UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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ARLINGTON, TEXAS 76011-8064

MAY 16 2000

Memorandum For: Ellis Merschoff, Regional Administrator

From: Charles Marschall, Chairman, Ad Hoc DPV Review Panel

Charles Marshall for (concurred by phone)
Kriss Kennedy, Member, Ad Hoc DPV Review Panel

Michael Runyan, Member, Ad Hoc DPV Review Panel

Subject: Supplement to Recommended Actions to Address the DPV - Frequency of PIR Inspections, dated April 7, 2000

Attachments: As Stated

On May 12, 2000, the Ad Hoc Review Panel met with you to present our recommendations for actions to address the DPV concerning the frequency of PIR inspections. Subsequently, the panel met to discuss the need to provide clarification of observations and recommendations in our report dated May 10, 2000. The attachment to this memorandum contains clarifications to the content of our original report.

Should you have any questions, please feel free to contact us.

Clarifications to Panel Observations for the First Concern

The first observation stated:

- The originators' comparison of resources does not consider time formerly charged by RIs to inspection procedure 71707 in inspecting licensee's corrective action programs. As a result, the originators' overestimated the increase in inspection hours as a result of performing the 71152 inspection annually. The panel concluded, however, that this discrepancy did not change the originators' conclusion. The originators agreed with the panel's observation.

The following paragraph provides a more detailed explanation of the comparison:

- The originators' comparison of resources did not consider time formally charged by Resident Inpspectors to inspection procedure 71707 in inspecting licensee's corrective action programs. The panel concluded that the 10 percent corrective action effort currently included in most baseline inspection procedures is essentially counterbalanced by the previous corrective action work performed by resident inspectors. Therefore, the resource comparison should consider only the hours expended previously on Inspection Procedure 40500 to the hours allotted for Inspection Procedure 71152. Inspection Procedure 40500 was conducted every 18 months and was allotted 192 hours. This included time for 2 to 3 inspectors reviewing licensee records during the preparation week (charged to inspection effort) and a week onsite. This equates to 128 annualized hours expended on Inspection Procedure 40500. Inspection Procedure 71152 , conducted annually, has 210 hours onsite plus 150 hours preparation. Although the preparation is not charged to inspection effort, it involves review of licensee records similar to that under Inspection Procedure 40500. Counting the preparation time as inspection results in total annualized expenditure under Inspection Procedure 71152 of 360 hours an increase of 180 percent over Inspection Procedure 40500. Another rough basis for comparison is that 2 to 3 inspectors spent 1 week onsite (traveling Monday or Friday) under Inspection Procedure 40500, and 5 inspectors spend a full week (exclusive of travel) onsite under Inspection Procedure 71152. Comparing an average of 2.5 inspectors onsite for Inspection Procedure 40500 with 5 inspectors onsite for Inspection Procedure 71152 results in an increase resource expenditure or 100 percent. The panel concluded that this comparison, though admittedly viewed independently from the effects of other changes made to the inspection program, represents a significant additional burden on the licensee to support inspections of corrective actions.

The second observation stated:

- The DPV does not consider the broader perspective of impact of the revised oversight

program. The experience from the Pilot Plants may indicate that, overall, the revised oversight program has reduced impact on licensees.

The following paragraph provides more specific information about the basis for the observation:

- Performing the 71152 inspection annually increases the burden on licensees as a result of the time and resources needed to support this inspection. This increase in resources represents an increase in regulatory burden that distracts licensee personnel from the day-to-day plant activities and reduces the time available to focus on safety issues. However, the DPV does not consider the broader perspective of the overall impact of the revised oversight program on licensee resources. Feedback from managers at the pilot plants indicate that, overall, the revised oversight program has reduced the regulatory impact on licensees. During a meeting with the Region IV Pilot Plant licensees in December 1999, senior licensee managers observed that, overall, the revised reactor oversight program significantly reduced the impact of inspections on licensees. The licensee managers stated that they expended fewer resources developing documented responses to Severity Level IV violations.

The fourth observation stated:

- The scope of the "Identification and Resolution of Problems" inspection does not have a rigorous basis. The panel is unaware of any formal evaluation performed to determine the appropriate scope, breadth, and frequency of Inspection Procedure 71152. Although the intent of the inspection procedure is to assess the effectiveness of a licensee's corrective action program, the procedure does not specify how to evaluate corrective action or a standard for assessing the acceptability of the corrective action program.

The following paragraph provides additional clarification:

- As with other inspection procedures, Inspection Procedure 71152 has a basis in regulation (10 CFR 50, Appendix B, Criterion XVI.) Unlike other inspection procedures, however, Inspection Procedure 71152 does not have a clear systematic approach to evaluation of the subject area. For example, the NRC has no clearly established standards for acceptability of root cause evaluations. The inspection procedure might, for example, direct inspectors to independently analyze a statistically significant sample of identified problems to determine causes using the Performance Improvement International method. Then the inspectors could compare the results of the analysis with the causes identified by the licensee and assess the licensee performance in terms of similarity of results. Even using this method, however, the NRC has no clear basis for determining what results are acceptable. Is it 95 percent? Similar questions exist for timeliness of corrective actions. In addition, it is not clear that a basis exists for expending 200 hours each year, as opposed to expending 200 hours every other year.

The seventh observation stated:

- The increased impact on licensee resources during the Identification and Resolution of Problems inspection has the potential to adversely impact the licensee's ability to effectively manage its operation.

The following paragraph provides additional clarification:

- The panel observed that, during team inspections, licensee staff dedicated to the support of NRC inspection efforts were not available to perform their routine duties. As NRC team size increases, so does the demand for licensee resources to support the inspection. The panel did not intend to imply, nor does it believe, that NRC inspections such as the Identification and Resolution of Problems inspection, have impaired safe plant operation.