

REQUEST REPLY BY 1/11/2000



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

COMNJD-99-006

Disapproved w/attached comments.

COMMISSIONER

December 23, 1999

Greta Joy Dicus
Greta Joy Dicus 1/13 /00

RELEASED TO THE PDR
2/11/00 OKW
date initials

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MEMORANDUM TO: Chairman Meserve
Commissioner Dicus
Commissioner McGaffigan
Commissioner Merrifield

FROM: Commissioner Diaz *hjd*

SUBJECT: THE EFFECTS OF INDUSTRY CONSOLIDATION ON NRC OVERSIGHT

The staff response to my November 9, 1999 memorandum regarding the effects of industry consolidation on NRC oversight (attached) describes the staff's general awareness and the existing foundation for addressing future challenges in this area. However, no specific analyses and plans exist to address today's scenarios. Currently, 60 of the 103 nuclear power plants operate in states that have restructured their electric power industries. Mergers and consolidations of various sizes are happening throughout the country. For example, the merged UNICOM and PECO will control at least 16 reactors, Entergy already controls 6 reactors, and Carolina Power and Light is expanding into Florida. The pace of consolidation is accelerating, and the agency needs to have firmly established plans to effectively carry out its mission in this changed environment.

I recommend that the Commission task the staff to develop a plan to address the areas of oversight that would change under industry consolidation. The plan should be developed with industry and stakeholder participation from the very beginning, in much the same manner the reactor oversight process was developed after the IRAP.

The above task should be done expeditiously so that the staff could then provide the Commission with draft budget assumptions to accommodate NRC preparations for industry consolidation. This should also enable the staff to incorporate performance measures of the consistency of application of the reactor oversight process into the agency's performance plan.

SECY: Please track
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COMMISSIONER DICUS' COMMENTS ON COMNJD-99-006 "THE EFFECTS OF INDUSTRY CONSOLIDATION ON NRC OVERSIGHT"

I appreciate Commissioner Diaz's proactive approach for considering process and organizational changes that may improve the effectiveness and efficiency of NRC in a changing industry environment. I believe that the staff should, similarly, be proactive in seeking out areas for further regulatory improvement.

However, the staff should be given sufficient time to evaluate the effect of wide-scale industry consolidation efforts, consider lessons learned and industry performance under the new reactor oversight process, gather stakeholder insights and consider whether pilot activities may be appropriate. This would be a longer term effort that will not be sufficiently complete for use in the upcoming budget cycle.