

United States Nuclear Regulatory Commission
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STATEMENT REGARDING MILLSTONE

BY

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U.S. NUCLEAR REGULATORY COMMISSION

AT A

PUBLIC MEETING
IN
NEW LONDON, CONNECTICUT
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I am glad to be here today to meet with you and to discuss your concerns -- about Millstone, about Northeast Utilities and all its plants, and about the NRC. I have had the opportunity to read your many letters to me, where you have expressed your various concerns.

Let me say just a few words about myself. I have been Chairman of the NRC for a little more than a year. As you know, the NRC has a five member Commission which lays out the policy framework, but, as the Chairman, I am the agency spokesperson and its principal executive officer with the responsibility for ensuring that the NRC staff is responsive to Commission policy and overseeing and directing how it carries out NRC's regulatory program.

My background is in science, and my field is physics. It, therefore, is not public relations. So, I am not here to try to offer fine-sounding words that leave your questions unanswered. Rather, my intention is to engage in straightforward talk with you about what any fair-minded person has to acknowledge are problems.

If I had to sum up the major complaints I have heard, they would be these:

- that the NRC waited too long to put the Northeast Utilities plants on the watch list;
- that Northeast Utilities got too many bites at the apple, and kept its plants on line by coming up with corrective plans that did not correct the problems they were supposed to be fixing;
- that the NRC failed to act in a timely and responsible way on serious and meritorious allegations about problems at the Northeast Utilities plants;
- that the NRC did not always protect the identity of allegers as it should have;
- that the NRC has not given adequate attention to the public's desire for information and to participate in the resolution of safety issues.

To get right to the point, there is truth in all those charges. But I have also heard that NRC is focusing on low-risk significant compliance issues rather than safety/risk significant issues. We need to sort through the issues related to the complaints, individually, in a reasonable way. We also need to address them with the appropriate safety/risk perspective. The issues fall into three categories:

- how Northeast Utilities operated its plants;
- how Northeast Utilities and NRC interacted; and
- how NRC interacted with the public.

And in each case, we have to ask three questions:

- how did this situation come about?
- what has the NRC done to correct it? and
- what changes are we making to make sure that this kind of problem does not recur, at Northeast Utilities or elsewhere?

We are still in the process of determining completely how this situation came about. The NRC and Northeast Utilities devoted significant attention to Millstone Unit 1 as a result of identification of spent fuel pool off-loading practices not being in conformance with the Updated Final Safety Analysis Report. The licensee performed its own root cause analysis of the problems identified at Unit 1 which indicated Northeast Utilities management failures to ensure plant operation in conformance with

the Updated Final Safety Analysis Report. Therefore, because of concern regarding the potential for similar problems at the other Millstone Units and Connecticut Yankee (also referred to as Haddem Neck), the NRC team focused its efforts on Units 2 and 3 and Haddem Neck. The NRC conducted a special team inspection in March and in May of this year to evaluate the methods and processes Northeast Utilities had used to handle degraded and potentially nonconforming plant conditions, including issues affecting the operability of plant equipment. The results of those inspections are currently under assessment by the NRC. The team is preparing the inspection report for Millstone, which is expected to be completed and made publicly available in early September. Preliminary impressions of licensee performance in the engineering and licensing area indicate that the most problematic issue at Millstone was the ineffective corrective action process.

The NRC in performing its regulatory oversight responsibilities considers risk, defense in depth, and emergency planning. With regard to the Millstone inspection team findings, the risk is low of an event that could initiate an accident that could lead to core damage or radioactive releases to the public (i.e., containment failure). However, a review of the findings, taken together, generally indicates an increase in the potential for failure of mitigative systems that may lead to core damage or containment failure. In addition, a review of the magnitude and scope of NRC findings, as well as licensee identified deficiencies, indicates a pervasive problem with how Northeast Utilities managed its people and operated its plants.

Further, issues have been identified by the public, the Office of Inspection General, and the NRC itself that pointed to NRC reactor oversight program weaknesses.

The NRC has thus far taken actions to correct these problems, specifically at Millstone and then generically to make sure that these problems do not recur, at Northeast Utilities or elsewhere. As you know, at Millstone, all three units are shut down. In January 1996, the NRC placed the Millstone facility on the Watch List as a Category 2 plant requiring increased oversight. In June 1996, following Commission action, the NRC informed the licensee that the Millstone site has been designated a Category 3 facility on NRC's "Watch List." Plants in this category have been identified as having significant weaknesses that warrant maintaining the plant in a shutdown condition until the licensee can demonstrate to the NRC that adequate programs have been established and implemented to ensure substantial improvement. This would require the NRC staff to obtain Commission approval by vote prior to restart for each unit.

The NRC has received Northeast Utilities' Restart Plan, identifying Millstone Unit 3 as the lead plant for restart, and a Configuration Management Plan. The objectives of such a configuration management plan are to ensure that design basis requirements are being met, that adequate programs and processes exist to maintain the design bases of the plants, and that the conditions which led to the current problems are understood and that actions to prevent recurrence have been implemented.

Because of NRC concern about the effectiveness of the licensee's management in correcting problems, the NRC will require an Independent Corrective Action Verification conducted by an Independent Third Party. The objective is to provide a high level of confidence in the process used by the licensee to identify, review, and correct problems.

The Independent Corrective Action Verification provides for indepth confirmation of results versus plan and process. The proof of improvement will be in the results - not the programs. The NRC will closely monitor verification activities and conduct public meetings, public inspection exits, and will allow observance of NRC inspections by representatives or the State of Connecticut.

In addition, when Northeast Utilities is close to being ready to restart, the NRC, in accordance with the NRC guidelines for restart approval, will conduct a team inspection to confirm the licensee's readiness for restart. This will include audit of completion of actions identified in the licensee's restart plan, review of test plans, and observation of control room operations. This team inspection is to confirm that the plant and the staff are ready to resume power operations. The NRC will conduct a public inspection exit meeting and finally a public Commission briefing. As I mentioned earlier, approval of the Commission is needed prior to restart of any of the Millstone units.

There are numerous other reviews and assessments regarding Millstone that are ongoing. For example, a senior Headquarters manager is leading an evaluation of the history of the handling by Northeast Utilities and by the NRC of employee concerns and allegations related to licensed activities at the Millstone station. The results from this review will be discussed with the licensee and public in a meeting here in Connecticut tomorrow.

The NRC has initiated a number of other actions and reviews aimed at improving the regulatory framework and developing comprehensive lessons-learned from Millstone. Just to name a few, the Commission recently issued policy statements on "Protecting the Identity of Allegers and Confidential Sources," and "Freedom of Employees in the Nuclear Industry to Raise Safety and Compliance Concerns Without Fear of Retaliation." In

conjunction with issuing the latter policy statement, the Commission directed the NRC staff to exercise its authority by independently investigating high priority cases of alleged discrimination to determine whether retaliation occurred and to take the appropriate enforcement action in a timely manner. I also initiated a comprehensive review of program and inspection guidance for oversight of the Updated Final Safety Analysis Report and nonconforming conditions related to this document; the section of the NRC's rules that says that licensees can make certain kinds of changes on their own, provided that they have analyzed them and that certain standards are met (implementation of 10 CFR 50.59); and licensee corrective action verification to identify weaknesses and corrective actions. This will include consideration of the role of and guidance to Project Managers and Resident Inspectors.

When you are talking about a health and safety agency -- whether it is the NRC or the Federal Aviation Administration, or the Food and Drug Administration -- there should not be any question who the "customer" is. The customer is the public. It is important that we do not make regulation any more burdensome or costly for the regulated industry that it needs to be, but the bottom line has to be that an NRC licensee operates a safe plant, and lives within regulatory requirements or it does not operate.

As I ask myself what went wrong in this case -- why the regulatory culture did not always function as it should have -- I frankly do not have all the answers -- not yet, anyway. But I do think that we, the Commissioners, owe it to the public, and the licensees, and to the NRC's own staff to make clear what our stance is as regulators and then stick to that, so that the ground rules are clear and consistent. In this case, not one of these plants should be allowed to go back on line until it is clear they can do so safely.

Let me say that I think this is a fixable problem. It is an issue of management: setting a policy, sticking to it, and making sure it is followed. There is some experience to date -- where plants, that were once on NRC's Watch List (such as Brunswick, Turkey Point, and Davis Besse), are now good or superior performers. One of the key factors contributing to their success was that these plants stayed shut down until they corrected overall equipment problems.

And now I would like to turn to your questions.