach which I think we've already discussed.

CHAIRMAN JACKSON: Let me just ask you one other question. Well, two really. One is specific and one is more generic. I note that NEI has a slide on the importance of definition of change, which would redefine when 50.59 evaluations are received.

Now, is this -- have you had a chance to examine this?

MR. MATTHEWS: I have not examined that slide or that definition. I don't know whether Eileen has had an opportunity to.

MS. McKENNA: As you notice on our slide, our third bullet is the issue of screening of changes. So it is one that we are aware of and we did seek comments from a number of sources.

I think, in essence, it's asking for a way that within the definitions to limit, shall we say, those cases where an evaluation is needed for changes that would affect functions or design information as opposed to changed anything that's described in the FSAR as requiring 50.59 evaluation.

CHAIRMAN JACKSON: And is this a de facto change of scope?

MS. McKENNA: Perhaps, I mean, in terms of what requires a full evaluation, it could be a way of getting at the scope question, yes. But if you agreed that certain kinds of changes did not require evaluations, they are essentially not part of the scope of the evaluation against the criteria.

CHAIRMAN JACKSON: Now, was this something that NEI and the staff said it wanted to do as a second step; that is, scope?

MS. McKENNA: I think what we're talking about is definitional within what facility and procedures described in the SAR, which was really what this -- the definitions we had now and the scope that we're working on. So I don't

think we were trying to make a change there.

CHAIRMAN JACKSON: But it's scope within the existing --

MS. McKENNA: Scope within the existing FSAR, yes.

CHAIRMAN JACKSON: So you're talking about narrowing that scope.

MS. McKENNA: Narrowing the cases for which you need to do an evaluation, yes.

COMMISSIONER McGAFFIGAN: Madam Chairman.

CHAIRMAN JACKSON: What is a scope change?

COMMISSIONER McGAFFIGAN: Madam Chairman, the change -- I'm looking at the NEI document. It's still a pretty broad definition. I think --

CHAIRMAN JACKSON: No, no. I'm not dealing with broadness or narrowness. I'm just asking a more generic question as to whether, in fact, it affects the scope.

MR. MATTHEWS: I think it is a -- it does affect scope. It primarily affects it with regard to the screening process that the utilities or the licensees undertake.

COMMISSIONER McGAFFIGAN: To screen out the change in the vice president or something like that.

MR. MATTHEWS: That's correct.

COMMISSIONER McGAFFIGAN: Right. That may not be bad.

CHAIRMAN JACKSON: It doesn't matter. I'm just

trying to clarify to what extent it is a scope change. Thank you. And let me ask the generic question; not to you, no, no, no. You --

MS. McKENNA: I'll wait here just in case.

CHAIRMAN JACKSON: Are we coming to a point -- how much more iteration do we need to allow or are we coming to a point that the Commission just needs to try to make a decision?

MR. MATTHEWS: I think we're at the point, once you receive the staff's proposal, my personal view is that we're going to be able to make a proposal to you of a reasonable course of action, recognizing it's for this period before we reach a more broader change to our regulatory framework, that iteration at this point would only delay the inevitable. We need to get on with this.

So I think the staff is in a position -- we're going to make a recommendation in February associated with our response to these recommendations and comments of our external stakeholders.

CHAIRMAN JACKSON: Okay. That's fair.

MR. MATTHEWS: As I indicated through a memo that Bill forwarded to you earlier, I think in December, our expectation is that the important work to be done is to focus on the resolution. We felt it might be, frankly, a waste of staff resources to galvanize one of these

approaches into the complete final rule-making package and all its attendant pieces prior to our getting your reflection on it.

CHAIRMAN JACKSON: And so it's time for the Commission to bite the bullet.

MR. MATTHEWS: And then we will proceed to hand you back very soon after that a final rule that will have the -- as I say, the I's dotted and the T's crossed.

CHAIRMAN JACKSON: Right. I understand. But the Commission needs to bite the bullet. You can sit down, Eileen. Thank you.

MR. MATTHEWS: I haven't relinquished my ability

to call her back.
CHAIRMAN JACKSON: He reserves the right.
MR. MATTHEWS: I reserve the right, right, and the reason for that is that the subsequent issue has implications related to the 50.59 rule-making. The degree of that interface is in the eye of the beholder sometimes.
But I want to now turn to slide ten, and this relates to the guidance for updating FSARs. This is one that --
CHAIRMAN JACKSON: You skipped a slide, you skipped nine. You think you've covered pretty much those issues.
MR. MATTHEWS: I think I covered nine with regard

to the fact that it addressed schedule and upcoming activities.
CHAIRMAN JACKSON: Fine, that's good. Okay. I understand. Right.
MR. MATTHEWS: Right. Let me go back to nine for a moment, though. I think it does deserve discussion, that last bullet. Okay. We are working with the staff primarily involved in the discussion on Monday. We all were participants in the discussion of those options offered to the Commission with regard to risk informing Part 50, because of the interrelationship between the change process that is being suggested for adoption and the future need for a collateral change process to be developed, whether you deal with option one or option two or both at the same time.
So we've been involved in that and I just wanted to reassure you that those activities are interleaved, so that we don't make, to the extent that we can prevent it, one step forward and then have to take two back with regard to this issue.
So we have those continuing discussions with regard to the relationship between 50.59, a potential revised broad scope of 50.59, and how that relates to risk-informed options and the scope of certain portions of Part 50.
CHAIRMAN JACKSON: Let me ask you this quick

question. How is the staff coming to terms with acceptance limits or even any de facto scope discussions without a mutual understanding of design basis definition?
I mean, I note that NEI's slide talks about attain a common understanding of what information is captured by 50.2 definition and must resolve this issue.
Are they connected at all?
MR. MATTHEWS: They are connected, but let me deal with it this way. The concept of acceptance limits, and I'm using that literal term, is really not a term or a concept with much regulatory standing. We are moving away from it.
CHAIRMAN JACKSON: So that will be part of what comes to the Commission.
MR. MATTHEWS: Right. This is consistent, I believe, with NEI's comments on the proposed rule. You will hear the phrase acceptance criteria as we establish it in standard review plans.
CHAIRMAN JACKSON: Is that at all related to the issue of design basis definition?
MR. MATTHEWS: No, not directly.
CHAIRMAN JACKSON: So you think one can make a clean decision in the absence of having come to some meeting of the minds on design basis definition.
MR. MATTHEWS: I believe we can, but I have to

caveat that in that NEI's proposal with regard to a

replacement criteria for margin of safety does not rely on establishing acceptance limits. Had we been in a previous era where we were struggling with margin of safety and how it's defined in terms of the difference between some operating level and a, quote, acceptance limit that might have been established in the FSAR, I think it would have a direct relationship.

So there is some caveat to my statement that I don't think resolution of the issue is an impediment to moving forward on 50.59.

CHAIRMAN JACKSON: Okay.

MR. MATTHEWS: I've lost my place. On slide ten, and I only have one slide on this subject. As you can see, we have moved from the provision by NEI of a guidance document for our information in November 1997 to a generic letter that the staff proposed to address issues that we didn't feel we could resolve in terms of the differences that existed between our view and that that was provided to us for information.

The Commission suggested that we work with NEI to bring these two documents together, so to speak, and have us release that proposed generic letter for NEI's use in making possible revisions to their NEI 98-03 document.

We've reached agreement on that document and we have proposed to the Commission, as you remarked,

SECY-99-001, a reg guide that would be issued for public comment that would endorse NEI's guidance document 98-03 for use by licensees in guiding their updating of FSARs consistent with the existing regulations, 50.2, 50.34, and 50.71(e).

We believe this is a success story. The next milestone will be to reach your agreement and issue that for public comment, resolve those comments, and bring back to the Commission a proposed final reg guide and thereby, in our view, bring forward guidance through our combined efforts that has been long overdue with regard to the need to clarify just what should be within the FSAR, what should be within its updates, and bring conformance between that guidance and the existing rules, which primarily are 50.34 and 50.71(e).

CHAIRMAN JACKSON: Let me ask you a question. Is there a level of risk significant SSCs that should be retained in the updated FSAR that somehow doesn't reach the level of adequate protection or is that an oxymoron?

MR. MATTHEWS: Or a non-sequiter. I'm having trouble -- let me rephrase it in another way and see if you agree that that's the appropriate question.

Is there information that might not otherwise be required by our regulations explicitly?

CHAIRMAN JACKSON: Right.

MR. MATTHEWS: Although you could argue that it was provided as part of the application in response to our need for information. But I'll just put it that way; that would not otherwise be required through that process. It is there, it has risk significance; that if it were to be removed, would threaten the concept of adequate protection.

CHAIRMAN JACKSON: That's a good way to put it, thank you.

MR. MATTHEWS: And my view is that there is not

information that rises to that.

CHAIRMAN JACKSON: To that level. Okay.

MR. MATTHEWS: But this is an ongoing point of discussion and the reason I'm able to say that is I believe our whole regulatory fabric establishes, current regulations, a level of adequate protection and we have demonstrated through our licensing review process that that has been met.

The question relates to what is -- if we miss something in terms of what the regulation requires, even though it happens to be there, it raises a question with regard to sufficiency of our regulatory process. I don't believe that --

CHAIRMAN JACKSON: Well, should make -- should you not ensure or should the Commission not ensure, since the SECY is here, that the Commission always reserves to itself

the right to revisit the issue vis- -vis adequate protection.

MR. MATTHEWS: I'll tell you, I think we're always on -- in terms of our processes, always on the lookout for that kind of information, if you will.

CHAIRMAN JACKSON: I know, but I'm talking about making it clear.

MR. MATTHEWS: As you said, reserve the right. If such a removal were to take place, that there are regulatory mechanisms to assess it, address it, and if it did threaten adequate protection, that we have mechanisms to ensure that that not happen.

I believe that that is something we've given you an opportunity for in the way that we presented that issue in the Commission paper.

CHAIRMAN JACKSON: Right.

MR. MATTHEWS: And we did it in such a way that I think is reflective, because we had discussions with NEI on this point. It was not their intent in developing this guidance to support the removal of such information were it to be there.

CHAIRMAN JACKSON: Right. I'm just saying it's a point of clarity that I think -- I don't know, Karen, if you have any comment you want to make about it, but you could argue that the power exists for the Commission to do it

anyway if it relates to adequate protection. But in terms of truth in advertising, I think it's perhaps worthwhile to --

MS. CYR: There's always value in re-clarifying that, but I agree the Commission has the power to.

CHAIRMAN JACKSON: So I think maybe I'll certainly make that point. Let me ask you one other question. It really relates to the use of the FSAR in the emergency operations center.

The NRC maintains the updated FSARs in the ops center to aid in the assessment of the plant events. So the question is, how did the staff factor in the potential use of the updated FSAR for assessing plant events in determining what information could be deleted from the FSAR?

MR. MATTHEWS: We factored it in by consulting with and working with AEOD, who participated in reviewing the proposed generic letter that offered the opportunity for removal. But more importantly, I think that what's germane to this discussion is the opportunity to go to simplified schematics as opposed to the more detailed P&IDs;.

The feedback we got was that -- and I think maybe

you used this word in your question -- that that information existing in the ops center is an aid to our response. It certainly isn't critically relied upon in our response, given that the immediate response and, of course, the

dealing with the casualties is the licensee's responsibility.

There also are plant information books that exist in the ops center that contain information of this type. So we assessed it, given that its retention was not something we could support by the current regulatory requirements and given that the ops center plays a support role to the licensee, we determined that the removal of it insofar as it may allow for the elimination of some detail that, for example, the reactor safety team may wish they had would not be a serious shortcoming.

Furthermore, there are FSARs, many of which, in later era, have simplified schematics in them.

CHAIRMAN JACKSON: Let me ask you. With respect to last summer's break in the fire protection system at WNP-2, which resulted in the flooding of the ECCS rooms, what value would the detailed P&IDs; have provided in evaluating and understanding the event?

MR. MATTHEWS: I don't know whether the P&IDs; were available to the team at that time. So this is hypothetical. In my view, it would be of value to aid them, but certainly if they felt they needed details associated with that information, could have gotten that information very promptly, because I think they could have gotten P&IDs; or that portion of them transmitted electronically without

delay.

So I don't believe we're -- I don't believe personally that we're frustrating efforts to gain required information and I think we have the authority to get it when we need it.

Roy, I'd like to turn it back to you.

CHAIRMAN JACKSON: So are you done?

MR. MATTHEWS: I am.

CHAIRMAN JACKSON: Well, if you're done, I just want to issue my kudos to you. This one -- your buddies here at the table can say I've done this, this, this and this, and this is done, I did this rule. You've been working on something that's a very complex set of issues. I think that we've gotten to this point, I think, is amazing and I think it's due to work that you've done and people who have been working with you.

So I compliment you, because the Commission, in earlier times, has thought about -- let's call it opening 50.59 and looking at some of these other things and has never really gotten to do it, and we're doing it.

So I want to not only compliment you, but to thank you.

MR. MATTHEWS: Thank you very much. I'd like to offer that this is probably -- these topics, interrelated topics have probably occasioned more interaction with the

Commission than many that I've seen in my 20 years or more here. I think we collectively view that as having been very beneficial whenever it occurred.

COMMISSIONER McGAFFIGAN: Madam Chairman, I'll second, but I also think, in this case, it took NEI doing Rev. 0 to 98-03 to -- and the staff discussions with them,

it took two to tango and it's a joint success of both the staff and the industry effort.

CHAIRMAN JACKSON: But I would say that it was the Commission that decided that 50.59 needed to be opened up for review, but I don't disagree with you in terms of having gotten to this point. It took a joint effort.

MR. MATTHEWS: Thank you.

COMMISSIONER MERRIFIELD: I'd add mine to Commissioner McGaffigan and the Chairman.

MR. ZIMMERMAN: If we can move to slide 11, please. Now we're moving to other licensing initiatives that are included in the tasking memo under this grouping of reactor licensing and oversight. The way we have this laid out, the first three items are ones that Dave Matthews will address and the remaining five are ones that I will address.

We can take them from the top and work down or we can give Dave a rest and we can start on some others.

CHAIRMAN JACKSON: It's time to give Dave a rest and work from the bottom.

MR. ZIMMERMAN: Okay.

MR. MATTHEWS: Or at least till we can find his place.

MR. ZIMMERMAN: Why don't we start on licensing actions and I'll get a page number. It looks like it's 14.

What I'm going to describe are some broad initiatives in the licensing action process area, status of where we are with the timeliness and inventory on our licensing actions, and then focus specifically on some initiatives we've had on the requests for additional information or RAI area.

We have established recently an internal steering group that is headed by Bill Dean that is interfacing with an industry steering group that is headed by Jim Fisacaro and supported through the efforts of NEI.

This has the potential to be a powerful tool for us. They have met, I believe, twice thus far and they have a third meeting set for this afternoon. The purpose of this steering committee is to share the areas of what do we think is going well in the area of licensing actions and the process and what are the areas we need to focus on to improve it further.

They've spent time talking about the RAI process and dialoging what some of the next steps will be. They're currently working in the box, looking at things that may be

short-term type of deliverables, but they also have recognized that there will come a time that they would like to be able to bring forward ways of doing business outside the box, ways that licensing matters may be able to be done in a different fashion, less cumbersome, more done by the utility, with opportunity for oversight by the NRC.

So there's a plan here that these groups have, both short and long term.

Another benefit of this group is it currently can serve as a lightning rod for us, that if there are issues within the industry, concerns on the way we're doing business, we want that feedback from the industry. We need to know where the concerns are so we have the opportunity to address it, and we have asked the industry counterpart of this licensing action, the process group, to ferret out, identify, come forward, get people in contact with us so we can get that feedback, which is very important for us to see if we're making the gains and strides that we believe we've

started to do.

CHAIRMAN JACKSON: Roy, can you step back for a moment and say up front what have been your desired outcomes? What is it that we were trying to get to with respect to licensing action?

MR. ZIMMERMAN: Desired outcomes, above all else is that when we issue our safety evaluation, if we approve a

licensing action, that it is done in a quality way, that we are maintaining safety, and when we sign it out, we feel we can stand behind it, that it was appropriate to issue this licensing action, whether it be for a tech spec amendment, change to an individual portion of the license, an exemption or a relief.

And in that area, we think overall we've been quite successful. However, the timeliness of our actions has not been -- that we have not met the goals that we have established for ourselves in past years and we recognize that we need to look at making some fundamental changes to the way we do business, so that we can improve our timeliness, but not at the expense of the quality of the safety review.

And it's important for us as we try to work on that timeliness that we continue to reinforce to the staff that quality comes first and if we need to ask questions in an RAI, we're going to ask those questions. We're going to maintain that gatekeeper role.

But we want to look for other ways of being able to gain the information, perhaps using the telephone more often, having management meetings, by sending letters back and forth. We're looking for ways of gaining efficiency; not to give up on the safety side, but to be able to reduce unnecessary regulatory burden due to the length of time that

it takes us to be able to issue the actions.

It was with that backdrop that led to the development of this steering group, because, again, as we think we're making progress, we need stakeholder feedback and this is an opportunity to gain it. If this group is used as a focal point for the industry and they meet on, ballpark, a monthly basis, then we can find out from this group whether, in fact, they're seeing a reduction in RAIs, are the RAIs on point, are we asking appropriate questions, does the NRC really need that information, issues associated with timeliness and so forth.

So I see this group doing -- as multi-faceted. It's serving that mouthpiece role for us, but they're also helping bring in inventive, creative ideas that we need to stay open-minded to, to look for ways that we could possibly do business different.

CHAIRMAN JACKSON: So you would say the overarching goals then are quality and timeliness.

MR. ZIMMERMAN: Yes.

CHAIRMAN JACKSON: Improving timeliness.

MR. ZIMMERMAN: Yes.

CHAIRMAN JACKSON: Okay.

COMMISSIONER McGAFFIGAN: Madam Chairman, one of the things that I found most interesting and hasn't really been highlighted by the staff in the briefings that I've

heard is this new NRR guide on processing licensing actions, for the first time risk-informs it, to some extent, in the sense that the resources that are agreed to up front depend

on the risk significance of the licensing action, and I --

CHAIRMAN JACKSON: Right. That's the point.

COMMISSIONER McGAFFIGAN: I thought that was one of the more interesting things in the draft guide. I don't know whether you've gotten any comments from industry about that notion embedded, that there will be more resources, if it's a more complicated risk significant license amendment.

MR. ZIMMERMAN: The increase in priority on the risk-informed licensing actions.

COMMISSIONER McGAFFIGAN: It isn't just that. It's that the relative risk significance of the amendment request will impact the amount of resources the staff devotes to the review in this treaty that gets negotiated up front as to how -- you know, what is the staff expectation as to resources required to process the amendment.

You have embedded in your resources a risk significance, I think. That's what plain English seems to say.

MR. ZIMMERMAN: There is a cross-cut issue here that we're sensitive to. We have the Bill Dean steering committee on licensing action process. We have the Gary Holahan risk-informed licensing panel. What we're doing is

making sure those organizations talk to each other, so that we stay closely coupled between the efforts within Gary's panel and the efforts within Bill's, so that we try to avoid miscommunications, left-hand/right-hand problems, by maintaining that dialogue, by members of each group talking to each other, by members of each group sitting in on the other's panels.

So we think that's -- we have -- the bottom line is we have high hopes on what we can gain from this group.

One of the first -- I sat in on the very first meeting where they were -- the development meeting, and it was interesting because we're not sure exactly what kind of issues are we going to hear about. And the first issue that came across is industry would like to have an opportunity to talk to us more, to be able to feel comfortable that they can pick up the phone and talk with us and that we have a willingness and that we'll demonstrate that coming through the phone lines, to be able to talk with us, and without a concern or fear that their questions will be considered inappropriate.

That sounds pretty easy to do. That's not one of the more complex issues for us. So it's a matter of just dialoging with the staff, making the staff sensitive to the fact that we've got -- the first words that came forward were that, just the discussion on early and frequent

dialogue, and we feel that we've communicated that through our training and our staff meetings.

The aspect of establishing schedules is an area that we definitely need to improve upon and there's also room for improvement within the industry, and the steering group can help us here, as well. We have efforts underway to try to have more realistic due dates for when we're going to complete our activities. Licensing actions is just a piece of that. You could apply it to other tasks that NRR does and we recognize that that's not one of our strengths right now.

The ability to change the due date does not have the rigor to it that it needs. So we're improving our processes to bring that forward, building the infrastructure so we can come up with realistic due dates.

The industry, likewise, we need to have a dialogue with the industry to know that if we send out an RAI, what's their time-frame for responding. Sometimes they may elect to put it on hold because they're getting ready to go into an outage or whatever and being able to see down the road the success path or ultimate conclusion and a schedule is important to us.

So we're working in identifying what I will call firm dates agreed upon for how the process will follow in licensing actions.

One of the initiatives that we've begun now is initial acceptance reviews. Because of the inventory that we have, a review can come in and it can get prioritized perhaps at a lower priority. It may not get looked at for several months and then if we look at it, we may find that it has serious flaws that don't allow us to do anything with it because there's some information that's missing that's fundamental to the review.

We lost a period of time, when we send that news back to the utility. So initial acceptance reviews are beginning to be conducted by the project manager. I'll call it a quick look. It's something to be done within a one-week period upon arrival. There is guidance that has been provided to the project managers in our in-office procedure 803. There's training that's ongoing to train the staff in what to look for.

It's aimed at trying to identify missing information that is sufficiently glaring, that we can send it back to the utility, make them aware of it, and they can improve upon their submittal. And hopefully, by the time that information comes in, our staff, the tech staff will be ready to perform their review and we are able to cut out a chunk of time that otherwise could have been lost.

Another important piece is lessons learned. If, in fact, we have cases where we believe there are these

glaring issues, we want to get this information back not only to the utility so that they can improve upon it next time, but we also want to get it back to the steering committee. Maybe in generic terms, specific, not to create those types of issues, but to try to get the word spread that a utility fell short of the mark in this manner and try to elicit and leverage the industry group to help spread the word.

We can do it through generic communications, but there's a role for the industry here that's been expressed to them, as well.

Increasing staff accountability is really reflecting on those words, not really what I want to say. It's really increasing management and staff accountability. The staff will do what we ask them to do, that makes sense and there's a logic behind it and it's laid out in an orderly way.

The first thing that has to happen is management has to lay out expectations. We have to say that the past, the ability to change due dates without rigor is not appropriate. Management expects to set realistic due dates. The way we come up with the date will be based on a process. So we arrived at a date that is meaningful and we think we're going to meet that date and we expect that we're going to meet that date.

And then if something happens in the future and there is a reasonable reason why we didn't, we'll look at extending it, if it's appropriate. We have to start with a premise that these dates are to be met and that's management's job to make that expectation known and that's not something that we have done as well in NRR as we need to do. So the expectation on timeliness.

The expectation on the threshold for asking questions, done carefully so that we don't turn off questions, but that we make sure that we're within bounds, that have discipline to the process. And then in order for this to work, on a personal level, it has to make its way into the performance appraisal process. People need to be rewarded when they perform along the lines of what management's expectations are and there needs to be accountability after management's expectation has been made known, if we aren't completing things on time.

So it has to follow through the process entirely. So there's work to be done on the infrastructure of our performance appraisal process that I don't want to minimize, because there's effort that's involved in going through and doing this right and that's what we're going to do.

Arthur Andersen has been working with us from our tasking order. One of the areas that we asked them to help us with was centralizing work load management. It was an

area that we felt needed work, particularly for the reason that I had indicated about our due dates. So they have helped us in this area and we have been briefed on their thoughts.

They worked with our focus groups, so really what they've been doing is facilitating our staff in discussions. But what we envision is moving to a central clearinghouse, where all tasks coming into NRR are going to go through a central clearinghouse, a group of individuals, not sure of the number yet, it's still conceptual, whether it's in the range of three to five, something like that, that are going to broker assignment of work and we'll have information available in order to be able to accomplish that.

They will have the ability in this vision to be able to have on-line capability to look at the individual work load through, say, a year, so that work can be levelized across the office, factor in leave, factor in a certain amount of sick leave, put in educated assumptions for a number of green tickets, number of SRMs, load this document, and then work to manage it, to equalize the work load.

We may find that we have cases where we have fungibility issues. We may find that we have some lightly loaded areas and we need to do some cross training in order to put the resources where they need to go.

This will remove -- it will bring it to a central place and I think that that objectivity and standard way of doing business, although quite challenging, I think, will pay us dividends.

CHAIRMAN JACKSON: How does that play off of your use of your operating plan?

MR. ZIMMERMAN: The direction that we're currently headed with our operating plan is to reshape it, to a degree, to take the significant new initiatives that we have to work on -- there's a lot of work to make this vision come to light -- and incorporate this into our operating plan, such that the milestones in order to do this, the scoping

effort to figure out what is this going to cost in hardware and software and people and to look at what it's going to take to actually make this work, we've got to go through it by the numbers in the operating plan with milestones.

One last concept on this is the concept of what was called a knowledge-based operation, where lessons learned are factored back in, perhaps through an electronic note system, to inform the next one in line that I just did a review in this area and there were a couple of pitfalls. I went to this SRP for review, because I really wasn't sure if that was the right one or not, and I spent a day looking at it before I realized I really want to go to this other one.

Whatever the lessons learned are, trying to capture them so that we can improve our efficiency by sharing our knowledge within the review. So it's sort of a post-mortem at the completion of the task, when appropriate.

Each one of these issues has a cost associated with it. So we need to proceed in a careful, methodical way. We need to bring this to the executive council and discuss what we're considering doing. This, if it does work, could very well have implications of potential for other offices as well.

The last bullet on this page is moving toward a more function-based organization. Our new reorganization is less matrixed and should assist us by having the projects and a good portion of our technical staff under one associate.

With those resources located under one manager, the brokering of priority challenges is easier done than what's being done in two separate organizations. So we feel that the new organization is going to help knock down some of the challenges that we've had in conflicting priorities.

The decision will not need to bubble up to the office director for resolution. It could be dealt with at the associate level.

Trend charts for licensing actions. I will go through this quickly and try to pick the pace up. Fiscal

year 99 first quarter results are in. It was quite a good quarter for us. The total inventory of licensing actions was reduced by 16 percent. The items greater than three years old was reduced by 41 percent and the items greater than two to three years old, in that window, were reduced 52 percent.

Now, I must also bring out that as we went after this effort, we had an initiative to look at our oldest licensing actions and we went back to licensees and asked them that, we've had this for three years, it hasn't been attached on it, you haven't called us, we haven't called you, do you really still need this. As a result of that effort, 68 licensing actions were withdrawn.

If you take that 68 away, which is really, we expect, a one-time effort, we don't expect to be seeing that in future quarters. If you take that away from the total number that we did, which was 545, the number that we completed is still almost 60 licensing actions greater than we had budgeted in our operating plan.

This is new information. The news is good, but now we have to understand it. We need to analyze it to understand what is it telling us, what is the labor rate; if this got done to this extent, did something else not get

done. So we need to go through all our planned accomplishments and make that comparison to be able to

understand what this is telling us.

So this is raw data at this standpoint. I tried to do some quick off-the-top-of-the-head thinking in preparation for this meeting, not having that information. We went through a period of non-reactive time from a plant performance standpoint. In comparison to other times, it was generally good performance by utilities that created less reactive issues for us, more project manager time available.

We've been working on that initiative, to be able to have PMs spend more time working on licensing action and less on the PM focus area. But we need to pull the string and see what the reasons are for the accomplishments.

CHAIRMAN JACKSON: Yes, because I was going to ask a question. I noted this run-up between the August and December time-frame in the percent of your inventory that is less than a year old. So the question is, you know, but that's also the time-frame over which you've been able to work down the greater than three year old inventory.

So what you say, I think, will allow you to get at that question.

MR. ZIMMERMAN: Requests for additional information. As I mentioned, RAIs are an important role for us. They're an important tool that we need to maintain. But what we need to do is ensure that we have appropriate

discipline in the process. We need not be asking for additional information if that information is not germane and absolutely needed for us to be able to make our decision. We have to have that rigor in our process. We have to be able to trace our questions back to regulatory bases.

We want to limit the number of RAIs. If there is a reason to go greater than one round of RAIs, then we will. It's not a carte blanch that we won't exceed it.

What we're trying to drive toward is getting out of letter-writing campaigns. We want to try to facilitate resolution of the issues. We want to communicate with the utility involved to make sure they understand our point of view and we understand theirs.

So the use of meetings and use of telephones, it's important that ultimately we have docketed information to be able to support. So if there's meetings and telephone calls, we want to make sure we get that information on the docket, but we want to use these other tools more than we have in the past, even though we have used them in the past. We want to increase their use and be very sensitive to the length of time that gets lost with letter-writing going back and forth.

COMMISSIONER McGAFFIGAN: Madam Chairman, could I ask?

CHAIRMAN JACKSON: Please.

COMMISSIONER McGAFFIGAN: This issue may go away, but as you know, one of the complaints that we have received over the years is when they take two or three years to review our changes and the new reviewer brings a different perspective perhaps and asks new RAIs, which the licensee may have thought they already had put to bed with the previous reviewer.

Is that something -- if you shorten the

time-frames, that won't happen as much. But is there anything in that area that you have done?

MR. ZIMMERMAN: I thank you for bringing it up, because I neglected to bring it up. That is an issue. It's a valid issue that we have had cases where that has occurred and one of the efforts that we have underway is to minimize those opportunities for occurrence. Again, as we shorten it, that in itself minimizes it, but we want to be very sensitive to not be changing reviewers in mid-stream and we want to make sure that's a very conscious decision, understand the impact of doing it, and we want to minimize it.

CHAIRMAN JACKSON: I have a question to ask you on behalf of Commissioner Dicus. She noted that in the past, the Commission has received feedback from licensees regarding the resources needed to respond to RAIs

specifically on conversions to improved tech specs.

So the question is, have the changes to the RAI process resulted in any impacts on the improved tech spec conversion reviews?

MR. ZIMMERMAN: If you're willing to just defer till I get to the ISTS, I will address it at that point.

CHAIRMAN JACKSON: Sure. You're going to -- it's part of that.

MR. ZIMMERMAN: It's part of that discussion.

CHAIRMAN JACKSON: That's great.

MR. ZIMMERMAN: Okay. We're moving to slide 17 on confirmatory action letters. The concern that we have heard from our stakeholders is that the confirmatory action letters, or CALs, can bypass formal procedures and impose new requirements. In the past, CALs have typically been associated with extended plant shutdowns and recapturing design basis information.

Currently, there are four confirmatory action letters still open. The number of CALs in use, if trended, has gone down significantly over the last ten years. What we've done in this area is a couple of actions that we think shore up our performance in this area and they have been placed into the enforcement manual guidance and training is taking place to ensure that it's understood.

In fact, today, the Regional Division of Reactor

Projects are having a counterpart meeting here in headquarters and this topic is one that will be discussed there.

One of our changes is that the confirmatory action letters, in the future, need the concurrence of the NRR Office Director and we think this is going to aid in gaining regional consistency.

We also have clarified the guidance to make it clear that the concern -- in order to issue a CAL, the concern has to be of significant concern of health and safety. We have to be able to get to that threshold before we issue a confirmatory action letter. And in the past, we had cases where we may have been issuing a CAL on commitments that have already been made on the docket by the licensee or were of a lower threshold than what's currently in the guidance now.

So those two efforts are viewed as being appropriate action in this area and we intend on continuing to monitor it and ensure that we don't impose new requirements, bypass the back-fit rule, or prolong plant

shutdowns.

COMMISSIONER McGAFFIGAN: Could I ask, just for the record? You mentioned in passing that the number of CALs has trended down over the last ten years. If you could just provide that to us, because at the stakeholder

meetings, former Commissioner Remmick has raised this issue several times and it's possible, if there's only four out at the moment, that he may be working on old data or at least we should provide him that data.

MR. ZIMMERMAN: I chatted with Commissioner Remmick after the last stakeholder meeting and I think the plants, the CALs that Mr. Remmick was addressing, the information was somewhat dated. It wasn't one of the plants that we're currently dealing with, but not to take away from the issue, it's important that we stay on the lookout to ensure that we're avoiding not only inappropriate CALs, but finding other vehicles and arm-twisting utilities into taking action and sending letters back and forth and not calling them CALs.

So we don't want the issue to live under another name and we're pursuing the issues that Mr. Remmick had brought to us.

COMMISSIONER MERRIFIELD: Madam Chairman, I have -- in previous meetings, I have heard the Chairman use the term managing message as it pertains to enforcement. Obviously, you have gone ahead and you have revisited the issue of how CALs have been issued.

How have you managed the message regarding CALs? Specifically, have you made it clear to the staff that what you're saying is issue CALs when appropriate and not don't

issue CALs?

MR. ZIMMERMAN: I believe we did the former to indicate there is a role for CALs. We've added a couple of additional measures, process, steps to ensure that we do them correctly, but the message to the staff is not to not issue CALs. CALs serve a -- we see that CALs serve a benefit to ensure clear communication. What we want to avoid is an issue where the NRC and the utility both agree that there are shortcomings, perhaps of a programmatic nature, things that need to be taken care of, perhaps again before a plant starts up.

And we think we're communicating. The utility thinks that they're hearing what we're saying. Everybody thinks they're agreeing, but now the plant -- now time passes by and we find out that we weren't there and now you're on the eve of a startup and you didn't have that meeting of the minds you thought you had a month ago.

So the CAL, putting it down in writing is another step to make sure that we're all talking here, because the stakes go up as the startup gets closer or the restart or whatever the issue is.

So I think the CAL can be an informative tool. So we don't want to take it out of our toolbox. We want to maintain it, but we want to use it with care.

COMMISSIONER MERRIFIELD: That's positive to hear.

The thing that we're always subject to is when we start to get criticism, we don't swing too far one way or the other and I think keeping too far from the swings is important.

MR. TRAVERS: I agree. In the broader context, if you just look at the number of initiatives that we have underway and the kind of change we're pursuing, the issue of

communications within the staff and with our external stakeholders continues to loom large. We need to reinforce, in our own minds, and redouble our efforts just about at every turn to make sure that we're communicating and avoiding unintended consequences of the sort that I think you're referring to.

MR. ZIMMERMAN: Perfect opportunity today with the DRP Regional Directors all being here. We'll go back and assure that we make sure this message is clear.

Improved standard technical specifications. The program began with the issuance of the first improved standard tech spec in 1992. Currently, there are 89 units that are pursuing conversions. This table on this slide can be a little confusing in that the Y axis is based on submittals by site, and I'm talking in terms of units. So they won't match up on the Y axis.

But, again, 89 units are pursuing conversions thus far. We are hoping that there are others that will see the merit in converting. To date, 43 units have been approved.

We have 14 units currently in-house that we're reviewing and we anticipate an additional ten being approved during the remainder of this fiscal year.

We have seen current data is that for the plants that have converted, if you look at the license amendments that those plants are submitting and compare those to the license amendments that are being submitted by plants that have not converted, there are one-third less license amendments being submitted by the plants that have converted.

Now, to your point, Chairman --

CHAIRMAN JACKSON: Commissioner Dicus' point.

MR. ZIMMERMAN: We are contacting licensees to gain feedback on the ISTS process. We recognize that we are issuing a large number of RAIs and we did that with a recent utility, being Duke, and on the Oconee, the McGuire and the Catawba facilities, there were a very substantive number of RAIs.

As a result of that, we've requested that Duke meet with us and the meeting is on January 20 and we will try to get feedback not just on the RAI issue, but in large, if they can talk to us about areas that they think we need to look at trying to improve, we'll be very interested in areas that we can continue to improve.

Our labor rate and number of RAIs is one that

we're not fully satisfied with, so we want to continue paying attention to try to improve this process.

The last thing I'll point out on this slide --

COMMISSIONER McGAFFIGAN: Madam Chairman, one other. I've had some conversations with staff and my sense is Joe Callum, the former EDO, raised the same issue with regard to the four-loop group RAIs. He was surprised at the extent of them and I know the staff is working on it and intends to, in a lull this summer, perhaps revise the guidance.

Isn't that what I heard?

MR. ZIMMERMAN: Right. This is not the only meeting that we're planning on holding. We're going to talk to other utilities to gain their feedback. Once we have captured it, then we'll look at where we ought to put our resources to work to improve. But we're just starting with Duke, as they more recently had a very high number of RAIs.

Again, the four-loop group follows closely behind.

The only other thing I'd point out is in the upper right-hand portion of the graph, we can see that near the end of this fiscal year, we can start seeing that the slippages that have been occurring during FY-98 are going to start picking up, if this holds to form.

So the challenges associated with completing our conversions in one year, which we want to improve upon,

we're not satisfied with that, but the bad wave that we may see is going to create some challenges for us.

So if we're going to make some improvements to our process, this is the time to be doing it, before this bad wave comes in.

CHAIRMAN JACKSON: What is your goal in terms of turnaround time?

MR. ZIMMERMAN: We are trying to turn around the improved standard tech specs in less than a year.

COMMISSIONER McGAFFIGAN: Madam Chairman, again, I think this is an area where the staff deserves commendation. You can see the slope of the curve changed by a factor of two and I know a lot of effort went into that. But the nature of my question is have you used the license group that you talked about, the interface group, to talk to the industry?

There's been -- at the stakeholder meetings, there has been some talk about meeting us halfway and if all these submittals that are going to come in later, some of them could come in earlier, we could smooth out our resources and make more effective use of our resources and this strikes me -- it follows on a question that Commissioner Merrifield asked about license renewal.

But these are very complex amendments. They do take a lot of effort to go through and it strikes me that

you guys may want to jawbone the industry, and I'm doing it right here, to get some of the 2,000 applications that are going to come in on a bow wave moved forward, so that you can more effectively utilize your resources.

MR. ZIMMERMAN: I fully agree and we have had that discussion with the licensing action steering group and with NEI and we will continue to do that.

CHAIRMAN JACKSON: Let me ask you this question. Has the staff considered incorporation of the recently approved risk-informed technical specification changes into the improved standard tech specs or do you believe those risk-informed tech spec changes to be too plant specific?

I guess I'm asking is there an opportunity there to at least take what may be generic pieces and move it forward. Chris, you had a comment.

MR. ZIMMERMAN: A reaction.

MR. GRIMES: I can't help it. I'm pleased to see that Mr. Beckner, as my successor and as Chief of the Tech Spec Branch, has kept up the process, the vision that we started with.

But I can tell you that even when I was the Chief of the Tech Spec Branch, we put the options in for the risk-informed alternatives and we used the industry working group on tech specs in order to develop this style and the form.

So if Bill has kept up that practice, then --

CHAIRMAN JACKSON: I guess I'm asking more specifically. We've done some things with allowed outage

times. We've done some things with graded QA and I'm sort of both speaking to the staff and those who are sitting behind the staff, in terms of whether there is an opportunity to see if there is an ability to genericize and to propagate these things into the improved tech specs.

MR. ZIMMERMAN: There may be an opportunity to do that. We are not doing it now, it has not been done. I think that Chris' point that the standard can have a bracket that can be filled in by the utility with the allowed outage time that they choose to put in. If they choose to --

CHAIRMAN JACKSON: I got your point.

MR. ZIMMERMAN: If they choose not to go with the value in the standard or their old number and want to risk-inform it, we would currently consider that to be out of scope. It would take us longer to do it and we have not been advocating that.

There is a separate initiative to risk-inform the tech specs and there is a task force that works under the PRA implementation plan, under Gary Holahan, and includes staff from our Tech Spec Branch that are working on doing that.

That is really the next evolutionary phase of our

improved standard tech specs is to risk-inform them. We need to find the most efficient way of accomplishing that. Right now it's on a case by case basis. If a licensee elects to try to risk-inform when they come in, and to this point, none have done that. They have kept it separate.

But sooner or later, we want to bring them together. We just want to make sure we do it in an intelligent way and in an efficient way.

So once we get a little smarter from what the task force, under the PRA plan recommends, then we can look at how best to merge.

CHAIRMAN JACKSON: Okay.

MR. ZIMMERMAN: 2.206 petitions, this is where any member of the public can petition the Commission for the agency to take enforcement action against a licensee, to be issuing a notice of violation, it could be an immediate shutdown of the plant and it requires office director involvement in the process.

We have a goal of issuing these petitions 120 days after our acknowledgment letter goes out and this is an area where we have not been meeting our goal. We have tried a few things.

We have put in place a petition review board to look at these early when they come in, just like we do on allegations, to try to set the path of here's what we're

going to do, here's accountability, here's the due dates in order to be able to get to where we need to go.

Although we have gained value from this review board, we have not yet reaped the benefits that we want in being able to show demonstrative improvement in our timeliness. But we want to keep the board, but we need to do more than that.

An area where we have done well, better, is in the public responsiveness or petitioner responsiveness area. In the past, we held very few, if any, informal public hearings to involve the petitioner in the process. Now, about 20 percent of our petitions involve an informal public hearing to be able to hear from the petitioner, with the licensee there, and to talk about the different points of view and

engage the petitioner.

So that's working quite well.

CHAIRMAN JACKSON: Would they agree?

MR. ZIMMERMAN: I won't defer again, but I'll answer it now. Because of the fact that we're not achieving the time limits goal here is one of the primary reasons and to get overall feedback, we're working to go out to the last year or so's worth of petitioners.

We have nine petitioners that we're in the process of doing telephone interviews of to ask the question that you just asked, Madam Chairman, as well as half a dozen

other questions through this survey to gain that information and we expect to have that complete by the end of January.

Then we need to assimilate that information and just like we spoke on improved standard tech specs, factor that back into how we can improve our process.

CHAIRMAN JACKSON: What other improvements do you think need to be made in the 2.206 process?

MR. ZIMMERMAN: We need some good old-fashioned management attention is what we need here. We've talked at the table about a number of successes that have gone well. We're not ready to take our finger off the posts of those areas that are going well, but we need to recognize that we need to shift additional attention by management to hold ourselves accountable in the 2.206 area.

CHAIRMAN JACKSON: When are you going to do that?

MR. ZIMMERMAN: Now.

COMMISSIONER McGAFFIGAN: Madam Chairman, at times, I think one of the complaints we also get is the tone of the 2.206 letters. There may be some -- there may be a problem there, as well. David Lochbaum has said publicly that the letter oftentimes reads, sort of begrudgingly, we agree with you and we deny your petition, you know, because we've already done it. And if we're actually agreeing with them, maybe we could say it somewhat less grudgingly and say we're denying it only because we -- only because we've

already done it.

There's tonal things that you may want to think about.

MR. ZIMMERMAN: We agree. Wherever Sam is sitting, I think he's -- this is an issue that Sam likewise feels very strongly about, that the tone and the manner in which we interact with the petitioners ought to be as polite and courteous as possible and if there is a way of moving away from denial type terminology, we want to explore a couple of things.

We want to explore the manner by which we write back. We also want to explore whether this is really the right process for the petitions that are coming in. The petitioners may be using this process because it's the only one that they really know to be able to accomplish this, but working with OGC, it's possible there may be another mechanism out there to address some of these items.

So we also want to explore the benefit perhaps of having a spin-off type process that may be more appropriate.

CHAIRMAN JACKSON: We've also been accused of dragging out the response to the petition until we've made the change and then we say we deny your petition, that it's a most deliberate process. So that all of these things flow together, but this is an area that I do think needs more focused attention, not just in terms of the typical

management oversight, but a more fundamental reexamination of just what the process is meant to accomplish and how we can go about doing that, and that clearly then does necessitate having OGC's involvement.

MR. ZIMMERMAN: We agree.

CHAIRMAN JACKSON: You're done. So that means that Mr. Matthews -- we don't want to let you think that we've forgotten you.

MR. MATTHEWS: I do appreciate the breather. Let's turn to slide 12. Just as an introduction, I'm going to talk about the issue with regard to adding increased definition to the term design basis and then speak for a few moments on the back-fit initiatives in terms of our focusing on that process. These are not related.

Define design basis has been an undertaking that, again, became important and was brought into greater focus by NEI bringing to us a proposed guidance document to attempt to bring clarity to this issue.

I want to clarify a possible misstatement I made a little earlier with -- and it has to do with the confusion among these numbers and the fact that both of the documents that we've been talking about today, the design basis document guidance and the document relative to FSAR update guidance, came in November of 97.

One of them, the design basis guidance, was

voluntarily submitted to us by NEI for our information. The other, 98-03, was submitted for staff review and endorsement. If I didn't make that clarification, I think Tony probably would have.

Now, back to the design basis guidance with regard to NEI 97-04. We have reviewed this document and we have most recently communicated back to NEI in December with the proposal that the attachment reflect a set of criteria that we believe is appropriate for determining whether something is or isn't design basis information for the purposes of interpreting and giving guidance to the definition in the regulations of 50.2.

I would like to say that I believe this issue probably relates less to what is or isn't included in FSARs, but more to how you treat that information; in other words, what bin you put it in. And it comes down to an issue of discussion over level of detail of what constitutes design basis information under the definition of 50.2, as distinguished from design input information, design values, insofar as there is a need to determine what is design basis information that needs to be accorded the treatment that the regulations require of it.

I don't believe there is an issue or at least a significant issue with regard to whether or not we have been appropriately and the licensees have been appropriately

including this kind of information in the FSARs. It's how it's to be treated.

We haven't reached the degree of conformance or closure on this issue with NEI as we have in the area of the updating the FSAR guidance document. They are considering our comments. They have an objective of providing us a revised document at the end of January. I don't believe they've decided yet whether or not that document will be one that would continue to be offered for our information and their potential use, but not asked for our endorsement.

In the event that they do ask for our endorsement,

we then have to make a decision with regard to the degree that the guidance appropriately reflects our regulatory requirements.

If it doesn't, then I think we're faced with, again, developing guidance along the lines of our regulatory requirements and proposing it in some form for the Commission's consideration, whether it be a generic letter or a reg guide. So we're really faced with a two-track process.

If closure looks like it's a potential after our receipt of this revision of NEI's document, then we'll probably follow a process very similar to the one we followed on the FSAR update guidance.

COMMISSIONER MERRIFIELD: I did have a question,

Madam Chairman. I was reviewing the January 11, 1999 staff update to the tasking memo and I noted that most of the milestones, the dates associated with the milestones for this portion were, this says, to be decided.

I'm wondering what progress you've made in grappling with this issue and I'm wondering if you can give us some sense of what your scheduling goals are for this portion.

MR. MATTHEWS: I think probably the "to be decideds" emanate from the uncertainty associated with the NEI position with regard to whether they want to seek our endorsement of this document or, in the alternative, provide it for our use and information, in which case we're faced with establishing a separate milestone schedule. So that isn't a very direct answer, but it is the answer.

I think at the end of January, we'll be prepared at that point to establish a milestone schedule for each of those courses of action, because it does depend upon degree of divergence on the two positions.

COMMISSIONER MERRIFIELD: Will that before or after January 28?

CHAIRMAN JACKSON: January 27 at 5:00, right?

MR. MATTHEWS: Before January 28.

COMMISSIONER McGAFFIGAN: Madam Chairman, are there policy issues embedded in -- there may be none if

97-04 comes in and you guys are going to endorse it as you did 98-03. But after you see 97-04, if there are policy issues, will you try to follow some sort of process like you did on the FSAR update and get them to us before -- maybe that would help.

MR. MATTHEWS: Yes. And if I didn't say that, I should have indicated that. That course of action, I believe, will necessitate -- it will be a policy decision on which direction to go.

COMMISSIONER McGAFFIGAN: Right.

MR. MATTHEWS: So my view is that will involve a Commission consideration.

CHAIRMAN JACKSON: Okay.

MR. MATTHEWS: With regard to the tasking memo items, which, at an earlier meeting we had on progress of tasking memo issues, we brought some coherence in our presentation on the tasking memo in that we had back-fitted in several different locations.

For the purposes of my remarks, I will separate two general areas associated with back-fit, but I will say that the overall objective, which, as I'm now on slide 13, is to ensure that the staff closely adheres to the back-fit rule as it's written in evaluating all additional

requirements, expansion in scope, potentially, or unique interpretations pertaining to both operating or

decommissioning plans against the actual impact on public health and safety.

So this takes the form, though, in terms of our primary focus, in two places. One relates to our interaction with the industry through not only our activities associated with licensing amendments and licensing actions, but also through our process for developing and coordinating the need for information and generic activities that we promulgate through either bulletins or generic letters.

That particular issue has been put at a high point on our screen by NEI by virtue of their concerns and we met with them last November, I believe, that we appear to be too willing to revert to the use of the compliance exception with regard to our generic communications, insofar as our need for information in order to determine whether or not compliance is being achieved.

We've taken upon a task to consider how we treat the compliance exemption in this context. We do propose to conduct, in effect, a simplified cost-benefit analysis associated with cases where the compliance exception is being cited in bulletins or generic letters to determine, as an additional facet of whether there is sufficient support for the proposed activity.

I did want to mention another one that NEI has

raised to our attention very recently, and this is the issue of averted on-site costs and the way we deal with averted on-site costs in the context of doing cost-benefit analysis for safety purposes, but it has also come up in the context of our treatment of severe accident management alternatives with regard to the environmental review that's been conducted and being conducted for our license renewal applicants.

You may recall that severe accident management alternatives need to be addressed in environmental space with regard to a cost-benefit analysis and then the staff and ultimately the Commission's consideration of those cost-beneficial severe accident alternatives and our treatment of an overall environmental finding in the license renewal arena.

There is an existing policy of the Commission that averted on-site costs will be considered in those evaluations. The Commission indicated that we ought to consider as beneficial doing the calculation in the absence of averted on-site costs, for what that may offer us, but there is a Commission policy that those, as a minimum, those evaluations of cost-benefit -- and this is expressed in our regulatory analysis guidelines -- that as a minimum, those costs be included and we are proceeding to include those costs as we review the license application for Calvert

Cliffs, which is the one that has progressed to the point that it has and has involved that kind of decision.

CHAIRMAN JACKSON: Mr. Grimes is chomping here.

MR. MATTHEWS: Chomping? Hopefully, nodding his head vociferously in agreement.

MR. GRIMES: I'm in total agreement. But I do want to correct the record, because Mr. Matthews referred to them as severe accident management alternatives. They're

mitigation alternatives.

MR. MATTHEWS: Excuse me. I knew I was struggling with that term for some reason.

CHAIRMAN JACKSON: Thank you.

MR. MATTHEWS: I didn't have it right. That's why it wasn't coming off my tongue.

CHAIRMAN JACKSON: Karen probably would have come out of her seat at some point.

MR. TRAVERS: Chairman, I just want to close our presentation by saying that I am glad to report and I think you've heard from the staff today that we are making significant progress on a number of fronts, in this case, in particular, in the Office of Nuclear Reactor Regulation.

We've had one meeting on risk-informed initiatives in Part 50, again, largely supported by the Office of Nuclear Reactor Regulation, and we have next week our final meeting to discuss the oversight initiatives and the status

of progress in that regard.

So that finishes our presentation.

CHAIRMAN JACKSON: Right. Let me read a comment on behalf of Commissioner Diaz. He notes, he says "I am pleased that as the staff states on slide number three, that it has proceeded to improve the effectiveness, efficiency, timeliness and predictability of the license renewal process, I am looking forward to these objectives to permeate all the other issues discussed in this briefing so that we can achieve closure. In this regard, I urge the staff to have frequent interactions with the Commission."

Then as a final comment, I didn't say it, but this is directed to Mr. Zimmerman, in the end, you and Sam, within the Office of Nuclear Reactor Regulation, have the overall responsibility for ensuring that all of these things come together and I know that in particular, that you have been focused on a number of process improvements and improving overall how NRR does its work and with Sam and Sam's support and leadership in aligning the organization in a way to make that happen and to make how you do this the way you do business.

So once again, I want both to congratulate you, even though your work -- you have a lot of work still in front of you, and to thank you and I know all of you have a lot on your plates. I tell Mr. Matthews I probably see him

more than I see Bill Travers, because we always see you, Dave, because every rule in the world seems to run through your door.

So with that, I want to thank the staff, and invite NEI to come forward.

COMMISSIONER MERRIFIELD: Actually, I did have one final question I was going to ask Mr. Matthews.

CHAIRMAN JACKSON: Okay.

COMMISSIONER MERRIFIELD: One of the things that you didn't focus on was the issue of decommissioning as it relates to the back-fit rule. It's the staff's impression that indeed the current back-fit rule does not apply to decommissioning.

It's further my understanding that the staff believes it should apply the decommissioning and that currently underway you're attempting to apply it to the extent practical to decommission facilities.

I was just wondering if you could very briefly explain how you're focusing your efforts on a day-to-day basis with inspection and licensing to make sure that that

happens.

MR. MATTHEWS: I am prepared to comment on that. In fact, I just needed to turn the page, but didn't get to it.

There is an issue associated with the

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applicability of the back-fit rule to decommissioning that we raised in a Commission paper. We did offer to utilize the existing rule without proposing to revise it, as I think we said, to the extent practical.

The use in that regard would be as we address the need for cost-benefit analysis, for NRC imposed changes in license requirement applicable to a decommissioning reactor. So we intend to use the principals of the back-fit rule and conduct such analysis where warranted in license requirement application, and this primarily relates to license amendments that are submitted as a plant moves through the decommissioning process.

It probably has a greater role in the near-term until we get several rule-makings under our belt that will address new requirements and, of course, we'll impose 51.09 in that rule-making process. But before we get there, we have to be sensitive to back-fit considerations in establishing new requirements.

We hope a lot of this will be addressed by several rule-makings that I think you're aware of and we have submitted or are in the process of submitting rule-making plans to address this issue in decommissioning space and, in effect, get us out of what I would call the unique set of license conditions that seem to emanate from each decommissioning action.

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However, I want to make one more comment and I think it's worth clarifying. There is an issue that's been raised with regard to the applicability of the back-fit rule in the exemption process, which is used at times in a decommissioning reactor's life to eliminate requirements.

In that context, the back-fit rule does not have a direct role and it's because when you grant an exemption, it's contingent upon meeting new expectations and the constraints, though, that we're going to impose on the process, that are hopefully sensitive to back-fit considerations, is that those new expectations, that there be a rational basis for them and that there is a reasonable nexus between the new circumstances and the subject matter of the exemption and that's the way by which we're going to look hard in that exemption space.

But the back-fit rule 51.90 would not be applied.

MR. TRAVERS: Just for completeness. There is an appeal ongoing in one case where the licensee has taken issue with this view and the appeal is to the Executive Director for Operations level. So that's an ongoing process and I've had a chance to just today talk to Mr. Meisner about what we're doing to follow up on that.

COMMISSIONER McGAFFIGAN: I was just going to comment that I thought that was still an open -- that's the staff position. But at some point, that may even get

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appealed to the Commission itself.

CHAIRMAN JACKSON: But we'll let it work its way through the process. Thank you very much.

MR. MATTHEWS: Thank you, Chairman.

CHAIRMAN JACKSON: Thank you. Mr. Beedle, Mr.

Pietrangelo, and invited guests. Good afternoon.

MR. BEEDLE: Good afternoon, Chairman.

COMMISSIONER McGAFFIGAN: You said you were trying to avoid three hours and 45 minutes.

CHAIRMAN JACKSON: This will not be three hours and 45 minutes. You hear that, Mr. Beedle?

MR. BEEDLE: The staff covered some 12 topics this morning and we'd like to address four of those. But before I turn it over to Tony to talk about some details, I would comment on an observation made by Roy Zimmerman about the use and facility and discussion of NEI task forces.

We've got members of our task force on the RAI here in the audience, Jim Visacaro and that group have done a lot of good work and I think that that does give us the ability as an industry to communicate with the NRC staff without particular concern for issues associated with a specific licensee. So I think that's facilitated good communication. We hope to continue that.

I would also echo the fact that your observations about the staff's effort to come to conclusion. Some of

these are really difficult problems. I'd like to solve the problem by this Friday, but many of them are very complex and the 50.59 is a good example. You and I have personally had conversations on this and it's --

CHAIRMAN JACKSON: We've come a long way down the road.

MR. BEEDLE: But it takes time, I think, as you get a lot of different opinions on it.

With that, I'd like to ask Tony to provide some observations on four of those topics we discussed this morning.

MR. PIETRANGELO: Before I move to the first slide, I just want to say a lot of the things that Roy went over in terms of improvements in that whole licensing process with respect to RAIs and process things do pertain to license renewal.

We're going to get to that at the end of this, but that's not affecting that either.

CHAIRMAN JACKSON: Okay.

MR. PIETRANGELO: Next slide, please. Let me just start off by saying that -- and I know you want us to go into some detail on 50.59, Chairman.

CHAIRMAN JACKSON: To whatever extent you can.

MR. PIETRANGELO: But I'm going to resist that because it will not do it justice here. I think we need a

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CHAIRMAN JACKSON: A separate --

MR. PIETRANGELO: We would respectfully request a separate briefing on this.

CHAIRMAN JACKSON: To come and talk about it.

MR. PIETRANGELO: As Dave noted earlier, we met with the staff for well over three hours on last Friday and I think we're going to do it again with a broader cross section of NRC and over two of those hours were devoted to the margin of safety proposal that we put into our comments.

I would just hate to gloss over that here.

CHAIRMAN JACKSON: I think that's fair. So why don't we move on.

MR. PIETRANGELO: Let me do say, though, that the rule-making package that the staff put out for comment was -- and I said this in the EDO meetings we had, that it should set a standard for how rule-makings are done by the

agency.

It was a comprehensive detailed proposal, there were proposed definitions on it, there were options proposed in it, and it gave the industry and the stakeholders an opportunity to really offer, I think, substantive comments in terms of what the impact would be. We think that's the way it should be done.

I know you asked me on Monday about minimal and

all that stuff and there's quite a lot of discussion in this package with regard to that and I think on behalf of the industry, we would like to see that kind of detail in future rule-making proposals, because then we can provide, I think, some value-added into the process by offering more meaningful comments.

Even though our comment package was quite long, most of it dealt with things where we agreed with many of the staff proposals, as well as offered some tweaks or clarifications to some of the parts of the rule-making package, and then another large portion was devoted to the margin of safety discussion.

And those are the two issues I just want to briefly discuss this morning, margin of safety and this one you talked about earlier, about definition of change.

Next slide, please. When we went through all the Commissioners' proposal -- and we ought to give credit to the Commission here, too, because part of the rule-making package was your -- included your notation votes on options for margin of safety. So the Commission had direct participation in putting out what was for comment and when we went through all the permutations between what the scope of the margin of safety evaluation should be, as well as what criteria should be used to decide whether prior NRC review and approval was needed, we came up with 14 different

permutations.

And part of the long discussion in our comment package walks through all of those about the pros and the cons and what attributes they have.

The proposal we did finally agree on with our task force, and this also went through our reg process working group, is really a hybrid of the options that were in the package.

Dave went through this in some detail, but in terms of the scope of what criterion seven should be, we came down on a focus on fission product barriers, and that's really tied to the statement of considerations when the rule was revised in 1968 and the associated design basis limits.

Those are required to be in the SAR. We're not looking for things that are in SERs or where it has questionable legal standing and we don't want to get into a discussion of that here. But to avoid the problem I think Commissioner McGaffigan raised before about -- and we're going to get to design basis in a second -- our intent at this point is to be very prescriptive in our revision of 96-07 that would deal with these design basis limits, so that there is no confusion about what we're talking about.

Hopefully, if that document is ultimately endorsed by the NRC as a way to implement 50.59, then the design basis piece that could potentially confuse what those limits

are would be eliminated.

Our intent at this point is to be very, very

prescriptive about that in our guidance.

CHAIRMAN JACKSON: Let me ask you this question. In looking at this focus that you've come down on on fission product barrier parameter and what you call associated design basis limits, will support systems, like instrument air, get margin reviews in your approach?

MR. PIETRANGELO: The thing that went over with the staff is kind of five criteria and then you'd have to answer yes to each one of those in order to go the next step forward and go under this evaluation that we propose, and that has to do with whether -- and I'm not sure I'm going to remember all five, off the top of my head.

CHAIRMAN JACKSON: That's okay. So the basic point is that anything that would satisfy an agreed upon criteria would be in.

MR. PIETRANGELO: That's right. And to be fair, and this was some of the questions that we got on Friday, our task force took a cut at that and we came up with certain things that would not be covered if, let's say, we eliminated the current margin of safety criteria.

So we were trying to fill a gap with this what we call criterion seven. There may be other gaps that we haven't identified yet, but if we get it down to an approach

with these five steps, I think that would address that concern.

Let's move to the next slide. You talked before a little bit about definition of change. It is not our intent with the definition we put in our comments to get at the scope issue. It's to get at the screening issue. We firmly believe that we need to deal with scope on 50.59. I think we talked a little bit about that on Monday.

We think it should be integrated with the overall scope discussion in order to ensure coherence in how you do this across Part 50. But this does not take the place of dealing with scope directly in 50.59. Screening can't be underestimated, though. I think we've learned through the last couple of years that a lot of the burden associated with this regulation is the confusion with regard to screening.

So we think this is a really good opportunity to clarify the rule consistent with the Commission's objectives and utilize both NRC and licensee resources more effectively, because we can't --

CHAIRMAN JACKSON: I'm not trying to needle you, but it does sound like it's scope of what you screen. So it is scope. I mean, this is a screening rule.

MR. PIETRANGELO: Yes, but let me try to distinguish it a little bit. What we're trying to screen

out of what's already the big scope are things that can't possibly result in an affirmative answer to one of the questions in the next section, like VP names and other design details, and the staff questioned us on this on Friday, too.

I think we've got to go to some --

CHAIRMAN JACKSON: Right. See, I don't want you to confuse -- I'm not coming down with a bias one way or the other as to what is screened in or what is screened out, but to kind of get a confession that we are talking about the scope of what is screened and not necessarily a judgment as to whether what gets screened out or remains in is the right thing to do.

MR. PIETRANGELO: I don't think we're there yet,

Chairman. I think that's the next step.
CHAIRMAN JACKSON: I guess all I'm trying to say is a screening rule. So when you start to talk about what will or will not be screened, you are de facto talking about the scope of the rule. So that's all I'm really saying. I don't know if the lawyers --
COMMISSIONER McGAFFIGAN: Tony, I would advise you to confess and still --
[Laughter.]
COMMISSIONER McGAFFIGAN: -- hold your position.
MR. BEEDLE: Well, do you confess?

MR. PIETRANGELO: Yeah, I'll confess.
CHAIRMAN JACKSON: Just pass.
MR. BEEDLE: He said yes.
CHAIRMAN JACKSON: Okay. Then we can go on.
COMMISSIONER MERRIFIELD: Discussion is good.
MR. PIETRANGELO: And just finish this slide off, our --
MR. BEEDLE: But he wants an opportunity to appeal.
CHAIRMAN JACKSON: They could say that you confessed with prejudice, that you can bring it back up again.
MR. PIETRANGELO: If we thought this was dealing with scope, then we wouldn't feel so strongly about needing the next step.
CHAIRMAN JACKSON: I understand, but I just want to point out there is some subtlety there and it's not -- it does relate to, I think, the scope. Okay. Let's go on.
MR. PIETRANGELO: That's all I had on 50.59.
[Laughter.]
MR. PIETRANGELO: Unless there's any further questions on this. Again, I think we need a separate briefing. We were going to bring Mr. Ray out for today's discussion, but given that we only had limited time, we really couldn't justify his trip out here.

But I think we would look forward to the opportunity to further discuss in detail what the problems are.
CHAIRMAN JACKSON: I think we'll give the staff time to digest and so on and you all to work some more, but I think it is appropriate to have a separate meeting.
MR. PIETRANGELO: Okay. If we could move to the next slide, please. FSAR updates, I think Dave said most of what had to be said here. Again, we think this is probably our best example yet of how we get together early on these things and talk about them, that it can be of benefit.
In this case, we haven't seen 99-001 yet, but our expectation is that it should be a relatively clean endorsement of the guideline, based on the discussions we had in putting the guideline together.
As soon as we get a little bit further on where the Commission is going with 50.59, we're going to schedule our next licensing workshop. One of our objectives at that workshop is to start getting some feedback on the implementation of that guideline. When we sent it to the Commission, we also sent it out across the industry for use.
CHAIRMAN JACKSON: Let me just make sure I understand. Has the task force that developed the 98-03 agreed to add clarification to those guidelines to stipulate that risk significant SSCs should not be removed from the

FSARs?

MR. PIETRANGELO: Yes. We had a discussion with the staff last week with regard to that. That was never the intent of the update guidance at all.

CHAIRMAN JACKSON: And you'll add -- it's going to be clarified to that effect.

MR. PIETRANGELO: What we talked to the staff about is if there's any -- there is probably some other little areas where --

CHAIRMAN JACKSON: That's not a little area, but I understand. But you mean little in the sense of word changes.

MR. PIETRANGELO: Right, and we'd like to do them all at once. We'll issue Rev. 1, but we've agreed to already add that provision in the annex of the document.

However, let me -- and I was scribbling this down before, about I understand the concern there, but -- and that's why -- and I think Mr. Ray would say this if he was here, we need to get on with this next step, because there's a notion that if I put it in the SAR, I've got regulatory control and if it's not in the SAR, I don't have regulatory control, and it puts all this pressure on level of detail that's in the SAR and all that.

That's why we want to move to the next step. We don't think that's appropriate. There are certain key

things in the SAR that are tied to the licensing basis of the plant. There's a lot of other information that really kind of mucks up this process, and that's why we need to go to the next step.

And this notion about don't remove risk significant information and maybe later how to move more risk significant information that's in there seems to be premised on the notion that if it's not in the SAR, we're going to lose it. We need to get over that.

CHAIRMAN JACKSON: See, let's not go down that path, because if we had addressed the scope issue --

MR. PIETRANGELO: That's water under the bridge, Chairman.

CHAIRMAN JACKSON: -- in a broad-based way, we wouldn't be having to deal with what should be in the SAR or what should not be in the SAR. That's the point, that because of a lot of discussion back and forth and where we ended up, we are ending up dealing with the SAR in this -- having to deal with it and how it should be updated, what should be in it.

But if one were dealing in a broad scope with what should come under the regulatory umbrella and how we deal with that in a risk-informed way, then we wouldn't have surrogates for that in this form.

So that's all I have to say about it. But let me

ask you this. Assuming that 98-03 becomes the selected approach for doing the updates and for assuring compliance with 50.71(e), how much time do you think it would take for all the licensees to meet this guidance?

MR. PIETRANGELO: They've been using it since November when we distributed it. That's one of the things I think we want to find out at this workshop. I don't think I can answer your question today. And there may be other things beyond the point you raised that we'd want to tweak the guidelines, given the feedback we get from licensees.

So I think the schedule the Commission laid out, I

think that can be beat in terms of finalizing the thing by September, given that this is so straightforward that there's no reason why it should take that long.

COMMISSIONER McGAFFIGAN: I just want to understand the process. The intent would be that while this is out for comment, you would do this Rev. 1.

MR. PIETRANGELO: No.

COMMISSIONER McGAFFIGAN: And that we would endorse in the final guide Rev. 1 rather than Rev. 0, or is the intent --

MR. PIETRANGELO: I haven't worked through all that logic, in my head, yet, but I think we want to get feedback plus any things that come up in terms of the regulatory endorsement, consider them, incorporate them

where appropriate, and I think the point you raised we've already agreed to incorporate, and that would be the one that would be endorsed.

So prior to -- maybe as part of the -- when 98-03 Rev. 0 goes out for comment, in our comments back, we would say how we would change --

COMMISSIONER McGAFFIGAN: So you would say how you would change to incorporate the staff -- any tweaks that the staff suggests or others, perhaps, and then we would be in a position to endorse effectively Rev. 1. We would say we endorse Rev. 0 with these changes, which turns out to be Rev. 1.

MR. PIETRANGELO: Yes. We need to figure out the right, proper way to do that, but that would be --

COMMISSIONER McGAFFIGAN: Is that the way that would work?

MR. PIETRANGELO: Yes.

COMMISSIONER McGAFFIGAN: Okay. I sort of regard, Madam Chairman, in response to your comment, this clause that the staff is proposing to us is sort of a savings clause for the later scope discussion. In fact, it's the first place for -- I'll read you it, I may be violating some rule, but the words they want you to say in Section A-2 are, is the intent of this guideline to help licensees remove unimportant information from new FSARs, such as excessive

detail, obsolete or redundant information. The guideline is not intended to be used to remove information from new FSARs regarding SSCs, the insights from operating experience, or probabilistic risk assessments we'd indicate are risk significant.

Your normal mantra is operating experience, engineering analyses or probabilistic risk assessment. So I suspect the staff would accept that, but that is what I remember the mantra from the rule changes to be. But this is, in a sense, a savings clause for that later scope discussion.

MR. PIETRANGELO: Yes. In fact, it may even be a little narrower than our current mantra, because the risk information, insights from PRA pick up that stuff.

The deterministic engineering things already should be in there.

COMMISSIONER McGAFFIGAN: Right.

MR. PIETRANGELO: The important ones. Operating experience is pretty broad and I think our comment back to the staff was we would probably strike the operating experience part, because that should be incorporated in the PRA and come out in the risk insights. But we're not --

we're on the same page.
CHAIRMAN JACKSON: When is your workshop or your
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MR. PIETRANGELO: We haven't scheduled it yet, Chairman. It somewhat depends on what happens -- you're going to get a paper on it, I guess, February 19.
CHAIRMAN JACKSON: Okay.
MR. PIETRANGELO: That hopefully would be released fairly soon thereafter.
CHAIRMAN JACKSON: So it would be sometime after that.
MR. PIETRANGELO: Yes.
CHAIRMAN JACKSON: I see. Okay.
MR. PIETRANGELO: Okay. Next slide, please. Dave went through this a little bit and we are still in the early stages of discussion with the staff on what the interpretation should be.
I'm not going to sugarcoat it and say we're really close. We're not.
CHAIRMAN JACKSON: Can you say where some of the big differences are, from your point of view?
MR. PIETRANGELO: Yes. I think there's design basis for 50.2 that we would consider to be those design functions that are necessary to place the plant in a safe condition following a postulated design basis accident. There are other design functions and these have been termed, and I think the staff coined this phrase in a NUREG several years ago, engineering design basis, that don't have to do

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with a safety function or placing the plant in a safe condition.
There are other attributes that the equipment have that probably aren't safety related. And I think the confusion has been this level of detail and I think the rule-making on reporting will address some of the concern, but it doesn't address all of it, when you get into license renewal, when you get into what information you put in the SAR.
I would disagree with Dave a little bit in terms of I think what was put in the SAR does define, to some extent, what the 50.2 design basis information is, because that hasn't changed since 1960-something.
CHAIRMAN JACKSON: But then if that's true, how do we complete this endorsement of guidance for the update, if there isn't clarity on design basis definition?
MR. PIETRANGELO: First, let me state, with regard to our design basis program guidelines, that is a revision to an old NUMARC document from 1990 and what was added in the revision was just more examples on what we think are design basis information examples.
We are not requesting endorsement of all of 97-04 because there are things in there with regard to good practices on how to structure a design reconstitution program that we don't need regulatory endorsement for. What

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we do need is in the second bullet, and that is to really finally get a common understanding of what the 50.2 definition entails.
And the staff sent us a letter. I think there is some movement from where we were maybe in the fall, but we've got a ways to go on this.
CHAIRMAN JACKSON: I guess what I'm interested in is can you speak to what impact, if any, you see on the

updating of the FSAR?

MR. PIETRANGELO: Given the way that the guidance is structured, unless there was a change to the facility that affected design basis information, then you wouldn't have to add anything to the SAR.

We think that's at a fairly high level and there's other criteria within the guidance document that speaks to that. Beyond that, there is guidance with regard to providing a sufficient level of understanding of the design basis when you make a change, but changes are very few that would affect design basis and so the update guidance doesn't address what was originally required to be in the SAR and what is the current information that's in there.

It's only going to be the result of a change to the plant and there's certainly not going to be enough of those to go back and if the intent is to redo what 50.34 required whenever, that's not going to happen through the

update process.

CHAIRMAN JACKSON: But, again, that's why I have some level of discomfort, because if you talk about changes to the plant that can change the design envelope in some way that's substantial, then I guess I don't understand how, in the absence of clarity on definition of design basis -- I'm worried.

Nobody wants to finish off the FSAR update and the 50.59 rule-making more than I do, but I just want to be sure we're not stepping off of a cliff here.

MR. PIETRANGELO: And I don't think I disagree with you, Chairman. I think this activity, and that's the last bullet, we have to get there. Just one other point, and this has to do with some of the plants that underwent these architect engineering inspections and some plants have been down for quite some time.

I think this problem about what the design basis information is clouded some of those issues with regard to those plants and what is and what's not and what's inside and outside the design basis.

The other part of that is that when the staff -- I think it was the old AEOD -- reviewed some of the design basis discrepancies that were reported by licensees that had either ongoing programs or were subject to the inspections, there's not a lot of risk significance that comes out of

those reports, and this is fairly an area that -- and I think we knew that from the late 80s and early 90s, that when you do these, you don't get a lot of --

CHAIRMAN JACKSON: Are you -- is your basic issue -- does your basic issue have to do with the risk significance of what constitutes design basis information or does it have to do with -- because my understanding is that the staff historical definition of this position hasn't changed.

MR. PIETRANGELO: I think it's a perception. I really think it's a perception issue and I think to some degree --

CHAIRMAN JACKSON: I mean, one could argue this. Let me just say this. One could argue that design basis information is design basis information as we historically have understood it, assuming we've historically understood it. But where we're talking about in terms of risk informing various things has to do with, given that, what happens in certain circumstances and how do we risk-inform

rules appropriately.

That's a separate -- that's one path. Another path has to do with somehow changing the fundamental definition of what constitutes design basis information to say that now the new definition of what constitutes design basis information is some risk-informed list or

risk-informed definition and those are -- one path has more stability associated with it and one path allows us to complete the 50.59 rule-making and the FSAR update and the other path has a lot more instability associated with it.

Namely, if you're talking about coming up with some new fundamental definition of what constitutes design basis information, that is some risk-informed definition, as opposed to risk-informing rules within a given definition of design basis, those are very different paths.

What is your position here?

MR. PIETRANGELO: I don't think we are contemplating any radical change or any change to the 50.2 definition, but I think as part of the defining what safety significant means with regard to SSCs, at some point, and hopefully this discussion will happen very early this year, you've got to define what accident analyses and credible events that you're going to use to define what is important to safety in the hardware of the plant.

Right now, it's these events that have been postulated 35 years ago, and some of them are credible, some of them are not credible. There's others that aren't in that set that we know are credible. We need to risk-inform that and I think from -- once you get your handle on those analyses, then you can back out what equipment you need to defend against those events and the design -- that's why the

definition doesn't need to change. It's still the intended functions to place the plant in a safe condition.

You would apply it to that set that you define as what you need to protect against.

CHAIRMAN JACKSON: I just want to say this. Obviously, this is a complex area, but be very careful because you may be treading on something that really has to do with creating a fundamental instability in the overall regulatory basis that we're operating on in Part 50 and I think we have to go down that path very carefully.

MR. PIETRANGELO: Okay. Next slide, please. License renewal. I had a feeling you were going to jump to that, Commissioner McGaffigan, early on, but let me just say that I want to jump on the Chris Grimes bandwagon first here with respect to on behalf of the industry, the job he's doing in terms of managing that effect, the feedback we've gotten from --

CHAIRMAN JACKSON: He and his people. It's a bunch of folks working on it.

MR. PIETRANGELO: That's correct. But the point I made before, though, is that it's not Chris and his people. It's the agency, that there are other branches in NRR that are heavily involved in license renewal review and to put all that on Chris I think is inappropriate.

There has to be, I think, a more holistic effort

to ensure the Commission's intent is carried out in the --

CHAIRMAN JACKSON: I think we have a holistic effort.

MR. PIETRANGELO: Okay.

CHAIRMAN JACKSON: We have to just maintain it,

but we have it.

MR. PIETRANGELO: Right. I think the feedback we have from the lead applicants is that they're cautiously optimistic about what's occurred. I think the discipline that the Commission has given to the hearing processes is welcome and the staff sticking to the schedule is welcome.

I think the way Mr. Tekman would put it is the water is fine, come on in, to the other applicants that we expect in the --

CHAIRMAN JACKSON: Do you have some sense for the numbers in terms of in the 99 to 2001 time-frame?

MR. PIETRANGELO: A handful.

MR. BEEDLE: We've got about six plants that have indicated an interest in doing that.

CHAIRMAN JACKSON: Okay.

MR. BEEDLE: And much of what we're going to see I think is based on our experience with these first two plants.

CHAIRMAN JACKSON: What are you -- what is your reaction to what the staff said about this metering of the

applications, if there is?

MR. BEEDLE: I think what you're going to have is a challenge of trying to balance your resources against the industry's desire and I think many of these plants have got a time line that they can, in fact, adjust their submissions to accommodate the work load considerations that you're going to have here in the agency.

But I think there is clearly an opportunity to manage that.

COMMISSIONER MERRIFIELD: Do you think we'll have some lucky volunteers for 1999 to fill that void?

MR. BEEDLE: I think Calvert Cliffs is going to be.

CHAIRMAN JACKSON: If we get it done.

MR. BEEDLE: If we see a continuation of the progress that we've had to date, then I think that's going to encourage some utilities to maybe consider moving their license submittals up. But if we get bogged down and it's going to have a similar effect and it's going to cause them delay.

CHAIRMAN JACKSON: Okay.

MR. PIETRANGELO: Before we leave this slide, I want to address a question Commissioner Merrifield had before about potential impact of the maintenance rule change on license renewal.

Before we finalized our comments on a proposed revision of the maintenance rule, we briefed the license renewal working group, that's comprised of the lead applicants, as well as everybody else in the industry who is interested in this, and we did a full briefing of that and then other -- beyond that, I think the individual plants were reviewing our position on that and had no problem with what we proposed to do on a maintenance rule.

The last slide -- now, I brought with me a copy of the statement of considerations for the 1995 rule and I also brought with me a NUREG from the 1991 rule, called foundation for the adequacy of the licensing basis.

There's been a lot of work in terms of establishing these principals for license renewal and they're captured in this first bullet here on -- it's adequate and then it carries forward.

And there's other words that I've highlighted here, but I'm not going to go through this, that this should not be about a re-verification of the adequacy of the existing CLB programs.

An observation we have based on what's transpired thus far is that a lot of this appears to be a re-verification of the adequacy of the CLB programs that carry forward into the renewal term.

We believe that the focus of the review, and,

again, there's words to suggest that in here, that we're trying to find areas where the current programs would not address known aging mechanisms and that should be the real focus of the review.

And given the resource question we just had before, as well as Mr. McNeal's statement about trying to get down to six months, that doesn't appear to be that much of a stretch goal if these principals are upheld through the review. And it's not just what Chris and his staff does. Again, that's an agency thing about -- these are all -- a lot of these are old existing programs that the agency has a lot of experience dealing with.

So they know what it takes in the current -- for the current plants to meet those requirements. There should not be a need -- and I want to clarify something David said before. Our position -- and this was with regard to the environmental qualification rule -- is not just to check the box and say we continue to meet 50.49. That's not our position.

We believe there should be a summary description in the renewal application of the aging effects that your environmental qualification program addressed. And that's no different in year 25 versus year 45.

If there's additional aging mechanisms that -- and for equipment that EQ pertains to that aren't addressed in

the current program, then there should be more in the application. But that's what should be the focus of the review, not a re-verification of what people currently do to meet the current rule.

So that's the question we'd like to leave on the table for you and we're going to talk to the steering group tomorrow about this. But if these principals hold up, at least as we interpret them in the statement of considerations, then I think the resource questions and how fast you can do it are kind of in a new paradigm.

CHAIRMAN JACKSON: Any comments?

COMMISSIONER McGAFFIGAN: It sounds like they need to do some discussing.

MR. BEEDLE: Chairman, that completes our remarks. We thank you for the opportunity to make some observations.

CHAIRMAN JACKSON: Thank you. Commissioner?

COMMISSIONER MERRIFIELD: The only thing I'd mention is we did have a lot of compliments on staff and I do want to make known and repeat that the work the NEI did on the FSAR was very helpful in a mutual effort to make that a success.

CHAIRMAN JACKSON: I want to thank you, and thank you for continuing to work with the staff and work in good faith. Appreciate it.

I'd like to thank, in fact, the staff and the

Nuclear Energy Institute for an informative briefing. As we've heard and said repeatedly, some significant

accomplishments and progress have been made with respect to various reactor initiatives.

However, as evident and as evident in the discussion, some significant work remains and important decisions. Now, the Commission recognizes that there is, in fact, a lot on the staff's plate and, at the same time, on the nuclear industry's plate. And so the Commission is appreciative of all efforts of tackling the -- aimed at tackling the hard issues and asking tough questions, but coupled with that, working in a solutions mind set and maintaining cognizance of schedules.

Because not only are we challenged in the individual tasks, but -- and I repeat, we do have to remain vigilant of the impact on other agency tasks and programs to ensure that the decisions we make and the approaches we pursue are consistent and focused on safety in a coherent and a risk-informed manner.

The Commission looks forward in particular to the staff's recommendation on the final wording for the draft rule on 10 CFR 50.59, including where we have to bite the bullet.

And I would urge the staff to continue your healthy interactions with the various stakeholders and to

bring to the Commission recommendations that the staff believes pertain to policy issues and are the right thing to do.

So unless my colleagues have any further questions or comments, we're adjourned. Thank you.

[Whereupon, at 12:55 p.m., the briefing was concluded.]