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STATE OF VERMONT  
DEPARTMENT OF PUBLIC SERVICE

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Chief  
Rules and Directives Branch  
Division of Administrative Services  
Mail Stop: T-6 D59  
U.S. Nuclear Regulatory Commission  
Washington D.C. 20555

Comments of Proposed Revisions to the NRC Oversight Process

This letter is submitted in response to the Nuclear Regulatory Commission's (NRC) request for public comments on proposed revisions to NRC processes for oversight of safety performance of commercial nuclear power plants.

The Vermont Department of Public Service (Department) is responsible for monitoring the operation of the Vermont Yankee Nuclear Power Station in Southern Vermont for safe performance and practices. The Department periodically inspects at Vermont Yankee and participates in NRC inspections under a memorandum of understanding dated January 11, 1990.

The Department is highly involved in the transition of the electric industry to a competitive environment. Through the history of monitoring the financial operations of Vermont Yankee, the Department has observed the effects of the onset of the competitive environment on Vermont Yankee finances. Based on this experience, the Department expects competition to exert pressure on financial resources used for nuclear operations and maintenance.

While Vermont Yankee was not chosen for NRC's revised reactor oversight process pilot program, the Department has also followed the transitions occurring at NRC. Through the Vermont State Nuclear Advisory Panel (VSNAP), the Department participated in a presentation on the program on June 7, 1999, by Mr. William Kane, Associate Director of Inspections and Programs. The Department participated as a panel member in a workshop on NRC's Reactor Arena Strategic Plan on August 20, 1999, and offered comments at the State Liaison Officer's meeting on December 1, 1999.

The Department also coordinates and follows the activities of other states. In the case of the pilot plant program, I am aware that the state of New Jersey has devoted

significant state resources to evaluate the new oversight process at the Salem nuclear plant which was chosen as one of the pilot plants. New Jersey is one of a handful of states which specifically follows closely the safety aspects of New Jersey nuclear plants through its Department of Environmental Protection. Because of this committed nuclear expertise, and the resources used to evaluate the program in New Jersey, the Department urges the NRC to place high value on the comments offered by the New Jersey Department of Environmental Protection (Lipoti to Chief, Rules and Directives Branch) on December 31, 1999.

The Department's specific comments are as follows:

1. **Reschedule National Implementation** - We urge that national implementation of the program be delayed until the comments below are resolved.
2. **Monitor Effects of Financial Pressures from Competition** - The revised oversight process should be amended to specifically add components which monitor the pressure placed upon nuclear plant finances from competition. Methods for monitoring financial pressure should consider, but not be limited to, strategies for monitoring the following: appropriate financial parameters, initiation or delay of capital improvements, maintenance backlog, event report generation and backlog, timing and backlog for review of industry experience reports, adequacy of staffing and staff cutting, use of overtime, and general safety culture. A methodology should be developed in the inspection program to determine if indicator events were caused by economic pressure - for example, the occurrence of an indicator event that was caused by a previously identified problem which was not resolved in a timely manner. The performance measure should incorporate the target number of these events as a measure of accomplishing the goal.
3. **Return to Numerical Rankings** - The NRC should abandon the color system of performance ranking and return to numerical rankings for performance. A system which uniformly ranks substantially all nuclear plants as "green" will not enhance public confidence, but rather will erode it. The comments expressed at the February 3, 2000, meeting with NRC staff by Advisory Committee on Reactor Safety (ACRS) members Apostolakis and Bonaca should be heeded before national implementation of the program. Both expressed concerns over the proposed performance indicator system. If the color system is retained, entities such as states and financial markets will be forced to create alternate performance rating systems which differentiate nuclear performance. This will have the effect of marginalizing NRC's performance evaluations.
4. **Prove that Performance Indicators Correlate with Plant Performance** - The pilot program has not been conducted long enough to determine if concentration on performance indicators will identify adverse trends in safety performance. At

the February 3, 2000, ACRS meeting with NRC staff, the NRC inspection program branch chief stated that he was not confident that the six-month test of the new oversight process was enough time to prove the premises behind the new oversight process. One solution would be to extend the pilot program until this correlation can be made. Another would be to retain the present inspection system nationally, benchmarking emerging adverse trends under the present program with the manner these trends would be identified by the proposed new oversight program.

5. **Prove that Staff Allotments for Inspections are Realistic** - We believe that intention to reduce inspection hours and staff should be re-evaluated in consideration of the pressures on nuclear operation and maintenance which will occur from restructuring. Staff reduction is embedding within the revised oversight program as person-hour allotments for inspection tasks. However, the pilot program, as evaluated by the Pilot Plant Evaluation Panel (PPEP) in its final report of December 17, 1999, concluded that, "The data is insufficient to indicate that less resources are required to perform the new inspection program." Further, in evaluating the adequacy of scope and frequency of baseline inspections, the PPEP concluded, "It is premature to make an overall conclusion relative to this criterion [reduction of staff resources] ... the panel does not believe that sufficient data have been collected to confirm some of the assumptions inherent in the program design." The time allotments and scope of the inspections need to be refined before national implementation of the program.

I appreciate the opportunity to comment on the revised oversight program. The NRC inspection program is an important link in providing reasonable assurance of public health and safety, and protection of the environment, from this power supply source.

Sincerely,



Richard P. Sedano, Commissioner  
State Liaison Officer