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Chief, Rules and Directives Branch
Division of Administrative Services
Office of Administration, T-6D59
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear NRC:

Siemens Power Corporation (SPC) offers the following responses to the NRC's request for public comment on the conduct of the allegations program under the new regulatory oversight program, as published in the Federal Register of February 9, in SECY-99-273, and in the Commission's response of January 27, 2000.

First, SPC believes that safety must be the paramount objective in any consideration of how to address allegations. In that respect, the application of risk-informed principles can be of value.

Second, SPC believes that responsiveness to individuals making allegations is more important than the simple idea of timeliness. In this respect, responsiveness has two important elements: (1) keeping the individual informed of the priority assigned to the case and (2) the expected timing in handling the case. Timeliness by itself is of limited importance except as it may be directly related to the urgency associated with safety matters.

Third, the approach to the handling of allegations must reflect an effective regulatory process, including the efficient use of limited resources. The expenditure of 30 to 40 full-time equivalents each year to address these allegations appears excessive, especially in view of the very limited results obtained in improved safety.

Fourth, it appears that the results presented in the second paragraph of the discussion regarding option 3 clearly support the selection of that option. SPC understands the NRC's expression of concern about the potential loss of absolute confidentiality, but believes this risk to be very limited. This concern about confidentiality does not override the value of selecting this option, however.

In addition, it does not appear reasonable that the application of option 3 might save only 10 to 12 percent of the effort required to resolve allegations. This approach should result in much greater savings. We urge a re-assessment of this estimate and the expected effects of strictly applying option 3. For example, the application of risk-informed decision making to the determination of safety significance provides a sound basis to bring more balance to the process of handling allegations. Specifically, if an allegation is shown to have extremely limited or no safety significance, a fair and warranted decision can be made not to proceed with a detailed investigation. Consequently, the NRC's limited resources can be applied to those matters of safety significance and not on other

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issues, which under the current procedure would require the expenditure of valuable time for no apparent benefit.

One of the questions posed in the Federal Register notice concerned the matter of reduced regulatory burden. This subject does not appear to be a major consideration in selecting an option because licensees will still be expected to assess some significant percentage of the cases submitted for consideration. In fact, the licensee may be expected to assist the Staff in performing a risk assessment. It may, however, reduce the population of allegations that have to receive detailed evaluation.

A second question raised in the notice was about public confidence. If the rationale for selecting and applying option 3 is clearly stated, public confidence should not be affected. This conclusion is based on the belief that the allegation program attracts little, if any, public notice, except from those few individuals or organizations who tend to view nuclear activities negatively despite the effectiveness of regulatory activities.

SPC believes the process applied to nuclear power plants should be applied to all applicable licensees. Besides being logical and fair, this consistency is further supported by the discussion provided by the NRC under "Additional Considerations."

In summary, in assessing the relative merit of all four options, it is clear that either option 2 or option 3 must be selected as being consistent with other initiatives taken by the NRC. SPC believes option 3 is the superior alternative and urges its selection.

Very truly yours,



James F. Mallay, Director
Regulatory Affairs

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