

# **NRC INSPECTION MANUAL**

IPAB

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## **INSPECTION MANUAL CHAPTER 0305**

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### **OPERATING REACTOR ASSESSMENT PROGRAM**

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2. **Assessment Activities**
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Non-publicly available exhibits available **from** the ROP Digital City Web site:

1. **Schedule of Annual Assessment Cycle Events**
2. **Mid-Cycle or End-of-Cycle Review Meeting Agenda Template**
3. **Plant Performance Summary Template**
4. **Assessment Follow-Up Letter Template**
5. **Mid-Cycle Letter Template**
6. **Annual Assessment Letter Template**
7. **Cross-Cutting Issues Excerpt Templates**
8. **Deviation Notification Letter and Request for Deviation Memorandum Templates**

ATTACHMENT 1: Revision History

## 0305-01 PURPOSE

01.01 The Reactor Oversight Process (ROP) integrates the U.S. Nuclear Regulatory Commission's (NRC's) inspection, assessment, and enforcement programs. The Operating Reactor Assessment Program evaluates the overall safety performance of operating commercial nuclear reactors and communicates **this information** to licensee management, members of the public, and other **stakeholders**.

01.02 The **Operating Reactor** Assessment Program collects information from inspections and performance indicators (PIs) to enable the **NRC** to **develop** objective conclusions about a licensee's safety performance. Based on this assessment information, the NRC determines the appropriate level of **its** response, **such as performing** supplemental inspections, **conducting meetings with NRC and licensee management, or issuing** orders **to shutdown** plants. The assessment information and **NRC** response are then communicated to the public, except for certain security-related information associated with the Security Cornerstone that the Commission has determined to withhold from public disclosure. **The NRC conducts** follow-up actions, as applicable, to ensure that the corrective actions designed to address performance **issues** were effective.

## 0305-02 OBJECTIVES

02.01 To collect information from inspection findings and PIs.

02.02 To arrive at an objective assessment of licensee safety performance using inspection findings and PIs.

02.03 To assist NRC management in making timely and predictable decisions regarding appropriate **NRC** actions used to oversee, inspect, and assess licensee performance.

02.04 To provide a method for informing the public and soliciting stakeholder feedback on NRC's assessment of licensee performance.

02.05 To provide a process to follow up on areas of concern.

## 0305-03 APPLICABILITY

This inspection manual chapter (IMC) applies to all operating commercial nuclear reactors except those sites that are under IMC 0350, "Oversight of Reactor Facilities in Shutdown Condition Due To Significant Performance and/or Operational Concerns." The contents of this IMC do not restrict the NRC from taking any necessary actions to fulfill its responsibilities under the Atomic Energy Act of 1954, as amended. IMC 0320, "Operating Reactor Security Assessment Program," **contains** guidance related to the assessment of security-related inspection findings and PIs.

## 0305-04 DEFINITIONS

04.01 Action Matrix. A table (i.e., Figure 1) that categorizes various levels of plant performance and identifies the range of NRC and licensee actions and the appropriate level of communication for these various levels of performance.

04.02 Action Matrix Deviation. Any regulatory action taken that is inconsistent with those discussed in Section 10.02.

04.03 Action Matrix Inputs. Inspection findings and PIs that are used to determine a plant's Action Matrix column.

04.04 Action Matrix Summary. A description of a plant's Action Matrix column assignment, the basis for a plant being in Columns 2, 3, 4, or 5, and a brief description of the NRC's current level of regulatory oversight at the plant. IMC 0306, "Information Technology Support for the Reactor Oversight Process," has additional information related to Action Matrix summaries.

04.05 Annual Assessment Cycle. The assessment period from January 1<sup>st</sup> through December 31<sup>st</sup> of each year.

04.06 Assessment Inputs. Information considered in the assessment process to determine appropriate NRC actions.

04.07 Assessment Letter. A letter from the NRC to a licensee that communicates assessment-related information. Assessment letters include assessment follow-up letters, mid-cycle letters, and annual assessment letters.

04.08 Assessment Period. A period that contains four full consecutive calendar quarters.

- a. A mid-cycle assessment period starts from July 1<sup>st</sup> of the previous year and ends on June 30<sup>th</sup> of the current year.
- b. An end-of-cycle assessment period is the annual assessment cycle.

04.09 Cross-Cutting Area. Defined in IMC 0310, "Components within the Cross-Cutting Areas."

04.10 Cross-Cutting Aspect. Defined in IMC 0310.

04.11 Cross-Cutting Area Component. Defined in IMC 0310. [C4]

04.12 Cross-Cutting Theme. For the cross-cutting areas of problem identification and resolution (PI&R) and human performance (HU), a cross-cutting theme exists when at least four inspection findings are assigned the same cross-cutting aspect (CCA) during a mid-cycle or end-of-cycle assessment period. The findings should be representative

of more than one cornerstone; however, given the significant inspection effort applied to the Mitigating Systems Cornerstone, a cross-cutting theme can exist consisting of inspection findings associated with only this one cornerstone. A cross-cutting theme exists in **the area of safety conscious work environment (SCWE)** if at least one of the following three conditions exists **in an 18-month period (i.e., the current mid- or end-of-cycle assessment period and the two quarters preceding that period)**: (1) a finding with a documented **CCA** in SCWE and the impact on SCWE was not isolated, or (2) the licensee has received a chilling effect letter, or (3) the licensee has received correspondence from the NRC that transmitted an enforcement action with a Severity Level **(SL)** I, II, or III, and that involved discrimination, or a confirmatory order that involved discrimination. Section 14 has more details.

04.13 Degraded Cornerstone. A cornerstone that has two or more white inputs or one yellow input.

04.14 Held-Open Finding. A safety-significant finding that is considered an Action Matrix input for more than four quarters.

04.15 IMC 0350 Process. An oversight process that oversees licensee performance, inspections, and restart efforts for plants in shutdown conditions with significant performance and/or operational concerns.

04.16 Multiple Degraded Cornerstones. Two or more cornerstones **that** are degraded in any one quarter.

04.17 Old Design Issue. An inspection finding involving a past design-related problem in the engineering calculations or analyses, the associated operating procedure, or installation of plant equipment that does not reflect a performance deficiency associated with existing licensee programs, policy, or procedures.

04.18 Parallel PI Inspection Finding. An inspection finding issued at the same significance level of a safety-significant PI when the supplemental inspection reveals **that the licensee failed to (1) identify, understand, or adequately evaluate the root causes, contributing causes, extent-of-condition, or extent-of-cause of the safety-significant PI, or (2) take or plan adequate corrective actions to address the root causes, contributing causes, extent-of-condition, or extent-of-cause and to prevent recurrence of the safety-significant PI**. Section 11.02.b has more details.

04.19 Plant Performance Summary (PPS). A document prepared by the regional offices and used during the mid-cycle, end-of-cycle, and Agency Action (if applicable) review meetings **that describes assessment inputs and other pertinent information used to develop a conclusion about a plant's safety performance**.

04.20 Regulatory Performance Meeting. A meeting held between a licensee and the NRC **to discuss corrective actions associated with safety-significant Action Matrix inputs**.

04.21 Repetitive Degraded Cornerstone. A cornerstone that is degraded for **more than four** consecutive quarters with at least one of the quarters having: (1) three or more white inputs (**the additional white input(s) can be from any cornerstone**), or (2) one yellow and one white input (**the additional white input can be from any cornerstone**).

04.22 Safety-Conscious Work Environment. Defined in **IMC 0310**.

04.23 Safety Culture. Defined in **IMC 0310**.

04.24 Safety Culture Assessment. A comprehensive evaluation of the assembly of characteristics and attitudes related to all of the safety culture components described in **IMC 0310**. Individuals performing the evaluation can be qualified through experience and formal training.

a. An independent safety culture assessment is **one** performed by qualified individuals that have no direct authority and have not been responsible for any of the areas being evaluated (for example, staff from another of the licensee's facilities, or corporate staff who have no direct authority or direct responsibility for the areas being evaluated).

b. A third-party safety culture assessment is **one** performed by qualified individuals who are not members of the licensee's organization or utility operators of the plant (licensee team liaison and support activities are not team membership).

04.25 Safety-Significant. Having greater than very low (**i.e., green**) safety significance.

04.26 Significance Determination Process (SDP). A characterization process that is applied to inspection findings to determine their safety significance. Using the results of the SDP, the overall licensee performance assessment process can compare and evaluate the findings on a significance scale similar (**i.e., white, yellow, red**) to the PIs.

04.27 Substantive Cross-Cutting Issue (SCCI). An SCCI is a cross-cutting theme about which the NRC staff has a concern with the licensee's scope of efforts or progress in addressing.

## 0305-05 RESPONSIBILITIES AND AUTHORITIES

05.01 Executive Director for Operations (EDO).

- a. Oversees the activities described in this IMC.
- b. Approves all Action Matrix deviations. [C1]
- c. Informs the Commission of all approved Action Matrix deviations. [C1]

05.02 Director, Office of Nuclear Reactor Regulation (NRR).

- a. Implements the requirements of this IMC within NRR.
- b. Develops assessment program policies and procedures.
- c. Ensures uniform program implementation and effectiveness.
- d. Concurs on regional requests for Action Matrix deviations.

| 05.03 Regional Administrator (RA).

- a. Implements the requirements of this IMC and IMC 0320 within **its** respective region.
- b. Develops and issues assessment letters to each licensee.
- c. Conducts assessment reviews and directs allocation of inspection resources within the regional office based on the Action Matrix.
- d. Establishes a schedule and determines a suitable location for involvement of the public in the discussion of the results of the NRC's annual assessment of the licensee's performance to ensure a mutual understanding of the issues discussed in the annual assessment letter.
- e. Suspends the mid-cycle and/or end-of-**cycle** performance review for those plants that have been transferred to the IMC 0350 process.
- f. Chairs the end-of-cycle review meetings.
- g. Initiates requests for Action Matrix deviations.

05.04 Director, Office of Public Affairs (OPA). Issues press releases following the completion of the mid-cycle and end-of-cycle reviews.

05.05 Deputy Director, Division of Inspection and Regional Support (NRR/DIRS).

- a. Develops assessment program guidance.
- b. Collects feedback from the regional offices and assesses execution of the Operating Reactor Assessment Program to ensure consistent application.
- c. Recommends, develops, and implements improvements to the Operating Reactor Assessment Program.
- d. Provides oversight of the mid-cycle and end-of-cycle review meetings.



- e. **Confers with** regional offices **to align on proposals** to not count old design issues in the assessment **process**.
- f. **Confers with** regional offices **to align on proposals** to **hold open** inspection findings in the assessment process beyond four quarters.
- g. **Confers with** the regional offices **to align on proposals** to initiate parallel **PI** inspection findings.
- h. **Confers with the regional offices to align** on the supplemental inspection plans for plants in Column **4** of the Action Matrix.

05.06 Regional Division Director.

- a. Chairs the mid-cycle review meeting.
- b. Approves proposals by the regional offices to not count an old design issue in the assessment **process**.
- c. Approves proposals by the regional office to **hold open** an inspection finding in the assessment process beyond the normal four quarters.
- d. Approves proposals by the regional office to initiate a parallel **PI** inspection finding.
- e. Approves the supplemental inspection **plans** for plants in Column **4** of the Action Matrix.

05.07 Director, Office of Enforcement (OE).

- a. Provides any significant insights from the enforcement program to the regional offices during the mid- and end-of-cycle review meetings.
- b. Provides any significant insights from the NRC's allegation program to the regional offices in preparation for the mid- and end-of-cycle review meetings for discussions related to the SCWE cross-cutting area.

05.08 Director, Office of Investigations (OI). Provides any significant insights from OI to the regional offices during the **mid- and** end-of-cycle review meetings.

05.09 Director, Office of Research (RES). Provides any significant insights from RES to the regional offices during the **mid- and** end-of-cycle review meetings.

05.10 Director, Office of Nuclear Security and Incident Response (NSIR).

- a. Provides any significant security-related licensee performance insights to the regional offices.

- b. Provides guidance to the regional offices on performing the assessment program for the security cornerstone.
- c. Implements the requirements of IMC 0320 within NSIR.
- d. Develops assessment program policies and procedures.
- e. Ensures uniform program implementation and effectiveness.
- f. Collects feedback from the regional offices pertaining to IMC 0320.
- g. Develops and implements improvements to IMC 0320.

05.11 Chief, Performance Assessment Branch (IPAB), NRR/DIRS. For a period of up to two years after plants have exited Column 4 or the IMC 0350 process, concurs on all assessment letters describing NRC actions beyond those specified by the Action Matrix.

## 0305-06 ASSESSMENT PROCESS OVERVIEW

Licensee performance is reviewed over a 12-month period as part of the Operating Reactor Assessment Program (Figure 2). The continuous assessment process includes the determination of a plant's Action Matrix column, as described in Sections 10, 11, and 12. The assessment process also includes performance reviews, as described in Section 7, program reviews, as described in Section 8, and public stakeholder involvement, as described in Section 9. The performance reviews include traditional enforcement reviews, as described in Section 13, and cross-cutting area reviews, as described in Section 14. Figures 3 and 4 further illustrate how the assessment process is part of the ROP.

## 0305-07 PERFORMANCE REVIEWS

The assessment process consists of a series of reviews that are described below.

07.01 Continuous Review. The resident inspectors and branch chiefs in each regional office continuously monitor the performance of their assigned plants using the results of inspection findings and PIs. Inspections are conducted on a continuous basis in accordance with IMC 2515, "Light-Water Reactor Inspection Program – Operations Phase," and IMC 2201, "Security and Safeguards Inspection Program for Commercial Power Reactors," and PIs are reported quarterly by licensees.

Between the normal quarterly assessments, the region may issue an assessment follow-up letter and address an issue in accordance with the Action Matrix if: (1) a safety-significant inspection finding is finalized (in this case, the assessment follow-up letter may be combined with the final SDP letter), (2) a PI will cross a performance

threshold at the end of the quarter based on current inputs (In this case, the Action Matrix column designation for the plant will not change until the PI data are submitted, reviewed and posted following the end of the applicable quarter, but planning and scheduling activities in anticipation of a supplemental inspection can occur), or (3) a finding will be closed after the end of the applicable quarter (in this case, the assessment follow-up letter may be combined with the inspection report cover letter). If the assessment follow-up letter is combined with another document as described above, ensure the document title includes "assessment follow-up letter," to clearly communicate the assessment follow-up letter being combined with the other document. An assessment follow-up letter should also be issued to communicate that an Action Matrix deviation was issued or closed. The assessment follow-up letter should discuss planned actions and note applicable changes to the plant's designation in the Action Matrix. The ROP website will be updated continuously to reflect the Action Matrix information discussed in the most recent assessment follow-up letter. Example assessment follow-up language can be found in Exhibit 4 (not publicly available).

#### 07.02 Quarterly Review.

- a. Requirements. Each region conducts a quarterly review for each plant using PI data submitted by licensees and inspection findings compiled over the previous assessment period. This review is conducted within five weeks following the conclusion of each quarter of the annual assessment cycle. The most recent quarter of PIs and applicable inspection findings shall be considered in determining NRC actions in accordance with the Action Matrix.
- b. Preparation. The responsible regional Division of Reactor Projects (DRP) branch chief reviews the most recently submitted PIs, which should be submitted by the licensee 21 days after the end of the quarter, and the inspection findings contained in the plant issues matrix (PIM) to identify any performance trends. The branch chief shall use the Action Matrix to help identify if there are NRC actions that should be considered that are not already included in the existing inspection plan.
- c. Conducting the quarterly review. The region determines the appropriate Action Matrix column for each plant and communicates the results to headquarters. Because inspection findings count in the assessment process for four quarters, the staff may become aware that a plant will reach a repetitive degraded cornerstone categorization prior to four consecutive quarters being exceeded. When the regional office determines that a plant will reach a repetitive degraded cornerstone, an assessment letter should be issued after entering the fifth quarter stating that the changes to the planned actions are consistent with Column 4 in the Action Matrix and make the appropriate change to the Action Matrix summary.

Additionally, for plants whose performance is in Column 4 of the Action Matrix, consideration shall be given at each quarterly review to engaging senior licensee and NRC management in discussions associated with (1) transferring

the plant to the IMC 0350 process, (2) declaring licensee performance to be unacceptable in accordance with this IMC, and (3) taking additional regulatory actions (as appropriate).

- d. Quarterly review output. The output of the quarterly review is a quarterly assessment follow-up letter, **if applicable**. Assessment follow-up letters are normally issued within two weeks after the quarterly review **(a total of seven weeks after completion of the quarter)** for any new safety-significant PIs or inspection findings. **Assessment follow-up letters should also be issued to document that a finding is being held open if this decision was not previously communicated in publicly available documentation.** If, based on the continuous review, as discussed above, the region issued an assessment follow-up letter for inspection findings, PIs, **or Action Matrix deviations** during the past quarter, then a subsequent quarterly assessment follow-up letter is not needed if its only purpose is to reiterate issues that had been previously **communicated** to the licensee. If there are significant changes in the inspection plan for a plant in Column 4 of the Action Matrix, the regions should issue a separate assessment follow-up letter to ensure the licensee is aware of these changes. If there is no column change since the last assessment letter, a quarterly assessment follow-up letter is not required **unless for the reasons described above or to communicate the opening or closing of an Action Matrix deviation.**

#### 07.03 Mid-Cycle Review.

- a. Requirements. Each regional office conducts a mid-cycle review for each plant using PIs **(including those applicable to the last quarter of the mid-cycle assessment period)**, inspection **results**, and enforcement actions compiled over the **mid-cycle assessment period**. The regional office may also consider insights documented in the most recently issued biennial problem identification and resolution inspection report. **The review meeting** will be completed within seven weeks **after** the end of the **last quarter of the mid-cycle assessment period**. Additional mid-cycle activities include planning inspection activities for approximately 15 months, discussing **site performance in the cross-cutting areas, and determining if any traditional enforcement follow-up inspections are necessary.**

The review should consider the conclusions of any independent assessments of a licensee, such as Institute of Nuclear Power Operations (INPO) and International Atomic Energy Agency (IAEA) Operational Safety Review Team (OSART) inspections. The purpose of considering independent assessments is to provide a means of self-assessing the NRC inspection and assessment process. References to INPO conclusions will not be included in the assessment letters. [C3]

**The Action Matrix and assessment inputs will be used to determine the scope of NRC actions.** The mid-cycle review and subsequent mid-cycle letters should

only discuss issues from inspections that were completed during the mid-cycle assessment period.

b. Preparation. In preparation for the mid-cycle review meetings, the regional offices shall:

1. Develop a meeting agenda. The meeting agenda shall identify the areas that should be addressed by the regional offices for all plants except those for which a PPS is required. A single written agenda outlining planned discussion topics is sufficient to conduct the meeting. Treat the meeting agendas as draft and pre-decisional, and apply the NRC's sensitive unclassified non-safeguards information (SUNSI) handling requirements, as necessary. Email the meeting agendas to ROPassessment.Resource@nrc.gov at least two business days prior to the meeting.
2. Compile the PIM (Reactor Program System Item Reporting (RPS/IR) module Report 4), the results of the PIs, and the proposed inspection plan (RPS Inspection Planning (IP) module Reports 22 and 24) for each plant. Regions are not required to email this information to ROP assessment Resource; however, the Region should email it if the information will be relevant to discussions during the mid-cycle review.
3. Develop a PPS for those plants whose performance has been in Column 3, 4, or 5 of the Action Matrix during any quarter of the mid-cycle assessment period. Also develop a PPS for those plants that may or will have new or continuing SCCIs.

The PPSs will assist the regional offices in conducting the meeting, form the basis for the mid-cycle letters, and provide input to the next end-of-cycle review meeting. Treat the summaries as draft and pre-decisional, and apply the NRC's SUNSI handling requirements, as necessary. Email the plant performance summaries to ROPassessment.Resource@nrc.gov at least two business days prior to the meeting. The PPSs may be added to agency internal websites to make the information readily available during mid-cycle discussions.

The PPS should include (an example template can be found in non-publicly available Exhibit 3):

- (a) an operating summary
- (b) a performance overview (current overall assessment and previous assessment results)
- (c) inspection and PI results by cornerstones

- (d) other issues (e.g., cross-cutting issues, PI verification, and enforcement actions of any SL over the mid-cycle assessment period)
- (e) a proposed inspection plan

Prepare a plant-specific action matrix as an attachment to the PPS. The plant-specific action matrix should show the timeline and consideration of PIs and inspection findings in the assessment program and display the quarterly status of safety-significant inspection findings and PIs and the associated Action Matrix column over a sufficient timeline. The plant-specific action matrix does not need to be included in a PPS that is developed only for the purpose of discussing an SCCI.

- 4. Consider operating experience insights. During the mid-cycle review, region-wide operating experience and emerging trends should be evaluated to determine if any general areas of concern might be identified. Any areas of concern should be communicated to NRR/DIRS (for example, via the ROP feedback form process). Identified operating experience and emerging trends should be used by the region to inform the selection of focused inspection samples.
- c. Conducting the mid-cycle review. The mid-cycle review meeting is chaired by a division director or designee. The DRP branch chiefs should present the overall results of the review of their plants to the division director. The regional DRP branch chiefs shall coordinate with the appropriate Division of Reactor Safety (DRS) branch chiefs to provide adequate support for the presentation and the development of the inspection plan.

Other participants should include applicable regional and resident inspectors, a representative from the NRR/DIRS, the regional allegations coordinator or the agency allegations advisor, and any other additional participants deemed necessary by the regional offices. The agency allegations advisor will provide any significant insights to the regional offices at least one week in advance of the mid-cycle meeting.

Representatives from the Division of Operating Reactor Licensing (NRR/DORL), OI, OE, NSIR, and RES should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant. The role of the various headquarters participants during the mid-cycle meeting is to provide: (1) an opportunity for these offices to share any significant insights into licensee performance over the course of the annual assessment period, (2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and (3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance.

A senior reactor analyst (SRA) is not required to attend the meeting if its insights on safety-significant performance issues have been provided before the meeting.

The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

- d. Mid-cycle review output. The output of the mid-cycle review is a mid-cycle letter. The mid-cycle letter shall be issued within nine weeks **after** the end of the **mid-cycle** assessment period. Signature authority for the mid-cycle letter is determined by the most significant column of the Action Matrix that the plant has been in over the **last** two quarters of the **mid-cycle** assessment **period**.

The mid-cycle letter shall contain:

1. A summary of safety-significant PIs and inspection findings for the **last** two quarters **of the mid-cycle assessment period** as well as discussion of previous action taken by the licensee and the **NRC** relative to these issues. **Also discuss any actions to be taken by the NRC in response to safety-significant issues.** Any changes in Action Matrix column status since the end of the previous **end-of-cycle** assessment period shall be noted.

Performance issues from previous quarters may be discussed if:

- (a) The **NRC's** response to an issue had not been adequately captured in previous correspondence to the licensee.
  - (b) These issues, when **considered** with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.
2. A discussion of any Action Matrix deviations during the assessment period.
  3. For plants that have remained in Column **3** for three years or more, a discussion on why the **plant** has remained in this column for such a period of time and how **the licensee plans** to address the performance issues.
  4. For plants that are in Column **4**, a discussion of the performance issues contributing to the **plant** being placed in this column and the licensee's actions being taken to address the performance problems.
  5. A qualitative discussion of SCCIs, if applicable. **The mid-cycle letter shall document SCCIs that are new, remaining open, or being closed.**

- (a) The mid-cycle letter shall include the following information for new SCCIs: (1) the alpha-numeric identifier of the new SCCI, if applicable, (2) the basis for the cross-cutting theme and SCCI criteria being met, (3) the purpose of identifying an SCCI, (4) the SCCI closure criteria, and (5) a brief description of the region's plans to follow-up on the SCCI.
  - (b) If an SCCI is remaining open, the mid-cycle letter shall include the following information: (1) the alpha-numeric identifier of the SCCI, if applicable, (2) the date of the assessment letter(s) that opened and/or discussed the SCCI, (3) the region's basis for continuing the SCCI, including a summary of the licensee's progress in addressing the SCCI, (4) the SCCI closure criteria, (5) a brief description of the region's plans to follow-up on the SCCI, and (6) any requests for additional meetings with the licensee or safety culture assessments to be performed.
  - (c) If an SCCI is being closed, the mid-cycle letter shall include the following information: (1) the alpha-numeric identifier of the SCCI, if applicable, (2) the date of the assessment letter(s) that opened and/or discussed the SCCI, and (3) the region's basis for closing the SCCI, including a summary of the licensee's actions to address the SCCI.
- 6. A brief discussion of **any** cross-cutting theme that **existed** and **was** determined to not be an SCCI.
  - 7. A discussion of **any traditional enforcement follow-up inspection to be performed and the basis for performing it**. The region may, if desired, indicate if the licensee is approaching the criteria for **performing a traditional enforcement** follow-up inspection.
  - 8. A discussion of **potentially safety-significant** findings that are currently being evaluated by the SDP that may affect the inspection plan.
  - 9. An inspection plan consisting of approximately 15 months (from the issuance of the mid-cycle letter) of activities. The inspection plan will consist of **RPS/IP Report 22**. **If applicable, the letter should describe any impact to the inspection plan for plants subject to IMC 0351, "Oversight of Reactor Facilities in an Extended Shutdown Condition for Reasons Other than Significant Performance Problems."**

#### 07.04 End-of-Cycle Review.

- a. Requirements. Each regional office conducts an end-of-cycle review for each plant using PIs **(including those applicable to the last quarter of the end-of-cycle**



assessment period), inspection results, and enforcement actions compiled over the end-of-cycle assessment period. The regional office may also consider insights documented in the most recently issued biennial problem identification and resolution inspection report. This review incorporates activities from the quarterly review that followed the end of the third calendar year quarter. The review meeting will be held within seven weeks after the end of the end-of-cycle assessment period. Additional end-of-cycle activities include planning inspection activities for approximately 15 months, discussing site performance in the cross-cutting areas, determining if any traditional enforcement follow-up inspections are necessary, and developing an input, if applicable, to support the Agency Action Review Meeting (AARM).

*This review incorporates activities from the mid-cycle and quarterly reviews, including consideration of the conclusions of any independent assessments, such as INPO and IAEA OSART inspections. The purpose of considering independent assessments is to provide a means of self-assessing the NRC inspection and assessment process. References to INPO conclusions will not be included in assessment letters. The output of this review is an annual assessment letter. [C3]*

The Action Matrix and assessment inputs will be used to determine the scope of NRC actions. The end-of-cycle review and subsequent annual assessment letters should only discuss issues from inspections that were completed during the end-of-cycle assessment period.

- b. Preparation. In preparation for the end-of-cycle review meetings, the regional offices shall:
1. Develop a meeting agenda. The meeting agenda shall identify the areas that should be addressed by the regional offices for all plants except those for which a PPS is required. A single agenda is sufficient to conduct the meeting. The meeting agendas shall be treated as draft and pre-decisional, and the NRC's SUNSI handling requirements shall be applied, as necessary. The meeting agendas shall be emailed to [ROPAssessment.Resource@nrc.gov](mailto:ROPAssessment.Resource@nrc.gov) at least two business days prior to the meeting.
  2. Compile a PIM (RPS/IR Report 4), the results of the PIs, and the proposed inspection plan (RPS/IP Reports 22 and 24) for each plant.
  3. Develop a PPS for those plants whose performance has been in Column 3, 4, or 5 of the Action Matrix during any quarter of the end-of-cycle assessment period. Also develop a PPS for those plants that may or will have new or continuing SCCIs.

The PPSs will assist the regional offices in conducting the meeting and form the basis for the annual assessment letters. The final revision of

these summaries will also be used at the End-of-Cycle Summary Meeting and provide input to the AARM, if applicable. The plant performance summaries shall be treated as draft (prior to the End-of-Cycle Summary Meeting) and pre-decisional, and the NRC's SUNSI handling requirements shall be applied, as necessary. The plant performance summaries shall be emailed to ROPassessment.Resource@nrc.gov at least two business days prior to the meeting.

The PPS should include:

- (a) an operating summary
- (b) a performance overview (current overall assessment and previous assessment results)
- (c) inspection and PI results by cornerstones
- (d) other issues (e.g., cross-cutting issues, PI verification, and enforcement actions of any SL over the end-of-cycle assessment period)
- (e) a proposed inspection plan

Prepare a plant-specific action matrix as an attachment to the PPS. The plant-specific action matrix should detail the timeline and consideration of PIs and inspection findings in the assessment program and display the quarterly status of safety-significant inspection findings and PIs and the associated action matrix column over a sufficient timeline. The plant specific matrix does not need to be included in a PPS that is developed only for the purpose of having a potential SCCI.

4. Consider operating experience insights. During the end-of-cycle review, region-wide operating experience and emerging trends should be evaluated to determine if any general areas of concern might be identified. Any areas of concern should be communicated to NRR/DIRS (for example, via the ROP feedback form process). Identified operating experience and emerging trends should be used by the region to inform the selection of focused inspection samples.
- c. Conducting the end-of-cycle review. The end-of-cycle review meeting is chaired by the RA or designee. The regional division directors and/or branch chiefs present the results of the annual review to the RA or designee. The regional DRP branch chiefs shall coordinate with the appropriate DRS branch chiefs to provide adequate support for the presentation and the development of the inspection plan.

Other participants should include DRP and DRS branch chiefs, applicable regional and resident inspectors, a representative from NRR/DIRS, the regional allegations coordinator or the agency allegations advisor, and any other additional participants deemed necessary by the regional offices. **The agency allegations advisor will provide any significant insights to the regional offices in advance of the end-of-cycle meeting to support end-of-cycle meeting preparation.**

Representatives **from NRR/DORL, OI, OE, NSIR, and RES** should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant. The role of the various headquarters participants during the end-of-cycle meeting is to provide: (1) an opportunity for these offices to share any significant insights into licensee performance over the course of the annual assessment period, (2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and (3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance.

An SRA is not required to attend the meeting if its insights on safety-significant performance issues have been provided before the meeting.

The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

- d. End-of-cycle review output. The output of the end-of-cycle review is an annual assessment letter. The annual assessment letter shall be issued **within** nine weeks **after** the end of the **end-of-cycle** assessment **period**. Signature authority for **the** annual assessment letter is determined by the most significant column of the Action Matrix that the plant has been in **during the end-of-cycle** assessment **period**.

The annual assessment letter shall contain:

1. A summary of safety-significant PIs and inspection findings for the **last** two quarters **of the end-of-cycle assessment period** as well as previous action taken by the licensee and the **NRC** relative to these issues. **Also discuss any actions to be taken by the NRC in response to safety-significant issues.** Any changes in Action Matrix column status since the end of the previous **mid-cycle** assessment period shall be noted.

Performance issues from previous quarters may be discussed if:

- (a) The **NRC's** response to an issue had not been adequately captured in previous correspondence to the licensee.

- (b) These issues, when **considered** with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.
2. A discussion of any Action Matrix deviations during the assessment period.
3. For plants that have remained in Column **3** for three years or more, a discussion on why the plant has remained in this column for such a period of time and how the licensee plans to address the performance issues.
4. For plants that are in Column **4**, a discussion of the performance issues contributing to the plant being placed in this column and the licensee's actions being taken to address the performance problems.
5. A qualitative discussion of SCCIs, if applicable. **The annual assessment letter shall document SCCIs that are new, remaining open, or being closed.**
  - (a) **The annual assessment letter shall include the following information for new SCCIs: (1) the alpha-numeric identifier of the new SCCI, if applicable, (2) the basis for the cross-cutting theme and SCCI criteria being met, (3) the purpose of identifying an SCCI, (4) the SCCI closure criteria, and (5) a brief description of the region's plans to follow-up on the SCCI.**
  - (b) **If an SCCI is remaining open, the annual assessment letter shall include the following information: (1) the alpha-numeric identifier of the SCCI, if applicable, (2) the date of the assessment letter(s) that opened and/or discussed the SCCI, (3) the region's basis for continuing the SCCI, including a summary of the licensee's progress in addressing the SCCI, (4) the SCCI closure criteria, (5) a brief description of the region's plans to follow-up on the SCCI, and (6) any requests for additional meetings with the licensee or safety culture assessments to be performed.**
  - (c) **If an SCCI is being closed, the annual assessment letter shall include the following information: (1) the alpha-numeric identifier of the SCCI, if applicable, (2) the date of the assessment letter(s) that opened and/or discussed the SCCI, and (3) the region's basis for closing the SCCI, including a summary of the licensee's actions to address the SCCI.**
6. A brief discussion of **any** cross-cutting theme that **existed** and **was** determined to not be an SCCI.

7. A discussion of **any traditional enforcement follow-up inspection to be performed and the basis for performing it**. The region may, if desired, indicate if the licensee is approaching the criteria for **performing a traditional enforcement** follow-up inspection.
8. A discussion of **potentially safety-significant** findings that are currently being evaluated by the SDP that may affect the inspection plan.
9. An inspection plan consisting of approximately 15 months (from the issuance of the annual assessment letter) of activities. The inspection plan will consist of **RPS/IP Report 22**. **If applicable, the letter should describe any impact to the inspection plan for plants subject to IMC 0351.**

07.05 End-of-Cycle Summary Meeting. The End-of-Cycle Summary Meeting is conducted following the conclusion of the end-of-cycle review meetings to summarize the results of the end-of-cycle review with the Director, NRR, or another member of the NRR Executive Team.

- a. Requirements. The End-of-Cycle Summary Meeting is an informational meeting whose purpose is for regional management to engage headquarters management to ensure awareness of:
  1. plants to be discussed at the AARM
  2. plants with significant performance issues
  3. plants with open Action Matrix deviations
  4. plants with **new or continuing** SCCIs
  5. **NRC** actions already taken in response to plant performance

The End-of-Cycle Summary Meeting will be scheduled within one week after the completion of the last regional end-of-cycle review. This meeting will occur after the completion of all the end-of-cycle meetings but before the issuance of the annual assessment letters.

- b. Preparation. NRR/DIRS/IPAB will develop an agenda for the meeting with input from the regional offices. The regional offices should **email** their input to **ROPAssessment.Resource@nrc.gov** three working days prior to the meeting.
- c. Conducting the End-of-Cycle Summary Meeting. Each RA will lead the discussion for its region. The regional presentation should:
  1. Summarize the results of the end-of-cycle review for those plants whose performance in one or more quarters in the past twelve months has been in Column **3, 4, or 5** of the Action Matrix.

2. Discuss plants that are in the IMC 0350 process.
3. Present the results for those plants that have **new or continuing** SCCIs.
4. Discuss any open Action Matrix deviations, including their bases and actions required to close.

## 0305-08 PROGRAM REVIEWS

08.01 Agency Action Review Meeting. An AARM is conducted several weeks after issuance of the annual assessment letters. This meeting is attended by appropriate senior NRC managers and is chaired by the EDO or designee.

This meeting is a collegial review by senior NRC managers of:

- a. the appropriateness of **NRC** actions for plants with significant performance issues based on data compiled during the end-of-cycle review and those that have moved into the Column **4 or 5** of the Action Matrix during the first quarter of the year in which the AARM is held
- b. trends in overall industry performance
- c. the appropriateness of **NRC** actions concerning fuel cycle facilities and other materials licensees with significant performance problems
- d. the results of the ROP self-assessment, *including a review of approved Action Matrix deviations* [C2]

Management Directive **(MD)** 8.14, "Agency Action Review Meeting," includes a complete description of the meeting.

08.02 AARM Commission Meeting. The EDO will brief the Commission annually to convey the results of the AARM, *including a discussion of any ROP Action Matrix deviations*. [C2] The Commission should be briefed within approximately four weeks of the AARM, consistent with Commission availability, to ensure that the information presented is as current as possible.

## 0305-09 PUBLIC STAKEHOLDER INVOLVEMENT

09.01 Scheduling. Involvement of the public in the discussion of the results of the NRC's annual assessment of the licensee's performance can occur in various ways once the annual assessment letters have been issued. For the discussion of licensee security performance at public meetings, refer to IMC 0320.

Public stakeholder involvement in the discussion of the results of the NRC's annual assessment of the licensee's performance should be conducted no earlier than one week after the annual assessment letters are issued in order to allow time for the licensee to review the contents of the letter.

| For plants that have been in Column 3, 4, or 5 of the Action Matrix, involvement of the public in a meeting or some other appropriate venue should be scheduled within 16 weeks of the end of the assessment period. The 16-week guideline may occasionally be exceeded to accommodate the regional office or licensee's schedule.

| For plants that have been in Column 1 or 2 of the Action Matrix during the entire assessment period, public stakeholder involvement must be scheduled within six months of the issuance of the annual assessment letter.

| The regional offices should use this opportunity to engage interested stakeholders on the performance of the plant and the role of the NRC in ensuring safe plant operations. Public involvement can include a formal public meeting with the licensee, a meeting tailored to the public, an open house for the public, poster sessions, or other similar activities. Two separate venues/events can be considered, such as a public assessment meeting with the licensee and a public event to discuss topics of public interest.

The event should be conducted onsite or in the vicinity of the site and should be scheduled to ensure that it is accessible to members of the public. In determining what type of event or forum to conduct, the regions should consider, among other things, plant performance, public interest in plant performance, any discussion the regions need to have with the licensee, and any other areas of public interest.

09.02 Preparation. The region shall notify: (1) those on distribution for the annual assessment letters of the opportunity for public involvement in the discussion of the results of the NRC's annual assessment and (2) the media and state and local government officials of the event with the licensee and the issuance of the annual assessment letter.

The region should consider the level of historical interest and performance issues, and should use the following additional tools, as appropriate, to inform members of the public of the event: press releases, advertisements in local newspapers, or letters soliciting attendance and/or interest to known parties.

The regions should also consider:

- | a. practice sessions before meetings/events. (Prior to the annual meeting(s), the region should map out a strategy for the public meetings for all the plants in the region and conduct preparation sessions for higher-profile meetings, as needed.)

- b. using the sample assessment event slides available from the ROP Digital City Web site (internal website that is not available to external stakeholders).
- c. using the same NRC spokesperson(s) at more than one site to give a consistent message and developing standard responses to repeated questions.

The regions should also consult with the regional public affairs staff in determining the end-of-cycle meetings and/or events at each site. NRC management, as specified in the Action Matrix and determined by the most significant column that the plant has been in over the assessment cycle, should normally be involved at the event. For plants with heightened stakeholder interest, media inquiry, or contentious issues, regions should consider sending an appropriate level of management needed to respond to stakeholder interest and effectively conduct the meeting. For plants that have been in the Column 3, 4, or 5 of the Action Matrix, a formal public meeting with the licensee is required, at a minimum. These plants may also be required to meet with the Commission depending on the circumstances as discussed in Section 10.02.

09.03 Conduct. The annual involvement of the public in the results of the NRC's assessment of licensee performance is intended to provide an opportunity for the NRC to engage interested stakeholders on the performance of the plant and the role of the NRC in ensuring safe plant operations.

The annual assessment letters provide the minimum performance information that should be conveyed to the licensee in a public meeting, if conducted. However, this does not preclude the presentation of additional plant performance information when placed in the proper context. The licensee should be given the opportunity to respond at the meeting to any information contained in the annual assessment letter. The licensee should also be given the opportunity to present to the NRC any new or existing programs that are designed to maintain or improve their current performance.

If a meeting is held with a licensee, it will be a Category 1 public meeting in accordance with the Commission's policy on public meetings, with the exception that the meeting must be closed for such portions which may involve matters that should not be publicly disclosed under Section 2.390 of Title 10 of the *Code of Federal Regulations* (10 CFR 2.390). Members of the public, the press, and government officials from other agencies are considered as observers during the conduct of the meeting. However, attendees should be given the opportunity to ask questions of the NRC representatives after the conclusion of the meeting.

Public involvement in the results of the NRC's assessment of licensee performance should focus on topics of interest to the public. The format for the public involvement should not be limited to a Category 3 type meeting; it could include an open house, round table discussion, or poster board session. For higher-profile events, consideration should include NRC or non-NRC facilitators.



10.01 Description of the Action Matrix. The Action Matrix (**Figure 1**) identifies the range of NRC and licensee actions and the appropriate level of communication for different levels of licensee performance. The Action Matrix describes a graded approach for addressing performance issues and was developed with the philosophy that within a certain level of safety performance (e.g., the licensee response band), licensees would address their performance issues without additional NRC engagement beyond the baseline inspection program. **NRC actions** beyond the baseline inspection program will normally occur only if assessment input thresholds are exceeded. **The NRC's public "ROP Action Matrix Summary and Current Regulatory Oversight" Website is updated in accordance with IMC 0306.**

The following terms are used throughout the discussion of the Action Matrix.

- a. Regulatory Performance Meetings. Regulatory performance meetings are held between licensees and the **NRC** to discuss corrective actions associated with safety-significant inspection findings. The purpose of the meeting is to provide a forum in which to develop a shared understanding of the performance issues, underlying causes, and planned licensee actions for each safety-significant **Action Matrix** input.

These meetings may take place during periodic inspection exit meetings between the **NRC** and the licensee, a periodic NRC management visit, conference calls, **a public supplemental inspection exit meeting**, or public meetings after completion of the supplemental inspection. These meetings are documented in either an inspection report or a public meeting summary, as appropriate.

- b. Licensee Actions. Anticipated licensee actions in response to overall performance are identified for each column of the Action Matrix. If these actions are not being taken by the licensee, then the **NRC** may consider expanding the scope of the applicable supplemental inspection to appropriately address the area(s) of concern. This would not be considered an Action Matrix deviation.
- c. NRC Inspections. The range of NRC inspection activities to be conducted in response to licensee performance is identified for each column of the Action Matrix.
- d. Regulatory Actions. The range of actions that may be taken by the **NRC** in response to licensee performance is identified for each column of the Action Matrix.
- e. Communications. Communication between the licensee and the NRC is based on a graded approach. Normally, declining licensee performance will result in higher levels of **NRC** management reviewing and signing the assessment letters and conducting the annual public **stakeholder involvement**.

10.02 Expected Responses for Performance in Each Action Matrix Column. The Action Matrix lists expected NRC and licensee actions based on the **Action Matrix** inputs. Actions are graded such that the **NRC** becomes more engaged as licensee performance declines. Listed below are the ranges of expected NRC and licensee actions for each column of the Action Matrix:

a. Licensee Response Column (Column 1).

1. All **Action Matrix** inputs are green.
2. The licensee will receive the complete risk-informed baseline inspection program, and any identified deficiencies **are expected to** be addressed through the licensee's corrective action program.

b. Regulatory Response Column (Column 2).

1. **Action Matrix** inputs result in no more than one white input in any cornerstone and no more than two white inputs in any strategic performance area.
2. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes.
3. The licensee's evaluation will be reviewed using IP 95001, "Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area."
4. Following completion of the inspection, the branch chief or division director should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting **can** occur at an inspection exit meeting, a periodic NRC management visit, or a conference call between the licensee and the appropriate branch chief (or division director).

c. Degraded Cornerstone Column (Column 3).

1. **Action Matrix** inputs result in a degraded cornerstone (two or more white inputs or one yellow input in any cornerstone) or three white inputs to any strategic performance area.
2. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation should also determine whether deficient **licensee performance in the** safety culture components caused or significantly contributed to the risk-significant performance issues. **If it did, then the licensee should address** these deficiencies.

3. The licensee's evaluation will be reviewed using IP 95002, "Supplemental Inspection for One Degraded Cornerstone or Any Three White Inputs in a Strategic Performance Area." The region will also perform an independent assessment of the extent of condition using appropriate inspection procedures chosen from the tables contained in Appendix B to IMC 2515.

*Additionally, the NRC may request that the licensee complete an independent **safety culture** assessment, if the NRC identified through the IP 95002 inspection and the licensee did not recognize, that one or more safety culture component deficiencies caused or significantly contributed to the risk-significant performance issues. [C4]*

The guidance in IP 40100, "Independent Safety Culture Assessment Follow-up," shall be used to follow up when the NRC requests the licensee to perform an independent safety culture assessment. The regional office shall treat the use of this guidance as an expansion of the IP 95002 inspection and should still charge time to IP 95002. The focus of the follow-up effort will be to confirm that the licensee is appropriately dealing with the weaknesses identified by its safety culture assessment. Regional staff can contact the Chief, Health Physics and Human Performance Branch, NRR/DIRS, for additional assistance and guidance.

4. Following completion of the IP 95002 inspection, the RA or designee should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting **should be** a public meeting between the licensee and the appropriate RA or designee.
5. Each time a **plant** enters Column 3 of the Action Matrix, the region should assess the benefit of performing an additional PI&R team inspection in accordance with IP 71152, "Problem Identification and Resolution." A maximum of one additional inspection should be considered for the two-year period following the quarter in which the **plant entered** Column 3 of the Action Matrix. In those instances where an additional inspection is deemed appropriate, the region should provide the basis for its decision to conduct the inspection in the appropriate assessment letter to the licensee.
6. *Any licensee remaining in Column 3 for three years or more may be invited to meet with the Commission to discuss performance issues and its plan for addressing those issues. [C5]*

d. Multiple/Repetitive Degraded Cornerstone Column (Column 4).

1. **Action Matrix** inputs result in a repetitive degraded cornerstone, multiple degraded cornerstones, multiple yellow inputs, or a red input.

2. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation may consist of a third party assessment.

*In addition, a licensee is expected to meet with the Commission within six months of entering Column 4 to discuss its plans for addressing the performance deficiencies and its plans for improvement. [C5]*

*The licensee is also expected to **have a third-party safety culture assessment performed.** [C4]*

3. IP 95003, "Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input," will be performed to review the breadth and depth of the performance deficiencies, assess the licensee's evaluation of its safety culture, and independently perform a graded assessment of the licensee's safety culture. A decision to not independently perform an assessment of the licensee's safety culture would be an Action Matrix deviation. However, the staff can use the results from a licensee's third party safety culture assessment and the licensee's root cause evaluation to satisfy the inspection requirements if the staff has completed a validation of the third party **safety culture** assessment methodology, assessment effort, and root cause evaluation. This situation would not be an Action Matrix deviation. The supplemental inspection plan must be approved by the appropriate regional division director **after conferring with the Director or Deputy Director, NRR/DIRS.**

The regional offices must convey the specific actions that the licensee needs to address to **close** the findings that caused the licensee to enter Column 4. Correspondence to the licensee describing the **holding open of** the inspection finding(s) in the **Action Matrix** beyond four quarters must be authorized by the appropriate regional division director **after conferring with the Director or Deputy Director, NRR/DIRS.**

4. **Each time a plant enters Column 4 of the Action Matrix, the region should assess the benefit of performing an additional PI&R team inspection in accordance with IP 71152. In those instances where an additional inspection is deemed appropriate, the region should provide the basis for its decision to conduct the inspection in the associated communication to the licensee.**
5. Following the completion of the inspection, the EDO or designee, in conjunction with the **RA** and the Director, NRR, will decide whether additional **NRC** actions are warranted. At a minimum, the regional office will issue a Confirmatory Action Letter (CAL) to document the licensee's

commitments, as discussed in its performance improvement plan, and any other written or verbal commitments. The CAL should explicitly identify licensee actions, **which**, when effectively implemented and validated by the NRC, will provide the necessary bases to transition the plant out of Column 4 when an assessment follow-up letter is issued. These actions need to be as clear and objective as possible.

Other actions will also be considered, including performing additional supplemental inspections, issuing a demand for information, or **issuing** an order, up to and including a plant shutdown. The RA should document the results of the staff's decision in a letter to the licensee. These regulatory actions may also be considered prior to the completion of IP 95003, if warranted.

**Note: Other than the CAL, the regulatory actions listed in this column of the Action Matrix are not mandatory. However, the regional office should consider each of these regulatory actions when significant new information about licensee performance becomes available.**

6. **The regulatory performance meeting should be a public meeting between the licensee and the EDO or designee.** The regions should consider the following as indicative of actual performance improvements:
  - (a) New plant events or findings do not reveal similar significant performance weaknesses.
  - (b) NRC and licensee PIs do not indicate similar significant performance weaknesses that have not been adequately addressed.
  - (c) The licensee's performance improvement program has demonstrated sustained improvement.
  - (d) NRC supplemental inspections show licensee progress in the principal areas of weakness.
  - (e) There were no issues that led the NRC to take additional regulatory actions beyond those listed in Column 4 of the Action Matrix.
  - (f) Additionally, the licensee has made significant progress on any regulatory actions imposed (**e.g.**, CALs, orders, **or** 50.54 (f) letters) because of the performance deficiencies leading to the **Column 4** designation.

*Due to the depth and/or breadth of performance issues reflected by a plant being in Column 4 of the Action Matrix, it is prudent to ensure that actual performance improvements, which typically take longer than several quarters to achieve, have been made prior to closing out the*

*inspection findings and allowing the plant to exit Column 4 of the Action Matrix.* [C2]

7. After the original findings have been closed out and an assessment follow-up letter is issued, the licensee will return to the Action Matrix column that is represented by **applicable Action Matrix inputs**.

*Additionally, for a period of up to two years after the initial findings have been closed out, the regional offices may use some actions that are consistent with Column 3 or 4 of the Action Matrix in order to ensure the appropriate level of NRC oversight of licensee improvement initiatives.* [C2] These actions, which do not constitute Action Matrix deviations, include:

- (a) senior management participation at periodic meetings or site visits focused on reviewing the results of improvement initiatives (such as efforts to reduce corrective action backlogs and progress in completing a performance improvement plan)
- (b) conducting **supplemental** IP 95003 and CAL follow-up inspections (not to exceed 200 hours of direct inspection over a maximum two-year period) **after conferring with** the Deputy Director, NRR/DIRS
- (c) annual public meetings and authorization of the contents of the subsequent assessment letters

The actions taken beyond those required by the Action Matrix shall be discussed at the following mid-cycle and end-of-cycle review meetings to ensure an appropriate basis for needing the additional actions to oversee the licensee improvement initiatives. These actions will also be described in the following mid-cycle and annual assessment letters until the end of the extended period of time. All assessment letters that address these additional actions shall include the NRR/DIRS/IPAB branch chief on concurrence.

e. Unacceptable Performance Column (Column 5).

1. Licensee performance is unacceptable, and continued plant operation is not permitted within this column. Unacceptable performance represents situations in which the NRC lacks reasonable assurance that the licensee can or will conduct its activities to ensure protection of public health and safety. Examples of unacceptable performance may include:
  - (a) Multiple significant violations of the facility's license, technical specifications, regulations, or orders.

- (b) Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with the design basis (e.g., multiple safety-significant examples where the facility was determined to be outside of its design basis, either because of inappropriate modifications, the unavailability of design basis information, inadequate configuration management, or the demonstrated lack of an effective PI&R).
- (c) A pattern of failure of licensee management controls to effectively address previous significant concerns to prevent recurrence. In general, it is expected, but not required, that entry into Column 4 of the Action Matrix and completion of IP 95003 will precede consideration of whether a plant is in Column 5.

2. *The licensee is expected to **have** a third-party **safety culture** assessment performed.* [C4]

3. If the **NRC** determines that a licensee's performance is unacceptable, then a shutdown order will be issued.

4. The NRC will assess the licensee's evaluation of **its** safety culture and independently perform a graded assessment of the licensee's safety culture using the guidance in IP 95003. A decision not to independently perform an assessment of the licensee's safety culture would be an Action Matrix deviation. However, the staff can use the results from a licensee's third-party safety culture assessment and the licensee's root cause evaluation to satisfy the inspection requirements if the staff has completed a validation of the third-party assessment methodology, assessment effort, and root cause evaluation.

5. The EDO or designee will meet with senior licensee management in a regulatory performance meeting to discuss the licensee's degraded performance and corrective actions. The Commission will also meet with senior licensee management to discuss the issues which will need to be taken before operation of the facility can be resumed.

6. The NRC oversight of plant performance will be **conducted in accordance with** IMC 0350.

f. IMC 0350 Process Column.

1. The criteria for entrance into the IMC 0350 process, as discussed in Section 12.01 of this IMC, **have** been met, and subsequent management review of licensee performance has determined that entrance into **Column 5** is not warranted at this time. Plants under the IMC 0350 process are considered to be outside of the normal assessment process and under the control of IMC 0350. However, this column has been added to the Action Matrix for illustrative purposes to demonstrate

comparable **NRC** response and communications and is not necessarily representative of the worst level of licensee performance.

2. NRC management will review licensee performance on a quarterly basis to determine if entrance into Column **5** is warranted.
3. The licensee is expected to place the identified deficiencies into **its** performance improvement plan and perform an evaluation of the root and contributing causes for both the individual and collective causes.
4. As discussed in IMC 0350, the regional offices will conduct baseline and supplemental inspections as appropriate, as well as special inspections per the restart checklist. PI data should continue to be gathered in accordance with IMC 0608, "Performance Indicator Program," to the extent that it is applicable to shutdown conditions. Plants under the IMC 0350 process should be discussed at the mid-cycle and end-of-cycle reviews to integrate inspection planning efforts across the regional office and to keep internal stakeholders informed of ongoing inspection and oversight activities. Mid-cycle or annual assessment letters are generally not issued for these plants. Annual public meetings will not be conducted for these plants as the regional office conducts periodic public meetings to discuss licensee performance.

As discussed in Section **12.02**, *the regional offices may use some actions that are consistent with the Column **3 or 4** of the Action Matrix in order to ensure the appropriate level of **NRC** oversight of licensee improvement initiatives as the licensee exits the IMC 0350 Process.* [C2]

## 0305-11      ADDITIONAL ACTION MATRIX GUIDANCE

The determination of a plant's Action Matrix column considers inspection findings, PIs, timing, and the status of supplemental inspections and reports. Action Matrix inputs are considered in time intervals consisting of calendar quarters. However, plants can change action matrix column designation throughout the quarter in accordance with Section 07.01. The first calendar quarter is from January 1<sup>st</sup> through March 31<sup>st</sup>. The second quarter is from April 1<sup>st</sup> through June 30<sup>th</sup>. The third quarter is from July 1<sup>st</sup> through September 30<sup>th</sup>. The fourth quarter is from October 1<sup>st</sup> through December 31<sup>st</sup>.

Inspection findings and PIs related to the Security Cornerstone are not considered inputs to the Action Matrix described in this IMC.

### 11.01. Inspection Findings.

- a. Use of **Safety-Significant** Inspection Findings. Safety-significant inspection findings are considered in the assessment process when (1) the **NRC** determines the final significance in accordance with IMC 0609, "Significance



Determination Process,” and (2) the licensee has been informed of the decision. The start date of the finding and the timeframe for consideration of the finding as an Action Matrix input is described below.

- b. **Start and Closure Dates of Findings.** The start date used for consideration of inspection findings in the assessment process and Action Matrix is the end of the inspection activities that designate the issue as an apparent violation (AV), violation (VIO), finding (FIN), or non-cited violation (NCV) in the RPS. For quarterly integrated inspection reports, the last day of the quarter being assessed is the start date or the date of a re-exit if the finding disposition has changed since the original exit meeting. For all other inspection reports, the start date is the last day of onsite inspection activities in which the item was identified as an AV, FIN, VIO, or NCV. This date is often the date of the exit meeting or the date of a re-exit if the disposition of the finding/violation changed since the original exit meeting. The finding’s start date is used to determine the first quarter in which the finding becomes an Action Matrix input. A safety-significant finding is considered an Action Matrix input for the entire duration of (1) the quarter that includes the finding’s start date and (2) the next three quarters.

Example: A preliminary white inspection finding is identified in the second quarter. The NRC makes its final determination that the finding had low to moderate (i.e., white) safety significance during the third quarter. The finding would be considered a white input to the Action Matrix in the second, third, and fourth quarters and the first quarter of the following year.

A finding is closed when it is no longer considered an Action Matrix input after a specified quarter. A safety-significant inspection finding will be closed after four full consecutive calendar quarters unless the region justifies holding the finding open in accordance with Section 11.01.d. A region may close a finding if external agencies have not completed their investigations.

Note: Even though a safety-significant finding is closed, the finding is still considered an Action Matrix input for the quarters in which it is applicable.

Example: A white finding closes at the end of the first quarter, and during the second quarter, another finding in the same cornerstone is finalized as having white safety significance. The start date for the second finding occurs in the first quarter. In this case, the plant would enter Column 3 in the first quarter for having two white findings in the same cornerstone even though the first finding is closed.

- c. **Concurrent inputs.** After a safety-significant finding’s final significance determination is made and the regional office determines the finding’s start date, as discussed above, the regional office shall determine (1) how the plant’s Action Matrix column designation is affected by other inputs (including those that

are closed) that are applicable during the quarters in which the finding is applicable and (2) if any additional action needs to be taken as a result.

Example: An Initiating Events Cornerstone PI is white in the second quarter, and there is an inspection finding in the same cornerstone from the second quarter whose safety significance is finalized as white in the third quarter. In this case, the plant would enter Column 3 in the second quarter for two white inputs in the same cornerstone, and the appropriate action would be to perform an IP 95002 supplemental inspection.

- d. **Held-Open Findings.** A held-open finding is a safety-significant finding that is considered an Action Matrix input for more than four quarters. A held-open finding is considered Action Matrix input for full-quarter intervals. A finding shall be held open if (1) the final exit meeting for a supplemental inspection is not complete within the finding's first four quarters, or (2) the supplemental inspection results in the determination that the licensee failed to (a) identify, understand, or adequately evaluate the root causes, contributing causes, extent-of-condition, or extent-of-cause of the safety-significant finding, or (b) take or plan adequate corrective actions to address the root causes, contributing causes, extent-of-condition, or extent-of-cause and to prevent recurrence of the safety-significant finding. If either of these conditions is met, then additional NRC action, including additional supplemental inspections and enforcement actions, if applicable, may be needed to independently acquire the necessary information to satisfy the inspection requirements. An additional finding does not need to be identified during the supplemental inspection to hold open a safety-significant finding.

In the supplemental inspection report, the regional office must convey the specific inadequacies that the licensee needs to address in order to close the finding. The supplemental inspection report cover letter describing the region's decision to hold open a finding must be signed by the appropriate regional division director after conferring with the Deputy Director, NRR/DIRS.

- e. **Closing Held-Open Findings.** If the finding is being held-open because of the results of a previous supplemental inspection, then the scope of the additional supplemental inspection activities shall be limited to only the inadequacies discussed in the initial supplemental inspection report. A held-open finding can be closed after the NRC confirms or verifies that the documented inadequacies identified during the initial supplemental inspection have been addressed.

A plant can change Action Matrix columns upon successful completion of the supplemental inspection, issuance of the associated inspection report, and issuance of an assessment follow-up letter noting the change in column if the supplemental inspection report cover letter was not used as an assessment follow-up letter. The plant will transition to the new Action Matrix Column on the date the assessment follow-up letter (or the supplemental inspection report cover letter used as an assessment follow-up letter) is issued. However, the

finding is still considered an Action Matrix input (i.e., the finding is considered for future column determination) for the remainder of the quarter in which the final exit meeting was conducted.

- f. **Unresolved Items (URIs).** URIs should be dispositioned in accordance with IMC 0612, “Power Reactor Inspection Reports,” and updated in RPS when additional information becomes available.
- g. **Significance Determinations** under Appeal. The process by which a licensee may appeal the staff’s final significance determination of an inspection finding documented in an NRC inspection report or final significance determination letter is described in IMC 0609, Attachment 2, “Process for Appealing NRC Characterization of Inspection Findings.” If a licensee appeals the significance determination of a finding, that finding is counted in the Action Matrix until the staff notifies the licensee in writing of a change in the final significance determination.

#### 11.02. Performance Indicators.

##### a. Use of Performance Indicators.

1. Licensees submit PI data on a quarterly basis. The PI data for a quarter are submitted to the NRC approximately 21 days after the end of that quarter. The data are considered Action Matrix inputs for the quarter from which the data were collected.

Example: A licensee submits its PI results to the NRC on April 21<sup>st</sup>. The results will be used as Action Matrix input from January 1<sup>st</sup> through March 31<sup>st</sup>.

When new PI data are received and become Action Matrix inputs for the applicable quarter, the PI inputs should be considered with any other Action Matrix inputs that are applicable during that quarter to determine the appropriate Action Matrix column and associated actions.

Example: A white Mitigating Systems Cornerstone finding is an Action Matrix input from the second quarter of 20XX through the first quarter of the following year, 1Q20YY (i.e., four full consecutive quarters) and was closed after 1Q20YY. The licensee submits a white Mitigating Systems Cornerstone PI on April 21, 20YY. Because the white PI applies to 1Q20YY and the white finding is still an Action Matrix input for that quarter, the plant would transition to Column 3 in 1Q20YY, and an IP 95002 supplemental inspection would have to be performed.

2. PIs are not intended to be monitored on a real time basis. However, the regional office may take the appropriate action if, based on current inputs, a PI will cross a performance threshold at the end of the quarter.

Appropriate actions can include supplemental inspection planning, scheduling and informal communication with the licensee. However, the plant does not change columns in the Action Matrix until the final PI data are submitted, reviewed and posted following the end of the quarter and any formal communication with the licensee should not indicate the future Action Matrix column designation.

3. If a safety-significant PI returns to the green performance band in a subsequent quarter, the PI is considered a green Action Matrix input in the subsequent quarter, even if the supplemental inspection for the PI has not yet been performed.

Example: An Initiating Events Cornerstone PI was white during the first quarter and returned to the green performance band in the second quarter, and the IP 95001 supplemental inspection has not been performed yet. A white Initiating Events Cornerstone inspection finding becomes Action Matrix input starting in the second quarter. The plant remains in Column 2 because the quarters in which the two white inputs exist do not overlap.

4. If a supplemental inspection is performed for a safety-significant PI, and the PI continues to be safety-significant, the plant will remain in the higher Action Matrix column until the PI results allow it to transition to a lower column. The PI can continue to be considered with other Action Matrix inputs to move the plant to a higher column even though a supplemental inspection was successfully completed.

- b. **Parallel PI Inspection Findings.** If the supplemental inspection for a safety-significant PI results in the determination that the licensee failed to (1) identify, understand, or adequately evaluate the root causes, contributing causes, extent-of-condition, or extent-of-cause of the safety-significant PI, or (2) take or plan adequate corrective actions to address the root causes, contributing causes, extent-of-condition, or extent-of-cause and to prevent recurrence of the safety-significant PI, then a parallel PI inspection finding will be opened and given the same **safety-significance (i.e., color)** as the PI. There must be a strong causal link between the performance issues that resulted in the **safety-significant** PI and the ineffective corrective actions. The finding should be discussed at a significance and enforcement review panel (SERP) before the licensee is notified of the final disposition and issuance of a parallel PI inspection finding. If this approach is taken, the regional office should issue a violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," if applicable. The **parallel PI finding becomes an Action Matrix input** in the quarter the supplemental inspection period ended or the beginning of the quarter in which the PI reverted back to green, whichever comes first or as necessary to maintain the input **continuously** in the Action Matrix. **The parallel PI inspection finding is not double-counted (see Section 11.03.b) with the PI with which it is associated.**

Example: A safety-significant PI exists in the first quarter but returned to the green performance band in the second quarter. A parallel PI inspection finding is identified during a supplemental inspection that is performed in the third quarter. The finding would be considered a safety-significant Action Matrix input beginning in the second quarter and continue to be an Action Matrix input until it is closed by another inspection.

The regional offices must convey in the cover letter of the supplemental inspection report the specific inadequacies that the licensee needs to address in order to close this finding. The correspondence to the licensee describing the parallel PI inspection finding must be signed by the appropriate regional division director after conferring with the Deputy Director, NRR/DIRS.

The finding can be closed and Action Matrix column movement can be allowed using the same method described in Section 11.01.e. A parallel PI inspection finding does not need to stay open in the Action Matrix for a minimum of four quarters; however, the finding is considered Action Matrix input for full-quarter intervals.

### 11.03. Other Action Matrix Input Considerations.

- a. **Double-Counting PIs and Inspection Findings.** Some issues may result in a simultaneous safety-significant PI and safety-significant inspection finding. For example, a single performance issue in the Mitigating Systems Cornerstone could result in an inspection finding and count toward the PI as a failure with unavailability. In accordance with the Action Matrix, this would result in two or more assessment inputs causing increased regulatory action.

However, when safety-significant inspection findings and PIs have the same underlying cause, they should not be “double-counted” in the Action Matrix in any given quarter. The double counting principle should be applied each quarter in order to reassess Action Matrix inputs using the available current PIs and inspection findings. The Action Matrix column representing the highest degree of safety significance should be used when there is flexibility in deciding which inputs should be used or excluded from the Action Matrix.

The double-counting principle is not applied across PIs. For example, a system failure could be counted in two PIs with both crossing performance thresholds into the white performance band. In this situation, the plant would be in Column 3 assuming no other safety-significant Action Matrix inputs. However, if the failure resulted in only one PI crossing a performance threshold, and the system failure was assessed by the SDP as a white finding, the double-counting rule would need to be considered.

When applying the double-counting criteria and the most conservative outcome, the inspection finding input should be calculated out (removed) from the PI calculation, and the remaining inputs should be evaluated and used in the

Action Matrix. If there is a **safety-significant** PI and an inspection finding with the same underlying cause and if it was determined that the PI would remain white even with the failure removed from the PI calculation, then both the PI input and the inspection finding would count. These examples are not considered Action Matrix deviations.

- b. **Repetitive Degraded Cornerstone.** A repetitive degraded cornerstone is defined in Section 04. Although a plant can transition columns mid-quarter in accordance with Section 11.01.e, the Action Matrix inputs are considered for full-quarter intervals and can be used to determine if a repetitive degraded cornerstone exists.

If a Column 3 plant no longer has a degraded cornerstone because safety-significant PI inputs returned to the green performance band, but the plant is in Column 3 for more than four quarters because the supplemental inspection has not yet been completed, that plant would not transition to Column 4 in the fifth consecutive quarter of being in Column 3. This situation does not meet the definition of a repetitive degraded cornerstone because a degraded cornerstone does not exist for more than four quarters. However, if the supplemental inspection results in parallel PI inspection findings, these findings shall be used to determine if a repetitive degraded cornerstone exists.

If multiple safety-significant findings are concurrent Action Matrix inputs, a supplemental inspection can close one or more findings to prevent entry into Column 4. For example, suppose three white findings, which meet the Column 3 entry criteria, all start in the same quarter. If the IP 95002 supplemental inspection results in two of the findings being closed at the end of their fourth quarters but the other white finding being held-open past its four quarters, the plant would not transition to Column 4. Although the plant would remain in Column 3 until the IP 95002 could be completed successfully, a degraded cornerstone would not exist for more than four quarters.

#### 11.04. Supplemental Inspections.

- a. Generally, the supplemental inspection procedure associated with the most significant applicable Action Matrix column should only be performed once **if a held-open finding or parallel PI inspection finding is not identified.**
- b. If a supplemental inspection is performed for a safety-significant inspection finding, and the region concludes that the licensee adequately addressed the finding and exits the inspection within the finding's initial four quarters, then the plant can change Action Matrix columns after the initial four quarters have elapsed. The finding would be considered closed after the initial four quarters, and the plant can change Action Matrix columns in the quarter following the finding's fourth quarter. However, the region must conduct the exit meeting within the initial four quarters to prevent the finding from being held-open. An assessment follow-up letter would be issued in accordance with Section 07.01,

and the NRC's public Action Matrix Web site would be updated in accordance with IMC 0306.

**Example:** A region conducts the exit meeting for an IP 95001 inspection within a white finding's fourth quarter, and the region determined that the finding can be closed after four quarters. However, the inspection report is issued in the next quarter. The white finding is considered Action Matrix input for four quarters, and the plant would transition to Column 1 in the quarter following the finding's fourth quarter. The white input is not held open into the next quarter only because the inspection report was not issued within four quarters.

- c. The regional office shall still perform a supplemental inspection if a safety-significant PI returns to the green performance band before the supplemental inspection is completed. This includes the situation where a PI reverts to green as a result of plant modifications and/or changes to the probabilistic risk assessment before the supplemental inspection has been conducted. The plant remains in the higher column until the supplemental inspection results in the determination that the licensee adequately evaluated and addressed the safety-significant PI. The plant can change columns on the date that the assessment follow-up letter is issued if applicable Action Matrix inputs allow the column change at that time. The NRC's public Action Matrix Web site will be updated in accordance with IMC 0306.

**Example:** A PI turns white in the second quarter and returns to green in the third quarter. The region exits an IP 95001 inspection in the fourth quarter, and issues the inspection report and assessment follow-up letter late in the fourth quarter. All other Action Matrix inputs are currently green in the fourth quarter. The plant would transition to Column 1 on the date of the assessment follow-up letter.

- d. The scope of supplemental inspections could include all currently open safety-significant performance issues in all cornerstones and strategic performance areas.

**Example:** If an IP 95002 inspection is being performed because of a yellow PI in the Mitigating Systems Cornerstone, the scope could also include any white inspection finding and PIs in that cornerstone or any other cornerstone.

**Example:** If an IP 95002 inspection is being performed because of three white findings in the Reactor Safety Strategic Performance Area, the scope could include white PIs and inspection findings in all strategic performance areas and cornerstones.

- e. If a white inspection finding or PI subsequently occurs in an unrelated cornerstone or strategic performance area, the associated supplemental inspection should be conducted at the appropriate level.

Example: A regional office is performing an IP 95002 for two white findings in the Initiating Events Cornerstone. If an additional white inspection finding is identified in the Occupational Radiation Safety Cornerstone, then the regional office should inspect this finding using IP 95001.

- f. If a plant moves to the right in the Action Matrix (i.e., has a higher column number) because a safety-significant input starts within another safety-significant input's four quarters, then the applicable supplemental inspection for the higher column shall be performed even if the lower column's supplemental inspection was already performed or scheduled to be performed for the first input. The plant will remain in the higher column until the supplemental inspection for the higher column is completed and the conditions in Section 11.04.b or 11.04.c are met.

The regional office can perform the first supplemental inspection before performing the supplemental inspection for the higher column. If the first supplemental inspection objectives are met, then the applicable input would no longer be considered with other Action Matrix inputs in accordance with the guidance in Section 11. For example, if the first input is a finding, and the supplemental inspection is completed and exited within the finding's four quarters, the finding will be closed and no longer be considered with other Action Matrix inputs that start after its fourth quarter.

Likewise, any inspection finding, which is satisfactorily inspected and resolved through an IP 95002 inspection and considered isolated from the other findings or PIs inspected, can be closed once the finding has been input into the Action Matrix for four quarters. The basis for the NRC's actions should be stated in the inspection report cover letter. The cover letter should also include the licensee actions necessary to close any held-open findings or parallel PI inspection findings.

Example: A plant has a white finding starting in the first quarter, the NRC completes an IP 95001 inspection in the third quarter, and the plant has another white input in the same cornerstone starting in the fourth quarter. Because the plant would enter Column 3 in the fourth quarter, the licensee would stay in Column 3 until the IP 95002 inspection results in the determination that the licensee adequately evaluated and addressed the issues and the second finding's four quarters have elapsed, assuming the second finding was not held-open. Even though the initial white finding would no longer be active in the Action Matrix after its fourth quarter, the plant is remains in Column 3 until the IP 95002 is completed as just described.



A closed finding can still be an input that contributes to a plant transitioning to Column 4 if other safety-significant findings start within the closed finding's four quarters.

Example: A white Initiating Events finding is opened in the first quarter, and an IP 95001 is successfully completed in the third quarter. The white finding is still an Action Matrix input for four full quarters. Another white Initiating Events finding and a yellow Mitigating Systems finding is subsequently determined to have started in the fourth quarter. This plant would transition to Column 4 in the fourth quarter for having multiple degraded cornerstones that quarter, even though the first white finding will close after the fourth quarter. An IP 95003 inspection would have to be performed.

**11.05. Treatment of Items Associated with Enforcement Discretion.** A finding that includes a violation that meets all applicable requirements for enforcement discretion **in accordance with the NRC Enforcement Policy** and meets the criteria discussed below will be processed as specified in this section. The intent of this section is to establish ROP guidance that supports the objective of enforcement discretion, which is to encourage licensee initiatives to identify and resolve problems, especially those subtle issues that are not likely to be identified by routine efforts.

The purpose of this approach is to place a premium on licensees initiating efforts to identify and correct safety-significant issues, which are not likely to be identified by routine efforts, before degraded safety systems are called upon to work. The assessment program evaluates present performance issues, and this approach excludes old design issues from consideration of overall licensee performance in the Action Matrix. The DRP or DRS division director will authorize the treatment of findings as old design issues **after conferring with** the Deputy Director, NRR/DIRS. This is not an Action Matrix deviation.

A finding that includes a violation subject to enforcement discretion must be dispositioned under one of the following categories:

- a. Treatment of Old Design Issues in the Assessment Process. **A finding associated with** engineering calculations or analysis, associated operating procedure, or installation of plant equipment **is considered an Old Design Issue if it** meets all of the following criteria:
  1. It was licensee-identified as a result of a voluntary initiative, such as a design basis reconstitution. For the purposes of this IMC, self-revealing **findings, which are defined in IMC 0612,** are not considered to be licensee-identified.
  2. It was or will be corrected, including immediate corrective actions and long-term comprehensive corrective actions to prevent recurrence, within a reasonable time following identification (this action should involve

expanding the initiative, as necessary, to identify other failures caused by similar root causes). For the purpose of this criterion, identification is defined as the time when the significance of the finding is first discussed between the NRC and the licensee. Accordingly, issues being cited by the NRC for inadequate or untimely corrective action are not eligible for treatment as old design issues.

3. It was not likely to be previously identified by recent ongoing licensee efforts, such as normal surveillance, quality assurance activities, or evaluation of industry information.
4. It does not reflect a current performance deficiency associated with existing licensee programs, policy, or procedure.

If all the old design issue criteria are met, then the finding would not aggregate in the Action Matrix with other PIs and inspection findings.

If the old design issue criteria are not met, then the finding would be treated similar to any other inspection finding and additional NRC actions would be taken in accordance with the Action Matrix.

#### *Overall Inspection Approach*

The finding considered for treatment as an old design issue shall be brought to a SERP and a Regulatory Conference, if applicable. The finding shall be discussed in the appropriate inspection report cover letter and displayed on the NRC's web site with its actual safety significance after the final safety significance is determined.

If enough information is known to determine that the finding meets the old design issue criteria, then the licensee shall be notified in the inspection report cover letter that the finding was determined to be an old design issue. The regional office shall perform an IP 95001 supplemental inspection for a white finding or an IP 95002 supplemental inspection for a yellow or red finding to review the licensee's root cause evaluation and corrective action plan for that particular issue.

Example: The NRC concluded that a white finding in the Mitigating Systems Cornerstone meets the criteria for an old design issue for a plant. The plant also has a white PI in the Mitigating Systems Cornerstone. This plant would be placed in Column 2 of the Action Matrix because of the white PI, and NRC actions would be taken in accordance with that column, including an IP 95001 supplemental inspection for the white PI. The old design issue does not aggregate with other inputs in determining the Action Matrix column or required NRC response. Therefore, the white old design issue would be considered independently, and an IP 95001 supplemental inspection for that issue would be conducted.

If additional information is needed to determine whether the finding meets the old design issue criteria, the inspection report cover letter should state that the finding is being considered for treatment as an old design issue. The regional offices should then perform an IP 95001 supplemental inspection for a white finding or an IP 95002 supplemental inspection for a yellow or red finding to review the licensee's root cause evaluation of that particular issue and to gather the additional information required to determine whether the finding meets the old design issue criteria.

Example: The regional office does not have enough information to determine if a red finding meets the criteria for an old design issue. The regional office would perform an IP 95002 inspection to review the root cause evaluation and gather additional information on whether the finding meets the criteria for an old design issue. As a result of the inspection, if the regional office determines that the criteria have not been met, the regional office would perform the additional inspection activities to complete supplemental inspection requirements for an IP 95003 inspection.

- b. Violations in Specified Areas of Interest Qualifying for Enforcement Discretion. Findings that include violations subject to the following enforcement discretion may be dispositioned as described below:
  - 1. Enforcement discretion in accordance with the Interim Enforcement Policy Regarding Enforcement Discretion for Certain Fire Protection Issues (10 CFR 50.48(c)) included in the Commission's Enforcement Policy, and
  - 2. Enforcement discretion for violations involving fire protection circuits as authorized by OE in Section 7.7 of the NRC Enforcement Manual.
  
- c. The NRC will normally refrain from processing the related inspection finding through the SDP and into the Action Matrix, if applicable. The finding must be documented in an inspection report noting that the related violation meets all applicable requirements for enforcement discretion as explicitly provided for in the associated authorizing document, and further meets the criteria listed below.
  - 1. The licensee places the finding into its corrective action program. Licensees may track pre-existing performance deficiencies/violations and findings identified during the National Fire Protection Association (NFPA) 805, "Performance-Based Standard for Fire Protection for Light-Water Reactor Electric Generating Plants," transition period, through the Licensee Event Report (LER) process. It is recommended that an LER be developed for each fire area or each area of assessment.
  - 2. In cases where the authorizing document requires that a finding being given discretion must not be evaluated as red, the staff may meet this provision if it determines that an NRC response at a level for a red finding

is not necessary to assure public health and safety. The staff does not need to complete an SDP to make this determination.

3. The licensee performs an operability evaluation (when applicable) using the guidelines in Regulatory Issue Summary 2005-20, Revision 1, "Revision to NRC Inspection Manual Part 9900 Technical Guidance, 'Operability Determinations & Functionality Assessments for Resolution of Degraded or Nonconforming Conditions Adverse to Quality or Safety,'" to demonstrate that safety will be maintained during operation (both power operation and shutdown, as applicable) with compensatory measures as appropriate.
4. Licensees will implement appropriate compensatory measures for each finding immediately upon identification. Such compensatory measures will be maintained while the licensee completes their NFPA 805 evaluation and (1) determines whether the existing configuration is acceptable based on risk analysis, or (2) there is a need for permanent corrective action if the existing configuration is not acceptable, and the corrective action is completed.

If the above criteria are not met, the staff may take whatever action is deemed necessary and appropriate, including the issuance of enforcement action, entry into the SDP, and, if applicable, the Action Matrix, and implementation of supplemental inspections.

The cover letter that informs the licensee of the staff's exercise of enforcement discretion should include a clear explanation of the staff's basis for exercising enforcement discretion, including a reference to the applicable authorizing document(s) and this section. Cover letters should also be consistent with the guidance provided in the Enforcement Manual.

If a single finding has multiple related violations of which only a subset are eligible to be granted enforcement discretion, then the finding will be dispositioned in accordance with the normal SDP and Action Matrix process using the assumption that only the violations not subject to enforcement discretion existed. The violations subject to enforcement discretion will be processed and documented as findings in accordance with the provisions of this section.

11.06. Action Matrix Deviations. The regulatory actions dictated by the Action Matrix may not be appropriate in rare instances. In these instances, the NRC may deviate from the Action Matrix to either increase or decrease NRC action.

- a. An Action Matrix deviation is defined in Section 04.02. An Action Matrix deviation may be considered for a situation such as a type of finding unanticipated by the SDP that results in an inappropriate level of regulatory

attention when entered into the Action Matrix. Examples of approved deviations can be found on the NRC's public "ROP Action Matrix Deviations" Web site.

- b. A memorandum requesting an Action Matrix deviation should be initiated by the applicable regional office. The memorandum should include a synopsis of the licensee's performance issues, the required NRC actions per the Action Matrix for these issues, the proposed alternative actions, and the region's basis for requesting the deviation. The draft memorandum should be emailed to NRR/DIRS/IPAB via [ROPAssessment.Resource@nrc.gov](mailto:ROPAssessment.Resource@nrc.gov) for awareness. Comments may be offered for regional consideration. The region should then place the document in the NRC's Agencywide Documents Access and Management System (ADAMS), create a concurrence package, and the RA should send the memorandum to the EDO through the Office Director of NRR for approval and concurrence.
- c. *The EDO shall approve all deviations from the Action Matrix and inform the Commission when deviations are approved and at the annual AARM Commission Meeting.* [C1] After the EDO approves the deviation, the document shall remain draft in ADAMS until the licensee is notified via publicly available docketed correspondence, which is described below.
- d. Deviations from the Action Matrix shall be communicated to the licensee in an assessment follow-up letter, mid-cycle letter, or annual assessment letter. This letter shall contain the EDO-signed memorandum as an enclosure and shall also be emailed to [ROPAssessment.Resource@nrc.gov](mailto:ROPAssessment.Resource@nrc.gov). Both the letter and memorandum shall be made publicly available after the licensee is notified of the deviation. The NRC's public "ROP Action Matrix Deviations" Web site will be updated in accordance with IMC 0306.
- e. MD 8.14 requires NRR to ensure that the causes for deviations are understood and to identify any necessary changes to the ROP guidance. To ensure that this requirement is met, NRR/DIRS/IPAB shall coordinate with the regional office that requested the deviation the generation of an ROP Feedback Form in accordance with IMC 0801, "Reactor Oversight Process Feedback Program," that describes the causes for the deviation, recommendations for changes, if any, to ROP guidance, and the basis for the recommendations to change or not change ROP guidance. In the ROP Feedback Form, the regions should request that any recommended changes to ROP guidance be shared with the other regional offices to ensure that all perspectives are considered.
- f. Ensure that deviation documents containing Sensitive Unclassified Non-Safeguards Information (SUNSI) security information are marked and handled in accordance with Management Directive 12.6, "NRC Sensitive Unclassified Information Security Program." The NRC policy for handling, marking, and protecting SUNSI is publicly available on the NRC Public Web site at <http://www.nrc.gov/reading-rm/doc-collections/commission/comm-secy/2005/2005-0054comscy-attachment2.pdf>.

## 0305-12 TRANSITIONS BETWEEN THE ACTION MATRIX AND IMC 0350

**12.01 Transitioning to the IMC 0350 Process.** The criteria for considering a plant for the IMC 0350 process **include**: (1) plant performance is in Column 4 or 5 of the Action Matrix, or a significant operational event has occurred as defined by MD 8.3, “**NRC Incident Investigation Program**;” (2) the plant is shutdown or **the licensee** has committed to shutdown the plant to address these performance issues (whether voluntary or via an **NRC** order to shutdown); (3) a regulatory hold is in effect, such as a CAL or an **NRC** order; and (4) an **NRC** management decision is made to place the plant in the IMC 0350 process.

Management considerations in placing a plant under the IMC 0350 process are discussed in IMC 0350. At this point, periodic assessments (quarterly, mid-cycle, and end-of-cycle) of licensee performance **are** no longer under the auspices of this IMC; **rather, they are** now under the IMC 0350 process. This process is more completely described in IMC 0350.

The following are examples of the appropriate level of regulatory engagement between the **NRC** and a licensee once a plant has entered Column 4 of the Action Matrix and how IMC 0350 may be applied:

- a. Plant A continues to operate, and regulatory engagement is dictated by Column 4 of the Action Matrix. The **NRC** performs an IP 95003 supplemental inspection (if not already performed), and the plant remains under the level of oversight dictated by this IMC and is not transferred to the IMC 0350 process.
- b. Plant B performs a voluntary shutdown to address performance issues. The **NRC** performs an IP 95003 supplemental inspection (if not already performed) and issues a CAL to document licensee commitments to the **NRC**. The plant remains under the level of oversight dictated by this IMC and is not transferred to IMC 0350 process.
- c. Plant C performs a voluntary shutdown to address performance issues. The **NRC** issues a CAL to ensure a common understanding of licensee commitments to address the underlying performance deficiencies. The entry conditions for IMC 0350 have been met and **NRC** management determines that this process should be implemented using the criteria in IMC 0350. At this point, periodic assessment of licensee performance is no longer dictated by this IMC and is transferred to the IMC 0350 process. Plant performance is not determined to be unacceptable.
- d. Plant D voluntarily shuts down to address performance issues. The **NRC** determines that one of the criteria in Section 10.02.e. for unacceptable performance is met. The plant is considered to be in the Unacceptable

Performance Column of the Action Matrix, and a shutdown order is issued by the **NRC**. The plant is transferred to the IMC 0350 process.

- e. Plant E, which is operating, is issued an order by the **NRC** to shutdown because it is considered to have met one of the criteria in Section 10.02.e. The licensee's performance is declared to be unacceptable, and the plant will be transferred to IMC 0350.

**12.02 Transitioning out of the IMC 0350 Process.** Once the conditions for restart have been completed, as discussed in IMC 0350, the RA will issue a restart authorization letter. The restart authorization letter will include the basis for restart and the extent of continued Restart Oversight Panel engagement. The panel will determine the duration of its oversight activities and the date **that the plant will be assessed in accordance with IMC 0305.**

*Additionally, for a period of up to two years after the plant has exited the IMC 0350 process, the regional offices may use some actions that are consistent with the **Column 3 or 4** of the Action Matrix in order to ensure the appropriate level of **NRC oversight of licensee improvement initiatives.** [C2]*

These actions do not constitute a deviation from the Action Matrix. Actions can include senior management participation at periodic meetings/site visits focused on reviewing the results of improvement initiatives (such as efforts to reduce corrective action backlogs and progress in completing the Performance Improvement Plan), the annual public meetings, authorization of the contents of the subsequent assessment letters, and non-baseline Order and CAL inspections (not to exceed 200 hours of direct inspection over a maximum two-year period without concurrence from the Deputy Director, NRR/DIRS). The actions taken above those required by the Action Matrix shall be discussed at the following mid-cycle and end-of-cycle review meetings. These actions will also be described in the following mid-cycle and annual assessment letters until the end of the extended period of time. All assessment letters that address these additional actions shall include the Chief, NRR/DIRS/IPAB on concurrence.

### **0305-13 TRADITIONAL ENFORCEMENT FOLLOW-UP**

**13.01 Traditional Enforcement in the Assessment Process.** Violations involving willfulness, impacting the regulatory process, or having actual safety consequences are not adequately characterized by the SDP alone. For this reason, such violations are referred to in this IMC as traditional enforcement violations. These violations are processed in accordance with the NRC's Enforcement Policy and Enforcement Manual. Traditional enforcement violations may have underlying findings that are assessed for significance using the SDP, and these findings shall be considered in the assessment program and the Action Matrix.

Traditional enforcement violations shall be considered during the mid-cycle and end-of-cycle reviews when determining: (1) the range of **NRC** actions within the appropriate

column of the Action Matrix when various actions are possible within a column, (2) whether a cross-cutting theme exists in the SCWE cross-cutting area (see Section 14), and (3) the need for more detailed follow-up in response to escalated enforcement actions or a series of violations in one of the traditional enforcement areas of willfulness, impacting the regulatory process, or actual consequences.

**13.02 Traditional Enforcement Follow-up Inspections.** Traditional enforcement violations without an underlying performance deficiency do not influence the findings that result in a plant being assigned to a specific column of the Action Matrix. However, traditional enforcement violations normally receive some level of follow-up. If follow-up of traditional enforcement violations is planned, then it should be coordinated with any other follow-up or supplemental inspections to avoid duplication of effort. Follow-up of traditional enforcement violations is not considered an Action Matrix deviation because traditional enforcement violations are not ROP as Action Matrix inputs.

- a. If a traditional enforcement violation was resolved using corrective actions negotiated through the NRC's Alternative Dispute Resolution (ADR) program, then the regional office must follow up on items identified in the ADR confirmatory order. The unique nature of each ADR settlement agreement should be used as a guide when selecting the most appropriate inspection follow-up procedure. ADR follow-up may be performed using IP 92702, "Follow-up on Corrective Actions for Violations and Deviations," IP 92722, "Follow Up Inspection For Any Severity Level I or II Traditional Enforcement Violation or for Two or More Severity Level III Traditional Enforcement Violations in a 12-Month Period," or IP 92723, "Follow Up Inspection for Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period."
- b. Non-ADR traditional enforcement violations incurred by the licensee during the mid-cycle assessment period or end-of-cycle assessment period are assessed during the mid-cycle and end-of-cycle reviews, respectively. The regulatory significance of escalated traditional enforcement violations or multiple SL IV violations in one of the traditional enforcement areas of willfulness, impacting the regulatory process, and actual consequences may indicate the need to perform more detailed follow-up. Individual traditional enforcement violations not involving ADR normally receive limited follow-up using IP 92702 to ensure they have been captured in the licensee's corrective action program. If more detailed follow-up is planned using other inspection procedures, performing the limited follow-up using IP 92702 is not required.

The regional office may perform IP 92722 to follow up on any SL I or II traditional enforcement violation or two or more SL III violations incurred by the licensee during any 12-month period. The purpose of this inspection is to ensure that the causes of the violations are understood and that the licensee has adequately evaluated the extent of cause and the impact of the violations on safety culture.



The regional office may perform IP 92723 to follow up on three or more SL IV violations in one of the traditional enforcement areas of willfulness, impacting the regulatory process, or actual consequences incurred by the licensee during any 12-month period. Non-cited violations (NCVs) should be counted. The purpose of this inspection is to ensure that the causes of the group of violations are understood and that licensee has adequately evaluated the extent of condition.

#### 0305-14 SUBSTANTIVE CROSS-CUTTING ISSUES

The ROP was developed with the presumption that plants that had significant performance issues with cross-cutting areas would be revealed through the existence of safety-significant PIs or inspection findings. The NRC identifies an SCCI to inform the licensee that the NRC has a concern with the licensee's performance in the cross-cutting area and to encourage the licensee to take appropriate actions before more significant performance issues emerge. The cross-cutting components and aspects are described in IMC 0310. CCAs are assigned and SCCIs are identified on a "per site" basis; not on a "per unit" basis. In order to determine whether SCCIs exist at a site, an assessment must be performed during the preparation for the mid-cycle and end-of-cycle assessment meetings, as described below.

14.01 Cross-Cutting Themes. To determine if a cross-cutting theme exists at a site, the regional offices shall gather assessment and inspection results related to CCAs, as described below.

- a. Human Performance and Problem Identification and Resolution Themes. A search of PIM entries should be conducted for findings having CCAs in the cross-cutting areas of HU and/or PI&R from the mid- or end-of-cycle assessment period. A cross-cutting theme in the area of HU or PI&R exists if four or more of these findings were assigned the same CCA. The findings should be representative of more than one cornerstone; however, given the significant inspection effort applied to the Mitigating Systems Cornerstone, a cross-cutting theme can exist consisting of inspection findings associated with only this one cornerstone. Any regulatory action that does not constitute a finding (e.g., observations or enforcement actions) should not be considered in this determination.
- b. Safety Conscious Work Environment Themes. SCWE-related issues from an 18-month period (i.e., the current mid- or end-of-cycle assessment period and the two quarters preceding that period) shall be considered. Declining SCWE trends take time to manifest; similarly, they also require time to correct and improve. For this reason, an 18-month period after a SCWE theme is identified is warranted to assess the effectiveness of SCWE-related corrective actions. As such, the current mid- or end-of-cycle assessment period and the two quarters preceding that period shall be considered. A cross-cutting theme in the area of SCWE exists if at least one of the following three conditions exists:

1. There is a finding in the PIM with a documented CCA in the area of SCWE, and the impact on SCWE was not isolated. Any regulatory action that does not constitute a finding (e.g., observations or enforcement actions) should not be considered in this determination.

For the purpose of this IMC, “not isolated” means more than one individual is impacted (e.g., multiple individuals, functional groups, shift crews, or levels within the organization are affected). Consideration should be given to: the roles, responsibilities, and job functions of the impacted individuals; insights from the most recent PI&R inspection; and the number and nature of allegations received during the review period.

2. The licensee has received a chilling effect letter.
3. The licensee has received correspondence from the NRC that transmitted (1) a SL I, II, or III enforcement action that involved discrimination or (2) a confirmatory order that involved discrimination. The theme applies only to the sites(s) where the discrimination occurred.

- c. **Held-Open and Parallel PI Inspection Findings.** For a held-open inspection finding or parallel PI inspection finding with a CCA, the CCA will be considered as input for cross-cutting theme determination within the 6-month assessment cycle window in which the held-open or parallel finding exists. Cross-cutting theme and SCCI determinations from previous mid-cycle or end-of-cycle reviews are not affected by the start date of the parallel PI finding (and therefore the start date of the CCA).

**Example:** If a held-open finding's fifth quarter is the first calendar quarter of the year, the finding's CCA will be considered in the mid-cycle assessment period but not in the end-of-cycle assessment the following calendar year. If this finding was held open past the second calendar quarter, then it can be input into the cross-cutting theme determination for the following end-of-cycle assessment period.

**14.02 Opening Substantive Cross-Cutting Issues.** An SCCI is opened if (1) a cross-cutting theme exists and (2) the NRC staff has a concern with the licensee's scope of efforts or progress in addressing the cross-cutting theme. In evaluating whether the second criterion is met, the regional offices should consider if any of the following situations exists:

- a. The licensee had not identified or recognized the cross-cutting theme affected other areas and had not taken actions to address the theme.
- b. The licensee recognized the cross-cutting theme affected other areas but failed to schedule or take appropriate corrective actions.

- c. The licensee recognized the cross-cutting theme affected other areas but did not implement timely corrective actions commensurate with the significance of the issue(s).
- d. The licensee has implemented a range of actions to address the cross-cutting theme; however, these actions have not yet proven effective in substantially mitigating the cross-cutting theme, even though a reasonable duration of time has passed.

Example: During an exit meeting in December, the NRC informs a licensee of multiple findings with the same cross-cutting aspect. A reasonable time duration may not have passed for the licensee to implement actions by the end-of-cycle performance review meeting, during which the region is evaluating whether to open an SCCI. In this case, it may not be appropriate to open an SCCI. However, if the licensee was aware earlier in the assessment period that the cross-cutting theme exists or will exist and failed to implement actions to address the cross-cutting theme, it may be appropriate to open an SCCI in the annual assessment letter.

Multiple SCCIs in the same cross-cutting area shall be represented individually and not combined into one overall SCCI for that cross-cutting area.

#### 14.03 Closing Substantive Cross-Cutting Issues.

- a. SCCIs can be closed only in mid-cycle letters and annual assessment letters. If applicable, CAL closure could serve as a basis for closing an SCCI in the following mid-cycle or annual assessment letter.
- b. The regional office shall establish the criteria for closing the SCCI. Examples of closure criteria include, but are not limited to, the following or any combination of the following:
  - 1. Fewer findings with the same CCA as the SCCI. In this case, if the number of findings with the same CCA as the SCCI in the current assessment period is less than the number of findings when the SCCI was opened, then the SCCI would be closed.
  - 2. Increased confidence in the licensee's ability to address the SCCI. In this case, if the staff has confidence in the licensee's scope of efforts or progress in addressing the SCCI, even though the cross-cutting theme criteria continue to be met, then the SCCI would be closed.
  - 3. An improving trend in the number of findings with the same CCA as the SCCI during the most recent half of the assessment period. In this case, if the licensee made significant improvements in the last half of the assessment period but still meets the cross-cutting theme criteria, then the SCCI could be closed.

- c. The decision to continue to **identify** an SCCI in the next assessment **letter** will be based on **whether** the **closure** criteria **were met**.

#### 14.04 Follow-up Actions for Substantive Cross-Cutting Issues.

- a. If the NRC issues a CAL to a licensee that **confirms a licensee's agreement to make improvements** and if the improvements would provide a basis for the region to close an SCCI, then the NRC's follow-up and closure actions for the CAL can serve as SCCI follow-up. The SCCI closure criteria defined in the assessment letter can reference the CAL actions.
- b. After identifying an SCCI to a licensee in an assessment letter, the staff shall follow-up on the SCCI. **Examples of how the staff may follow-up on an SCCI include: (1) semi-annual evaluations** conducted during the **mid- and end-of-cycle performance reviews**, and **(2) inspections performed in accordance with IP 71152**. **ADR follow-up actions, as described in Section 13.02.a, may also provide an additional mechanism for SCCI follow-up, if applicable.**
- c. In the second consecutive assessment letter identifying the same SCCI, the regional office may consider requesting: **(1) the licensee to provide a response at an annual public meeting; (2) the licensee to provide a written response to the SCCI(s) identified in the assessment letters, or (3) a separate meeting be held with the licensee.**

If the NRC requests a meeting with the licensee, the plant's Action Matrix column will be used to determine the appropriate level of management to chair the meeting and whether a public meeting is required. The regional branch chief or division director should chair the meeting for plants in Column 1.

The regional office should use IP 71152 to evaluate the licensee's progress in addressing the SCCI.

- d. *In the third consecutive assessment letter identifying the same SCCI, the regional office would typically request the licensee to perform an assessment of safety culture. [C4] The regional office would typically request the licensee to perform an independent safety culture assessment.* The regional office could **decide that** a safety culture assessment request is not **necessary** if the licensee has made reasonable progress in addressing the issue but has not yet met the specific **SCCI** closure criteria.

The regional office should review the licensee's safety culture assessment using **the IMC 2515, Appendix C, infrequently performed inspection procedure, IP 40100**. The **purpose of this inspection** will be to confirm that the licensee is appropriately **addressing any** weaknesses identified by **the** safety culture assessment. The **inspection results** should be documented in **an inspection**

report and can serve as a basis for closing the SCCI in the next assessment letter.

Because SCWE-related SCCIs may be more difficult for licensees to address and that corrective actions require more time to take effect, the regional office can defer requesting the licensee to conduct a safety culture assessment and deciding to perform the IP 40100 inspection until the fourth consecutive assessment letter identifying the same SCWE-related SCCI.

- e. If the same SCCI is identified beyond the third consecutive assessment letter, and all of the options proposed above have been exhausted, the regional office may consider additional actions (e.g., actions not prescribed by the Action Matrix) to address the issue. Additional actions should be developed in consultation with the Director, NRR, and the EDO.

## 0305-15 REFERENCES

Atomic Energy Act of 1954 as amended

IMC 0306, "Information Technology Support for the Reactor Oversight Process"

IMC 0310, "Components within the Cross-Cutting Areas"

IMC 0320, "Operating Reactor Security Assessment Program"

IMC 0350, "Oversight of Reactor Facilities in Shutdown Condition Due To Significant Performance and/or Operational Concerns"

IMC 0351, "Oversight of Reactor Facilities in an Extended Shutdown Condition for Reasons Other than Significant Performance Problems"

IMC 0608, "Performance Indicator Program"

IMC 0609, "Significance Determination Process"

IMC 0609, Attachment 2, "Process for Appealing NRC Characterization of Inspection Findings"

IMC 0612, "Power Reactor Inspection Reports"

IMC 0801, "Reactor Oversight Process Feedback Program"

IMC 2201, "Security and Safeguards Inspection Program for Commercial Power Reactors"

IMC 2515, "Light-Water Reactor Inspection Program – Operations Phase"

IMC 2515, Appendix B, “Supplemental Inspection Program”

IMC 2515, Appendix C, “Special and Infrequently Performed Inspections”

IP 40100, “Independent Safety Culture Assessment Follow-up”

IP 71152, “Problem Identification and Resolution”

IP 92702, “Follow-up on Corrective Actions for Violations and Deviations”

IP 92722, “Follow Up Inspection For Any Severity Level I or II Traditional Enforcement Violation or for Two or More Severity Level III Traditional Enforcement Violations in a 12 Month Period”

IP 92723, “Follow Up Inspection for Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period”

IP 95001, “Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area”

IP 95002, “Supplemental Inspection for One Degraded Cornerstone or Any Three White Inputs in a Strategic Performance Area”

IP 95003, “Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input”

MD 8.3, “NRC Incident Investigation Program”

MD 8.14, “Agency Action Review Meeting”

NFPA 805, “Performance-Based Standard for Fire Protection for Light-Water Reactor Electric Generating Plants”

NRC Enforcement Manual

NRC Enforcement Policy

Regulatory Issue Summary 2005-20, Revision 1, “Revision to NRC Inspection Manual Part 9900 Technical Guidance, ‘Operability Determinations & Functionality Assessments for Resolution of Degraded or Nonconforming Conditions Adverse to Quality or Safety’”

END

Figure 1: Reactor Oversight Process Action Matrix

		Licensee Response Column (Column 1)	Regulatory Response Column (Column 2)	Degraded Cornerstone Column (Column 3)	Multiple/Repetitive Degraded Cornerstone Column (Column 4)	Unacceptable Performance Column (Column 5)	IMC 0350 Process <sup>1</sup>
RESULTS		All assessment inputs (performance indicators and inspection findings) green; Cornerstone objectives fully met	One white input, or Two white inputs (in different cornerstones) in a strategic performance area; Cornerstone objectives met with minimal degradation in safety performance	One degraded cornerstone (2 white inputs or 1 yellow input), or Any 3 white inputs in a strategic performance area; Cornerstone objectives met with moderate degradation in safety performance	Repetitive degraded cornerstone, Multiple degraded cornerstones, Multiple yellow inputs, or One red input; Cornerstone objectives met with longstanding issues or significant degradation in safety performance	Overall unacceptable performance; Plants not permitted to operate within this band; Unacceptable margin to safety	Plants in a shutdown condition with performance problems are placed in the IMC 0350 process
RESPONSE	Regulatory Performance Meeting	None	Branch Chief or Division Director meets with licensee	Regional Administrator or designee meets with senior licensee management.	EDO/DEDO or designee meets with senior licensee management	EDO/DEDO or designee meets with senior licensee management	RA/EDO or designee meets with senior licensee management
	Licensee Action	Licensee corrective action	Licensee root cause evaluation and corrective action with NRC oversight	Licensee cumulative root cause evaluation with NRC oversight	Licensee performance improvement plan with NRC oversight		Licensee performance improvement & restart plan with NRC oversight
	NRC Inspection	Risk-informed baseline inspection program	Baseline and supplemental inspection (IP 95001)	Baseline and supplemental inspection (IP 95002)	Baseline and supplemental inspection (IP 95003)		Baseline and supplemental as practicable; Special inspections per restart checklist.
	Regulatory Actions <sup>2</sup>	None	Supplemental inspection only	Supplemental inspection only; Plant discussed at AARM if conditions met	10 CFR 2.204 DFI; 10 CFR 50.54(f) letter; CAL/Order; Plant Discussed at AARM	Order to modify, suspend, or revoke license; Plant discussed at AARM	CAL/Order requiring NRC approval for restart; Plant discussed at AARM
COMMUNICATION	Assessment Letters	Branch Chief or Division Director reviews and signs assessment letter w/ inspection plan	Division Director reviews/signs assessment letter w/ inspection plan	Regional Administrator reviews/signs assessment letter w/ inspection plan	Regional Administrator reviews/signs assessment letter w/ inspection plan		N/A. RA or 0350 Panel Chairman review/ sign 0350-related correspondence
	Annual Involvement of Public Stakeholders	Various public stakeholder options involving the senior resident inspector or Branch Chief	Various public stakeholder options involving the BC or DD	Regional Administrator or designee discusses performance with senior licensee management	EDO/DEDO or designee discuss performance with senior licensee management		N/A. 0350 Panel Chairman conducts periodic public status meetings
	Commission Involvement	None	None	Possible Commission meeting if licensee remains for 3 years	Commission meeting with senior licensee management within 6 months.	Commission meeting with senior licensee management	Commission meetings as requested; Restart approval in some cases.
INCREASING SAFETY SIGNIFICANCE →							

<sup>1</sup> The IMC 0350 Process column is included for illustrative purposes only and is not necessarily representative of the worst level of licensee performance. Plants in the IMC 0350 oversight process are considered outside the auspices of the ROP Action Matrix. See IMC 0350, "Oversight of Reactor Facilities in a Shutdown Condition due to Significant Performance and/or Operational Concerns," for more information.

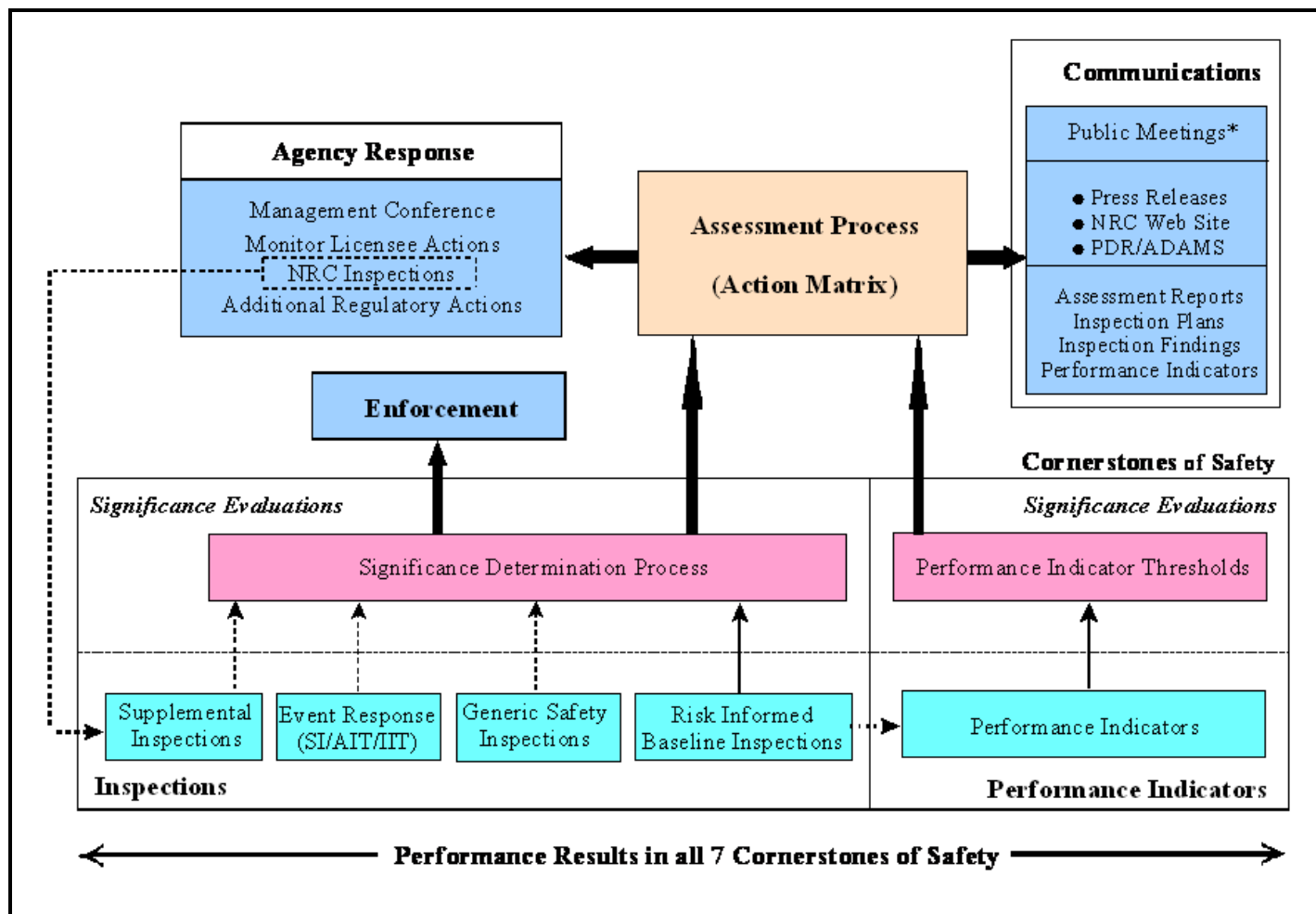
<sup>2</sup> Other than the CAL, the regulatory actions for plants in the Multiple/Repetitive Degraded Cornerstone and IMC 0350 columns are not mandatory NRC actions. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

Figure 2: Assessment Activities

Level of Review	Frequency/Timing	Participants (* indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	SRI, RI, regional inspectors, SRAs, DIRS	Performance awareness	None required; Notify licensee by an assessment follow-up letter <u>only</u> if thresholds crossed
Quarterly	Once per quarter; Five weeks after end of quarter	Division of Reactor Projects (DRP): BC*, PE, SRI, RI; DIRS	Input/verify PI/PIM data; Detect early trends	Update data set; notify licensee by an assessment follow-up letter <u>only</u> if thresholds crossed
Mid-Cycle	At mid-cycle; Seven weeks after end of second quarter	Divisions of Reactor Safety (DRS) or DRP DD*, DRP and DRS BCs, DIRS	Detect trends; Plan inspection	Mid-cycle letter with an inspection plan of approximately 15 months
End-of-Cycle	At end-of-cycle; Seven weeks after end of assessment cycle	DRS or DRP DD, RAs*, BCs, principal inspectors, SRAs, DIRS, HQ offices as appropriate	Assessment of plant performance, oversight and coordination of regional actions	Annual assessment letter with an inspection plan of approximately 15 months
End-of-Cycle Summary Meeting	Scheduled within one week after the completion of the last regional end-of-cycle review	NRR OD, RAs, DIRS, OE, OI, other HQ offices as appropriate	Summarize results of the end-of-cycle review	Information to be discussed at Agency Action Review Meeting.
Agency Action Review Meeting	Annually; Several weeks after issuance of the annual assessment letters	EDO*, NRR OD, RAs, DRS/DRP DDs, DIRS, OE, OI, other HQ offices as appropriate	Review of the appropriateness of <b>NRC</b> actions	Commission briefing, followed by public meetings with individual licensees to discuss assessment results, as appropriate

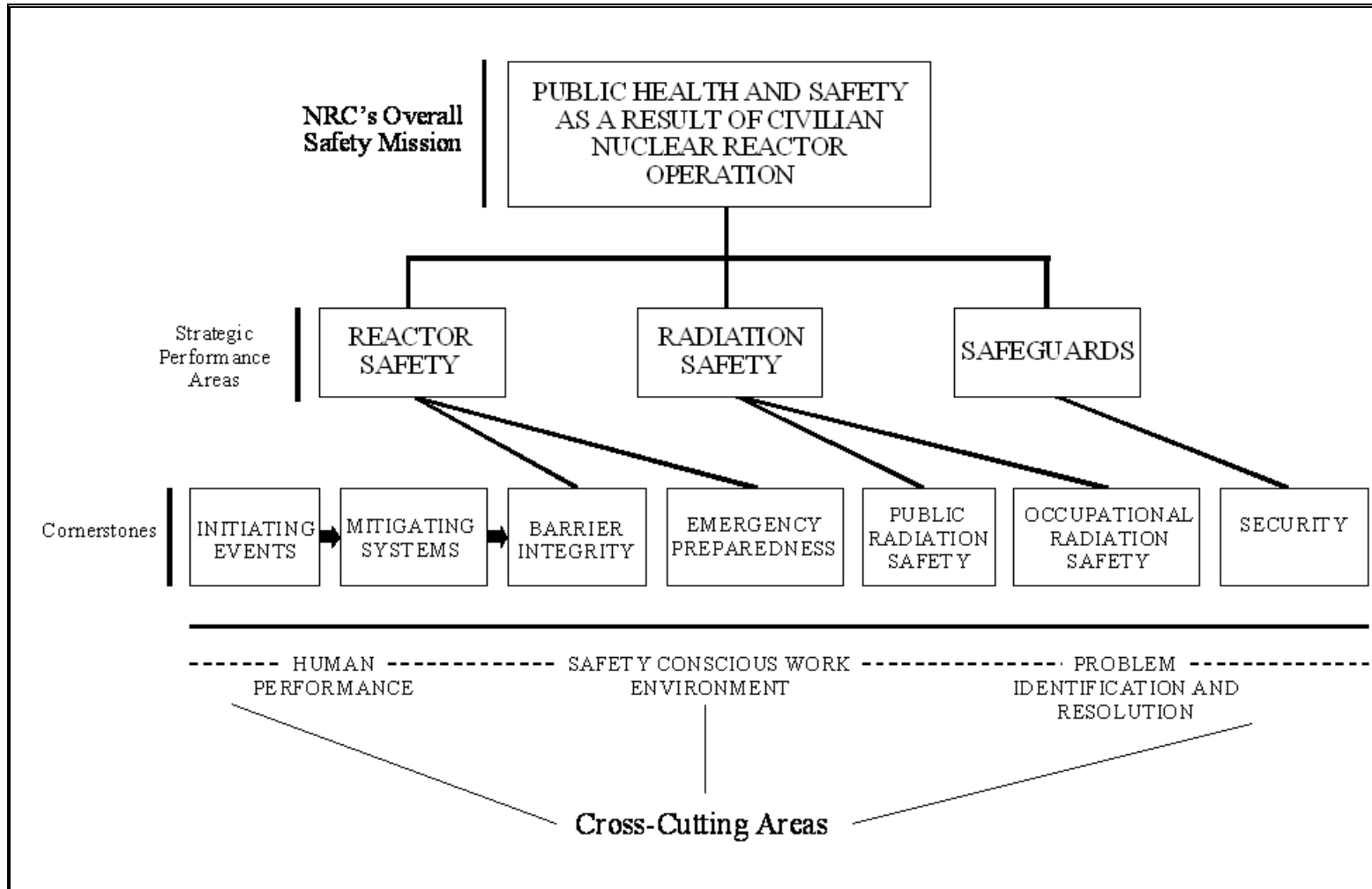


Figure 3: Reactor Oversight Process



\* The Commission has decided that certain findings and assessments pertaining to the Security Cornerstone will not be publicly available to ensure that security information is not provided to a possible adversary. Therefore, security-related information will not be discussed during public meetings.

Figure 4: Regulatory Framework



ATTACHMENT 1

Revision History for IMC 0305

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
N/A	04/24/2000 CN 00-009	Provide guidance on the assessment program that is consistent with the Revised ROP	None	N/A	
C1	03/23/2001 CN 01-009	Incorporated feedback from stakeholders and added guidance on approval and notification of deviation requests (Staff Requirements memo dated 5/17/00)	None	N/A	
N/A	02/11/2002 CN 02-005	Incorporate lessons learned since ROP issuance	None	N/A	
N/A	ML030520611 02/19/2003 CN 03-005	Incorporated feedback from stakeholders	None	N/A	
N/A	ML040620054 01/29/04 CN 04-002	Incorporated feedback from stakeholders	None	N/A	

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
C2	ML043560249 12/21/2004 CN 04-028	Incorporated feedback from stakeholders. Review deviations for possible changes to ROP guidance and discussion of the deviations (Staff Requirements memo dated 5/27/04)	None	N/A	
C3	ML043560249 12/21/2004 CN 04-028	Utilizing independent assessments of licensee performance (DBLLTF 3.3.3(1))	None	N/A	
N/A	ML052770021 11/15/2005 CN 05-029	Incorporated feedback from stakeholders	Yes, computer-based training	08/30/2005	
C4	ML061520397 06/22/06 CN 06-015	Enhancing the ROP to more fully address safety culture (SRM 04-0111)	Yes, computer-based training and counterpart meeting training	07/01/2006	ML061520403
N/A	ML063120182 01/25/07 CN 07-003	Incorporate feedback from stakeholders	None	N/A	ML070080358

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
N/A	ML070870483 04/04/07 CN 07-012	Incorporated feedback from stakeholders to number cross-cutting aspects.	None.	N/A	N/A (administrative change)
C5	ML072770496 11/27/07 CN 07-036	Revised the Action Matrix for plants in Column 3 and 4 (SRM COMSECY-07-0005) 06/29/07	None.	N/A	ML073230132
N/A	ML082770835 01/08/09 CN 09-001	Revised numerous guidance elements to address implementation issues. Revised some safety culture related elements as a result of the lessons learned evaluations. Addressed ROP feedback forms 0305-1190, 0305-1232, 0305-1202, 0305-1268, 0305-1269, 0305-1295, and 0612-1231.	None.	N/A	ML083181119
N/A	ML090700528 04/09/09 CN 09-011	Reformatted to improve usability. No changes to the content.	None	N/A	N/A
N/A	ML091490387 08/11/09 CN 09-020	Content added to incorporate the use of traditional enforcement actions in the mid- and end-of-cycle reviews	None	N/A	ML091940214

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
N/A	ML093421300 12/24/09 CN 09-032	Incorporated feedback. Revised to incorporate program clarifications. Revised to clarify movement in the Action Matrix. Revised to define the SCWE cross-cutting theme. Revised to relocate guidance on cross-cutting aspects.	None	N/A	ML093350363
N/A	ML102730571 07/06/11 CN 11-011	Incorporated FBFs: 0305-1471, 0305-1514, 0305-1518, 0305-1536, 0305-1560, 0305-1633, and 0105-1640. Revised method Substantive Cross-Cutting Issue documentation. Re-numbered various sections, provided additional examples to others and incorporated program clarifications.	None	N/A	ML11173A054