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PUBLIC MEETING
BY
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U.S. NUCLEAR REGULATORY COMMISSION
WATERFORD, CONNECTICUT
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Good evening.

I would like to reiterate some points from the opening statement I made at this afternoon's press conference. Then I will answer questions that were solicited from established groups actively involved in monitoring Millstone activities. Following these questions and answers, I will open the meeting for questions from the floor.

Before I begin, I would like to say that my being here tonight has nothing to do with any pre-established schedule, etc. I decided that It was time for me to come back and listen to you in person, again. The licensee, and the NRC, have much work left to do before coming to the Commission for any formal decision on restarting any of the Millstone units. But, I would rather visit with you earlier, than later. If I, or the staff with me, cannot answer your concerns properly tonight - we will respond in writing after this meeting.

According to the tentative (and I repeat tentative - for planning purposes) time line, the Commission will have at least two Commission meetings before voting on Millstone Unit 3 restart. I have asked the Secretary of the Commission to "block off" a portion of time during the Millstone Commission meeting which would occur prior to the Commission's formal vote on restart. The Commission plans to allow selected representatives from groups that have been monitoring Millstone activities to provide their views at that Commission meeting.

{PRESS CONFERENCE OPENING STATEMENT}

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 increased 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 NRC 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 being done in monthly 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.

Now - I would like to respond to questions solicited in advance. Groups that have been actively monitoring Millstone activities were provided the opportunity to submit questions in advance in an effort to ensure that those groups have their important questions heard and addressed at this time. My staff informs me that the Nuclear Energy Advisory Council(NEAC) has been particularly involved in all aspects of this process; however, I thank you all for your interest and participation.

NEAC #1) Among the root causes of the problems that have lead to the current situation at Millstone Station is shortcomings in the oversight and enforcement activity by the Nuclear Regulatory Commission (NRC). The May 1997 Government Accounting Office (GAO) Report on Nuclear Regulation presents ample and specific evidence of the deficiencies and ineffectiveness of the NRC. What action has the NRC taken to address and correct the root causes that contributed to the shutdown of Millstone Station, and how can we be assured that the NRC will effectively ensure public health and safety and prevent the current situation from reoccurring at nuclear power plants in Connecticut?

In response to the events at Millstone and other related activities, the NRC conducted a broad-based review of NRC programs and guidance in the areas of inspection, licensing, enforcement and licensee reporting. This review, referred to as the "Millstone Lessons Learned" considered, in part, Millstone and Haddam Neck inspection results, Millstone employee concerns review, the results of the fuel pool cooling and core off-load procedures review, and the results of Updated Final Safety Analysis Report (UFSAR) inspections conducted at all nuclear power plants. This effort involved individuals who were not part of the day-to-day oversight of Millstone, so that an impartial assessment of the situation could be obtained. This review was completed, and the Commission was briefed, last February.

A number of changes have already come out of this, and related reviews, aimed at strengthening our oversight and licensee performance of activities in each of these and other areas.

NRC managers currently responsible for review efforts associated with the Millstone Lessons Learned will be held accountable to take the actions necessary to ensure that weaknesses in the NRC's oversight activities have been addressed and that the lessons learned from this experience are used to strengthen the NRC's overall programs.

The GAO report of May 1997 provided three recommendations to the NRC for enhancing licensees' accountability. I responded to the GAO's recommendations in a letter last August. I stated that the NRC had: implemented a number of enhancements and (was) already working on a number of initiatives that directly related to issues discussed in the GAO report. These actions included extensive evaluation and enhancement of the senior management meeting process, development and issuance of improved guidance regarding the content and accuracy of each licensee's safety analysis report, and development of a process to improve the NRC management and verification of licensee commitments. In addition, the strategies adopted in our strategic plan are aimed at correcting previously identified problems and findings in internal and external audit and investigative reports.

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.

In summary, the NRC has evaluated and assigned corrective action responsibilities, as necessary, and has taken other actions to address the shortcomings found by the GAO staff regarding the NRC's processes for licensee oversight.

NEAC #2. The volume of Deficiency Reports generated by Sargent & Lundy at Millstone 3 is of serious concern, even though the number of Level 3 and high safety related items has been relatively small. The findings of the Out-of-Scope Safety System Functional Inspection (SSFI) and their causes are equally troubling. What criteria will you/have you used to decide whether or not to expand either the Third Party Corrective Action Verification Program (ICAVP) and the NRC SSFI program. If no expansion has or will be directed, how can we be assured that the NU CMP has and will protect public health and safety?

The NRC is fundamentally using acceptance criteria linked to conformance, or identified nonconformance, with the plant licensing/design bases for evaluating any possible expansion of ICAVP scope. The criteria lay out four significance levels being used by the NRC staff to categorize the ICAVP findings. Specifically, Levels 1-3 involve findings

of nonconformance with the licensing/design bases, and Level 4 involves relatively minor findings which do not result in nonconformance.

The NRC staff, at a meeting with the public last week, and, in recently-issued correspondence to NEAC, the ICAVP contractors and the licensee, recently has provided additional discussion on acceptance criteria, the findings and possible ICAVP scope expansion. The recent letter states that the ICAVP oversight plan, as currently established, allows the NRC staff to make informed judgments based not only on an assessment of the individual issues, but also on the licensee's corrective actions for that issue including the identification of root cause(s) and causal factors associated with the issue, the proposed resolution of the issue, the applicability of the issue to other systems, and broader programmatic and operational issues. As such, an important element in the ICAVP process is the NRC staff's or ICAVP contractor's independent verification of corrective actions being taken by the licensee in response to ICAVP findings. This independent verification of the adequacy of corrective actions results in additional ICAVP evaluations of the plant's licensing and design bases.

For example, even for Level 4 findings, which do not involve nonconformance with the licensing/design bases, the staff will evaluate them for any trends which might raise a question about the license/design bases and which should require additional ICAVP review.

The ICAVP, with or without any expansion of the original scope, must be judged as effective in confirming the plant's licensing/design bases before restart. If additional action by the licensee, the ICAVP contractor or the NRC staff is required to conclude, with confidence, that the plant is in conformance - those actions will be taken before any Commission-approved restart.

NEAC #3. (a) What actions will the NRC take to ensure that the health and safety of the public is protected during the decommissioning of Connecticut Yankee? (b) Does the NRC intend to modify the existing regulations?

(a) The NRC will continue to provide significant oversight of the decommissioning at Connecticut Yankee. The resident inspector will remain onsite for the beginning of the decommissioning, and there will be specialist inspections performed by Region I, and Headquarters staff. We have a defined inspection program that covers all major aspects of the decommissioning. Regional responsibility for the site is with a branch that is solely responsible for decommissioning projects, to further emphasize the importance of a safe and expeditious cleanup.

Contacts will be maintained with state and local groups as the decommissioning proceeds.

(B) During recent public meetings, our regulations were criticized in that they do not require the opportunity for a hearing until the end of the process, when the licensee submits the License Termination Plan. The public wants a hearing earlier, when the

Post-Shutdown Decommissioning Activities Report (PSDAR) is submitted. By regulation we must hold a public meeting within 90 days of receipt of the PSDAR, and accept public comments. Unless the NRC objects, the licensee can proceed with major decommissioning activities, at the end of this 90-day period. The public meeting is explicitly intended to allow public input with respect to the PSDAR. The hearing opportunity at the end of the process is meant to allow public input and appropriate intervention before the license is formally terminated.

There are no rulemaking changes being initiated by the staff at this time.

CAN #1) Given the fact that a reactor has suffered a partial melt down and you did not revoke its license; given the fact that a licensee has lied to the NRC and you did not revoke its license; and now, at Millstone, you are faced with a situation of gross and systemic mismanagement that has been life threatening to the workers and the public, what will it take for the NRC to revoke a license to operate a nuclear reactor?

I cannot speak to all of the considerations that may or may not have gone into any earlier decisions with respect to possible license revocation. However, the NRC would revoke a nuclear power plant license, if, in the opinion of the Commission, continued possession of the license would be inimical to the common defense and security or to the health and safety of the public. In other words, the Commission would have to conclude that the licensee is not capable of protecting the public, in any plant condition, before a nuclear reactor license would be revoked. Normally, public health and safety can be adequately protected by ensuring a licensee maintains its facility in a shutdown condition until the significant problems are corrected (along with increased NRC oversight of the facility). Thus far, the Commission has not found it necessary to revoke a license of a nuclear reactor operator.

CAN #2) Little Harbor Consultants established 14 attributes associated with an effective Safety Conscious Work Environment. LHC believes that "requiring management action" is acceptable for the restart of the Millstone reactors even though NU has a decade long history of harassment and retaliation. A) Will you reject LHC's recommendation and hold Millstone accountable to meaningful requirements such as "meeting expectation?"
B) If you refuse to hold Millstone accountable to meaningful requirements, will you impose, so as to protect the health and safety of workers and the public, a 6 month dry-run period prior to start up for NU to demonstrate that they will not harass and/or fire workers who raise safety concerns?

The NRC believes the recommendations presented by Little Harbor are meaningful. Therefore, they will be an important part of the Commission's deliberations regarding restart of any Millstone facility. When the NRC's October 24, 1996, order was issued, the NRC recognized that it would take a long time for employees to develop trust in a developing and evolving safety-conscious work environment (SCWE) and that it takes time for management to avoid the occasional errors and eliminate actions which may

lead to a chilling effect. As specified in NRC's October 24, 1996, order, the Independent Third-Party Oversight Program (ITPOP) will continue to be implemented until the licensee demonstrates, by its performance, that the conditions that led to the requirements of the oversight have been corrected. Factors for determining when this third party oversight program can be discontinued will essentially be the same as those required for restart of a Millstone unit except that sustained performance, without intervention, will need to be demonstrated. Demonstration of sustained performance will be assessed using the continued findings of the third party, licensee self-assessments, performance indicators, and NRC evaluations. The NRC staff has anticipated that independent oversight will need to be in place at least six months following the restart of a Millstone Unit to provide a sufficient period to assess sustained performance related to a safety conscious work environment and a capability to handle safety concerns raised by employees and contractors. Following this initial assessment period, there may be a need for periodic evaluations by this or another third-party organization to assure that programs are maintained and that they are being effectively implemented. The licensee's current extended outage provides for an initial assessment period regarding implementation of the employee concerns program and establishment of a safety conscious work environment. Therefore, the NRC staff does not believe an additional six month dry-run period is necessary to provide adequate protection of public health and safety. However, the Commission will weigh all factors presented to it with respect to employee concerns before it makes its final decisions regarding the restart of the Millstone units.

CAN #3) Given both the gross number of discrepancies and the two very serious discrepancies found when only 5 of the 88 reactor systems were inspected at Millstone Unit 3, will NRC increase the scope of the Independent Corrective Action Verification Program and inspect additional systems?

The third party contractor has reviewed 15 of the 88 risk significant or safety-related systems as categorized by the Maintenance Rule.

Thus far the ICAVP contractor review has not identified significant issues at Unit 3. Only one issue (a significance Level 3) involves a confirmed nonconformance with the plant's licensing and design bases.

All of the other confirmed discrepancies have been identified as findings which are of minor significance and do not result in nonconformance with the licensing and design bases. Although these discrepancies, individually, are not significant, the NRC staff is assessing whether trends indicate that additional ICAVP review should be required.

CRC #1) Regarding the on-going Department of Justice / Federal Bureau of Investigation, investigations into possible criminal actions at Millstone, if that investigation is not completed prior to restart, will the NRC at least establish that the investigation's scope does not cover current Millstone workers and management?

The Commission has received closed briefings regarding the status of DOJ investigations. I will insist that the NRC staff make every effort to understand the status and scope of all investigations, as part of its assessment of Millstone restart readiness. This consideration would include an assessment of the significance and potential outcome of these pending matters, and their applicability to current Millstone management and staff, with a closed briefing of the Commission prior to any restart decision.

CRC #2) In a press conference at Waterford Town Hall on August 6th, 1996, you commented in your opening statement to the press that,
". . . the NRC had not always acted as it should have regarding the activities at Millstone." What assurances do we the public now have, that the NRC is now acting properly, and how has the NRC staff changed its way of doing business to assure you, and the other members of the Commission?

As I indicated in that same press conference, I stated that 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. As Chairman, I have taken action to strengthen the regulatory process, our organization, and management, as I described earlier. We have the regulatory tools necessary to ensure public health and safety. While I cannot guarantee you that there will never be another licensee that has pervasive non-conformance with regulatory requirements and severe inadequacies of its corrective action programs; I believe that the changes we have instituted should not allow this to happen. I can provide assurance that we have taken action to strengthen our regulatory effectiveness in Region I and throughout the NRC. I will further assure you that not one of the Millstone plants will be allowed to go back on line until it is clear they can do so safely.

Let me expand briefly on my earlier comments in this regard.
The NRC has initiated a number of actions and reviews aimed at improving the regulatory framework and developing comprehensive lessons-learned from Millstone. I have initiated changes to the NRC process for evaluating licensee performance, particularly the Senior Management Meeting Process. We now have improved performance indicators, which will be used to increase rigor and consistency in the SMM process. Based on Lessons Learned, I have instituted inspection program changes for the consistent reporting and categorizing of licensees' strengths and weaknesses. The NRC has reviewed inspector training requirements and completed a Job Task Analysis for resident and other region inspectors. 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 (10 CFR 50.59 and GL 91.18). All of thi guidance has been or is being changed and strengthened. Inspectors are or will be trained to them, as appropriate, and expectations to follow all new guidance have been made clear, and our staff will be held accountable to them. These are just a few additional examples of the improvements that this Commission has initiated to improve the regulatory process and to serve the public more effectively.

CRC #3) In the past the NRC has not enforced NRC regulations, and has selectively imposed violations on the licensee at Millstone, in an inconsistent manner. Could you please explain why the recent civil penalty of $2.1 million dollars is not selective enforcement, as many issues were not included in the description, and it only covered a period up to December 31, 1996? Many violations have occurred in 1997, many are very substantial, and enormous amounts include repeat violations of the previous years issues. None include action against any individuals involved in retaliation, which even NU, Little Harbor Consultants, and your agency admit occurred.

The recent civil penalty was the culmination of many inspections over a lengthy period. The enforcement action was designed to focus on the very broad deficiencies apparent from these inspections rather than on all the known individual examples of the deficiencies. Sufficient numbers of examples were included to justify the conclusions. Government agencies at all levels routinely make decisions on enforcement actions using prosecutorial discretion in order to arrive at an appropriate conclusion considering, on balance, the available evidence and the resources necessary to support the action. In the letter to the Millstone licensee accompanying the associated Notice of Violation, the NRC stated:

> Finally, the violations described in the Notice are not the sum total of all apparent violations present or identified during the various inspections, but serve to represent the systemic nature of the significant regulatory problems existing at the Millstone facility. Other apparent violations described in the inspection reports referenced in the Notice are not being addressed in this enforcement action. Nevertheless, they need to be considered as part of your corrective actions.

The December 31, 1996, endpoint was an intentional decision made in order to permit the enforcement process to proceed. This did not mean that no further enforcement actions would be considered. In fact, a $55,000 civil penalty regarding physical security violations was issued on June 11, 1997, for inspections conducted February 3-7, 1997.

The NRC is currently considering additional enforcement actions for other apparent violations identified in 1997. For example, a predecisional enforcement conference was held on January 13, 1998 at the Millstone Training Center to discuss apparent violations identified during inspections conducted on August 18-29 and September 8-19, 1997.

The extent that these may be repeat violations will be considered, as always, in the enforcement process.

A number of alleged instances of retaliation and discrimination remain under review by the NRC and, as such, it is inappropriate to comment on them at this time. However, potential enforcement action against individuals, as in all wrongdoing matters, will be considered if the developed facts support such action.

I should also note that our most effective tool is the continued shutdown of the Millstone units until the Commission decides that all the various problems and issues have been adequately addressed.

Friends #1) If an ICAVP-like review were to be conducted at a SALP 1 nuclear facility, how would the results compare to the findings at Millstone Unit 3? What about a SALP 2 or 3 facility?

Anything I might say on this hypothetical case would only be speculation. However, I will point out that the design problems at Millstone have resulted in an agency decision to conduct NRC design inspections at other facilities across the nation. Although these inspections are not as extensive as the ICAVP effort at Millstone - which is truly an extraordinary effort - our team inspections almost always identify issues requiring corrective action by the licensee. Our experience with these inspections indicates that SALP ratings do not necessarily provide a good mechanism for correlating the extent of design issues. Very often it is the age of the facility - with older facilities having a greater number of inspection issues - which provides a better correlation.

This is very likely attributable to the fact that older facilities were licensed to earlier NRC requirements, and older plants have had more opportunities to modify - and possibly introduce errors into - the design.

The NRC is continuing to emphasize the importance of licensees maintaining their licensing and design bases. We also have modified our inspection focus to give more attention to engineering and design issues.

Friends #2) Please characterize the safety significance of the findings/results discovered at Millstone Unit 3, whether found by NU or the NRC or it's contractors. Was there a threat to public health and safety?

The safety significance of findings at Millstone Unit 3 varies. Some findings by both NU and NRC have a relatively high safety significance, in that they question the operability of the system or component (however, mostly during hypothesized design basis events). Examples include recirculation spray system design deficiencies, diesel generator operability during tornado conditions, and component cooling system design temperature concerns. However, these findings did not involve a direct threat to public health and safety, but represent a compromising of mitigative features provided for a design basis accident.

Although the causes of the extended shutdowns for each of the Millstone units existed before the shutdown of the facilities, the NRC considers that the plants were operating safely before they were shut down because of the protection afforded by the defense-in-depth philosophy. Stated otherwise, although there are safety equipment deficiencies at each of these units, the conservatism provided by the multiple levels of design and operating requirements reasonably assured that there was no undue risk to public health and safety. However, the resulting reductions of the margin of safety led the staff to conclude that correction of the problems was called for before the restart of the plants. Additionally, the pervasiveness of the nonconformances and the significant programmatic weaknesses found warranted correction before plant restart in order to prevent recurrence of similar nonconformance problems, and in order not to have a situation, which if left uncorrected could potentially compound to cause a threat to public health and safety.

In addition to findings having a relatively high safety significance, many findings involving relatively low safety significance have been identified at Millstone. Nearly all of the findings from the ongoing ICAVP reviews, being carried out by Sargent & Lundy at Unit 3, and Parsons Power at Unit 2, are minor errors (e.g., calculation errors) which do not impact the function of a safety system and do not result in nonconformance with the licensing and design bases.

Friends #3) Are there generic (or specific) implications and effects of the Millstone issue across the nuclear industry? Kindly speak to these implications if there are.

The NRC has initiated a number of actions and reviews aimed at improving the regulatory framework and developing comprehensive lessons-learned from Millstone. For example, the Commission issued a policy statement 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.” After issuing the latter policy statement, the Commission directed the NRC staff to focus attention on cases of alleged discrimination where there are indications of a deteriorating safety conscious work environment.

As I discussed in the previous answer to Citizens Regulatory Commission (question #2), I have also initiated changes to the NRC process for evaluating licensee performance; I have instituted inspection program changes for consistent reporting and categorizing licensees’ strengths and weaknesses; and I 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 (10 CFR 50.59 and GL 91-18). This is occurring against the backdrop of the organizational and management changes I have already described.

Regarding generic communication to licensees, the Commission approved the issuance of 10 CFR 50.54(f) letters to all Chief Nuclear Officers requiring them, under oath or affirmation, to submit detailed information regarding the adequacy and availability of

design bases information at their facilities. The purpose of the request was to provide NRC added confidence and assurance that all licensed plants are operated and maintained within the design bases - and that any deviations are reconciled in a timely manner.

These are just a few additional examples of the improvements that this Commission has initiated to strengthen improve the regulatory process and to serve the public more effectively.

Thank you for listening to these questions and answers. I thought they were all very good questions, some of which I have asked the staff myself.

Now, -- very briefly -- I would like to highlight two additional questions that I want to make sure get addressed up front.

How can you even consider allowing a plant to start-up with (quote) "5000 open items" (unquote)?

and

If there is additional enforcement taken, isn't that indicative of the need for additional inspection, scope expansion, etc.?

Regarding open items...

The question of the size of the Millstone backlog is a concern to the NRC and is being taken very seriously. Although backlogs, at restart, are expected, historical problems at Millstone have included corrective action programs that were weak in ensuring comprehensive and effective corrective actions. In the past, narrowly focused corrective actions have failed to resolve all aspects of the underlying problem. Additionally, the failure to follow up on corrective actions did not ensure effectiveness.

Since the licensee has a history of not being effective in implementing corrective actions, the NRC has been closely monitoring the remediation efforts of NU to vitalize the corrective action process over the two year shutdown period. The NRC identified, in the Restart Assessment Plan (RAP), the corrective action process as one of the fundamental elements of the recovery of the Millstone Station. The specific question of which corrective actions would be proposed for deferral until after restart was addressed in an NRC demand for information [10 CFR 50.54(f)] letter. The information requested included: (1) the list of significant items to be completed before restart; (2) the list of items to be deferred until after restart; and (3) the process and rationale Northeast Utilities (NU) is using to defer items until after restart.

The proposed deferred items are being inspected by the NRC. Thus far, the NRC has carried out two inspections, in July and October 1997, of the licensee's proposed deferred items list. The inspections include evaluation of the licensee's process for identifying deferable actions and for carrying out the corrective actions, including the timing of these actions, to ensure they are adequate and commensurate with the safety importance of the issues. As a result of the inspections, the licensee has implemented several changes. The NRC staff will to carry out another inspection of the Millstone Unit 3 lists, prior to any recommendations to the Commission for consideration of restart.

Additional insights will be gained using NRC Inspection Procedure (IP) 40500, "Effectiveness of Licensee Controls in Identifying, Resolving, and Preventing Problems," inspecting closure of the Significant Items List issues, monitoring closure of licensee event reports, and through the normal inspection program. Also, the NRC, through oversight of the ICAVP, will assess the licensee's corrective actions for degraded and nonconforming conditions. The Operational Safety Team Inspection (OSTI) will also audit portions of the corrective action process. The NRC expects that the licensee will correct all safety significant areas of noncompliance before restart. At present, the number of items proposed for deferral at Millstone Unit 3 is a large number. Despite all of the NRC activities, which are not yet complete, it is my intention to focus the Commission 's attention on the backlogs at Millstone because of the large number and the licensee's history. Even if the Commission determines that the items are appropriate for deferral, the close out of deferred items will continue to be evaluated even after restart. In addition to routine inspections, special NRC inspections may be utilized to assure that the backlogs are being reduced. The Commission also has at its disposal a number of other regulatory tools. The Commission, for example, can and will consider taking stronger action such as an Order directing specific actions of the licensee to resolve these deferred items, including the timing of these actions.

Regarding potential enforcement...

The bases for an escalated enforcement action, resulting from an ICAVP finding, may also result in an expansion of the ICAVP scope. The NRC's enforcement policy, which includes safety as well as programmatic factors, details examples where escalated enforcement would likely be taken for the types of issues specified in ICAVP Significance Levels 1 and 2. Such issues involve relatively high safety significance. As a result, for ICAVP Levels 1 and 2 findings, both escalated enforcement and expansion of ICAVP scope would be expected.

ICAVP findings categorized as Significance Level 3 - which are of lower safety significance - may also be the subject of escalated enforcement due to their programmatic or regulatory significance. For such findings, the ICAVP process requires an evaluation, including independent verification of licensee corrective action by the NRC, to determine the need for any expansion of ICAVP scope. A negative determination by the NRC on effective licensee corrective action would be expected to result in a decision to expand the ICAVP scope.

Now - I will take questions from the floor. If you would like, please identify yourself -- and also I ask you to please understand, as Mr. Sheridan has already stated, if we have to move things along in an attempt to hear from as many people as possible.