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PRESS CONFERENCE AT WATERFORD
BY
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U.S. NUCLEAR REGULATORY COMMISSION
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Good afternoon.

Senator Lieberman, thank you for your introduction. I am pleased you have been with me for a good portion of the day. I will ensure that you are kept informed of our activities here at Millstone. {to the press...It was also a pleasure for me to point out to the Senator issues of particular interest to the NRC during our plant tour.} I appreciate your taking the time to join me today; I understand you have to leave now, and, again, thank you.

I know we have a lot of ground to cover -- but I would like to make a few brief points before turning to your questions. And, of course, you are invited to come and report on the public meeting which begins at 7 p.m. across the street in the High School auditorium.

As you know, all three Millstone reactors are currently shut down because of safety concerns, and our concerns with respect to the pervasiveness of the licensee's non-conformance with regulatory requirements and the inadequacy of its corrective action programs. They also are shut down because of issues related to an ineffective Employee Concerns Program which is important because employees must feel free to raise safety concerns without fear of retaliation, especially from management. Millstone Unit 1 has been shut down for 26 months, and Units 2 and 3 have been shut down for approximately 22 months. All three of the Millstone units were placed on the NRC's Watch List in January 1996 as "Category 2" plants requiring NRC attention. By action of the Commission, the units were re-categorized as "Category 3" plants in June 1996.

This action necessitates Commission approval for restart of each of the units.

It was during my last visit here, on August 6, 1996 that I informed the management of Northeast Utilities that before the Millstone Station reactors could restart, the NRC would require an independent corrective action verification conducted by an independent third party. As I said over a year ago, we initiated these measures because of NRC concern about licensee management effectiveness in correcting problems, and the magnitude and scope of NRC findings as well as licensee identified deficiencies.

On October 24, 1996, the NRC issued a second order -- directing that before restarting any unit, the licensee develop and submit to the NRC a comprehensive plan for reviewing and dispositioning safety issues raised by its employees -- and ensuring that employees who raise safety concerns can do so without fear of retaliation. The order also directed the licensee to retain an independent third party to oversee implementation of the licensee's plan.

In November, 1996, the Commission established the Special Projects Office -- to provide for direct oversight of all licensing and inspection activities, separate from NRC regional management, and to tailor and implement the NRC's "Staff Guidelines for Restart Approval" (the Manual Chapter 0350 Process), to specifically assess deficiencies at the Millstone Units.

Throughout 1997, the Commission has had "Quarterly Public Meetings" to assess the status of activities at the site. These meetings have included discussions with the licensee, independent contractors, and NRC staff. The Commission is knowledgeable of the significant number of public meetings (about 30) held by the staff of the Special Projects Office in the Waterford, CT area. The Commission has stressed the importance of taking the time and effort to ensure that the public remains fully informed.

The next Commission meeting is scheduled for February 19, 1998. This meeting was scheduled two months after the last meeting in order for the Commission to better assess the results of some of the significant inspections that are occurring now, or that are scheduled for the near future. I have asked the Special Projects Office to update the Commission on a more frequent basis as NRC inspection activities have increased recently. This is occurring monthly via written reports.

I have reminded the NRC staff, and the licensee, not to be driven by schedule -- but by the primary task of determining whether the Millstone organization is functioning with the proper perspective and methodology for safe operation.

As I state at each Commission meeting, the Commission does not presuppose that any of the three plants will restart by any certain date. I understand that plant employees are excited as they see what they believe is the light at the end of the tunnel. I understand the public anxiety surrounding the potential restart of any of the units...anxiety that could be summarized with the following question: "If they have had to be shut down for so long, how can I be sure that they are safe to restart?"

The Commission is sincerely interested in -- and does "hear" -- the public's concerns, whether they are expressed in the media, public meetings, discussions with the NRC staff, or in correspondence to the NRC. I am here this afternoon, and tonight at the public meeting, once again, to hear them first hand.

I spent the day touring the plant, hearing assessments first hand from our inspectors, and meeting with plant employees, first line supervisors, as well as local officials and representatives from interested parties monitoring Millstone activities.

In summary, the NRC staff, and the Commission, are committed to ensuring that the Millstone Station is a safe station, with an effective Corrective Action Program, and an environment supportive of raising and resolving safety concerns.

And now I would like to turn to your questions.

Let me provide more context in three areas. First, the Millstone "Lessons-Learned" Review, and concurrent reviews of the use and updating of the Final Safety Analysis Report (FSAR) and of 10 CFR 50.59 (the very extensively used NRC regulation governing plant changes for which a licensee does not have to come to the NRC beforehand), at the Commission's direction, have been combined into an overall comprehensive review of these areas. The Commission has before it, and is acting on, a paper containing recommendations and options aimed at clarifying regulatory requirements, and strengthening our oversight of all of these areas. But changes already have occurred to strengthen our tracking of licensee commitments, to ensure the proper updating of each licensee's safety analysis report, to direct our inspectors to review the FSAR before inspecting a licensee's facility, and to be more vigilant to signs of a "chilling" environment, and to properly disposition allegations which come to us. Secondly, we have undertaken several explicit initiatives to strengthen the Senior Management Meeting to make it more objective, scrutable and fair. The Commission has now tasked the staff to undertake a comprehensive and integrated review of our complete reactor assessment process and to come back with a new paradigm that more explicitly and clearly lays out all of our regulatory requirements, inspects against them, assesses licensees' performance in the most objective way possible, and ensures that prompt, effective regulatory action is taken to address the problems that are found, in a way commensurate with their safety and regulatory significance. Thirdly, all of this is taking place against the backdrop of a major reorganization of the NRC which the Commission approved one year ago. The new structure groups line regulatory programs in a way to enhance synergy and to help build in line accountability. We have created a new Regulatory Effectiveness organization which groups and draws upon the strengths of the offices of Research, Analysis and Evaluation of Operational Data (AEOD), Investigation and Enforcement, to allow the NRC to more properly track and trend licensee performance in key areas, to do this outside the day-to-day regulatory program areas, but to feed into them. We have a number of regulatory effectiveness and regulatory excellence initiatives underway to strengthen how we conduct our business in all areas from inspection, to licensing, to

enforcement, to the development of regulations. Finally, essentially all of our Senior Management Team is new, within the last year and a half. All of them are committed, and are being held accountable through performance standards and performance appraisals to ensure that our regulatory program works, and accomplishes its intended objectives, and thereby engenders public trust. In fact, our new Executive Director for Operations, Joe Callan is here with me today. He has the responsibility to ensure that our day-to-day regulation is strong, and that the various initiatives underway come together to strengthen further our regulatory program. He and the management team he directs are committed to this.