



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 29, 1999

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The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-26, I am transmitting the second monthly report on the status of licensing activities and regulatory duties of the Nuclear Regulatory Commission (NRC) (enclosed).

In my letter to you of December 24, 1998, I highlighted several noteworthy improvements completed by the agency in recent months. Since that letter, I am pleased to report to you that the staff continues to complete milestones within the improvement initiatives outlined in the Tasking Memorandum. Noteworthy accomplishments include the completion of a framework for an improved reactor oversight program, developed through significant levels of stakeholder involvement, which involves substantial changes to the reactor inspection and assessment programs; and the submission to the Commission of a paper outlining and discussing a set of options for making Title 10 of the Code of Federal Regulations, Part 50, risk-informed, in order to place more emphasis on incorporating risk concepts and the results of risk assessments in NRC regulatory requirements.

The NRC continues to complete milestones within the improvement initiatives outlined in the Tasking Memorandum. I have also enclosed the January 1999 update to the Tasking Memorandum, which highlights the more noteworthy improvements completed by the agency since August 1998.

Sincerely,

Shirley Ann Jackson

cc: Senator Harry Reid

Enclosures:

1. Second Monthly Report
2. Tasking Memorandum

Originated by: [GTracy, EDO]



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 29, 1999

The Honorable James M. Inhofe, Chairman
Subcommittee on Clean Air, Wetlands,
Private Property and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

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NUCLEAR REGULATORY COMMISSION
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January 29, 1999

The Honorable Joe Barton, Chairman
Subcommittee on Energy and Power
Committee on Commerce
United States House of Representatives
Washington, D.C. 20515

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Shirley Ann Jackson

cc: Ralph M. Hall

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2. Tasking Memorandum



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 29, 1999

The Honorable Ron Packard, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

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Sincerely,

Shirley Ann Jackson

cc: Representative Peter J. Visclosky

Enclosures:

1. Second Monthly Report
2. Tasking Memorandum

**MONTHLY STATUS REPORT ON THE
LICENSING ACTIVITIES AND REGULATORY DUTIES OF THE
UNITED STATES NUCLEAR REGULATORY COMMISSION**

JANUARY 1999

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I. Implementing Risk-Informed Regulations

In the area of risk-informed and performance-based regulation, the staff has made progress on tasks in all activity categories, particularly in the Evaluation of Industry Proposals and Rulemaking category. For example, the staff issued a paper on December 23, 1998, to the Commission proposing high-level options for modifying regulations in 10 CFR Part 50 to make them risk-informed and to delineate associated policy issues for Commission consideration (SECY-98-300). The effort is expected to include the development of risk-informed definitions for safety-related and important-to-safety structures, systems, and components (SSC) and to explore changes to the body of the Part 50 regulations which would incorporate risk-informed attributes (e.g., a new set of design-basis accidents, provisions for risk-informed alternatives to the present requirements, and deleting unnecessary or ineffective regulations). On January 11, 1999, the staff briefed the Commission on the options for modifying regulations in 10 CFR Part 50. After receiving Commission guidance, the staff will develop a rulemaking plan which includes more complete resource and schedule estimates. The primary objective of this effort is the development of a risk-informed regulatory framework that will enhance safety as well as reduce unnecessary staff and licensee burden.

Specific licensing actions related to NRC's risk-informed initiatives, completed by the staff since the December report include: the issuance of a safety evaluation approving a risk-informed piping inspection methodology at Arkansas Nuclear One, an extension of the allowed outage time for charging pumps at Comanche Peak, and the notification to licensees of an opportunity to relax requirements for post-accident hydrogen monitoring.

II. Nuclear Plant Assessment, Inspection and Enforcement Processes

On January 8, 1999, the NRC staff forwarded to the Commission recommendations for changes to the inspection, assessment, and enforcement processes to improve their objectivity, make them more understandable and predictable, and provide increased focus on aspects of licensee performance that have the greatest impact on safe plant operation. These recommendations, released for public comment on January 12, 1999, represent the collective work from three task groups and incorporate valuable stakeholder input received during the development process. Among the benefits associated with the proposed process changes are:

- Increased objectivity by relying on objective performance indicators, where possible, to provide much of the basis for determining safety performance, and using risk-informed thresholds to determine expected regulatory and licensee response.
- Increased scrutability by more clearly relating information from inspections and performance indicators to their impact on overall safety performance.
- Elimination of redundancies from the current processes by developing a single, integrated assessment process that sends a clear message regarding licensee performance.
- Better incorporation of risk insights in the new risk-informed baseline inspection program and in the performance indicator thresholds.

- Reduced burden on licensees and NRC staff by defining specific performance thresholds that must be crossed prior to implementing additional NRC oversight activities.

The staff believes that the recommended changes to the inspection and assessment processes will result in a regulatory oversight process that provides ample warning of declining licensee performance prior to an unacceptable risk being presented to the public. The revised inspection and assessment processes should also provide ample time for licensees to take focused corrective actions.

A transition plan and success criteria have been drafted to guide future development efforts. The transition plan contains milestones for both the NRC and industry. Successful implementation will require continuing interaction with the industry and other stakeholders at various stages. Significant investment in staff and management resources also will be required to complete the necessary supporting documents and infrastructure, develop and train staff, and manage all aspects of the resulting change effort. A major feature of the transition plan will include piloting the process at two sites in each region for six months, beginning in June 1999. The results of the pilot program will be measured against success criteria prior to proceeding with full implementation. Training will be provided to the staff throughout the process, culminating in a joint NRC/stakeholder workshop prior to full implementation. Existing processes such as plant performance reviews and senior management meetings will be phased out as they are replaced by the new risk-informed oversight process.

Several key policy issues must be considered before arriving at a final process for implementation, including issues involving resident and regional inspector staffing. The overall oversight process will be evaluated after about one year of full implementation. This evaluation will verify that the oversight process objectives are being met.

III. Status of Issues in the Reactor Generic Issue Program

Changes in the status or resolution dates for Generic Safety Issues since the December 1998 report and the reasons for the changes are described below:

GSI Number: B-55
TITLE Improve Reliability of Target Rock Safety Relief Valves

SCHEDULED RESOLUTION DATE From 03/99 to 12/99

STATUS Three activities currently being performed by the industry are being reviewed to determine whether they adequately resolve the issue. The resolution date has been extended to 12/99 to accommodate the Boiling Water Reactor Owners Group final recommendation. The Owners Group recommendation involves industry outage data which will not be available until later in the calendar year.

GSI Number: 190
TITLE Fatigue Evaluation of Metal Components for 60-Year Plant Life

SCHEDULED RESOLUTION DATE From 07/99 to 12/99

STATUS Work on the technical basis (i.e., risk associated with fatigue failures) for a possible resolution is ongoing. Present focus is on making improvements to the computer code for this type analysis. Use of the current version of the code to resolve the issue would result in unnecessary burden for the industry. The resolution date was extended to 12/99 to allow for the completion of a revision of the computer code used for this analysis.

IV. Nuclear Power Plants on the Watch List

Millstone 2 and 3:

A paper providing the NRC staff's recommendation was provided to the Commission on January 12, 1999, and a Commission meeting was held on January 19, to consider the need for continued independent oversight of the licensee's employee concerns program. The decision to retain, modify, or lift the order associated with Millstone independent oversight is currently under Commission deliberation. While still requiring Commission authorization prior to restart, Millstone Unit 2 completed fuel reload on January 6, 1999.

There is no change in the status of Clinton or LaSalle Units 1 and 2 since the December 1998 report.

V. Licensing Actions

Licensing actions may be defined as requests for license amendments, exemptions from regulations, relief from inspection or surveillance requirements, topical reports submitted on a plant-specific basis, notices of enforcement discretion, or other licensee requests requiring NRC review and approval before they can be implemented by the licensee.

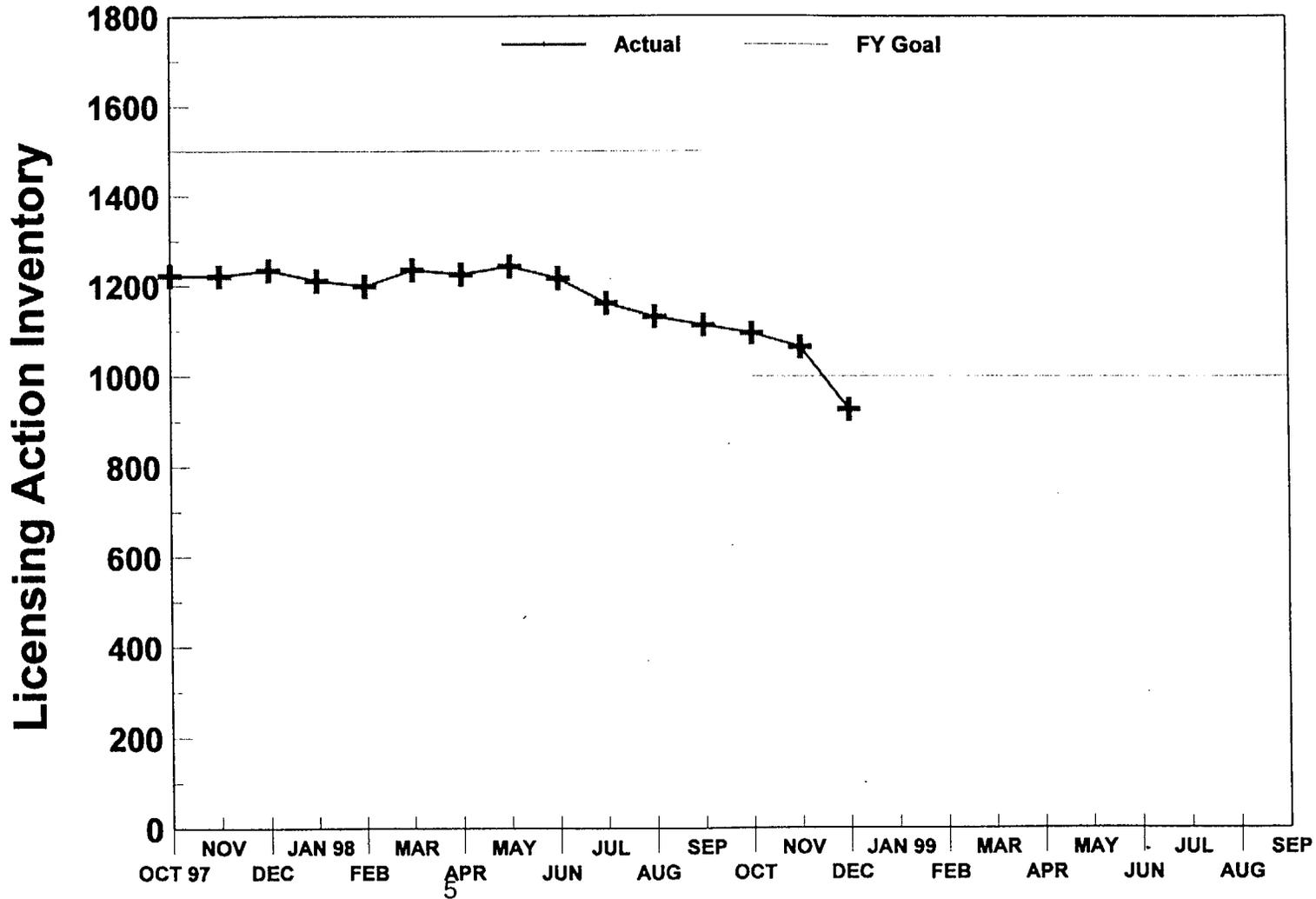
The FY 1999 NRC Performance Plan incorporates three output measures related to licensing actions. These are: size of the licensing action inventory, number of licensing action completions per year, and age of the licensing action inventory. The actual FY 1998 results, the FY 1999 goals and the FY 1999 1st quarter results are shown in the table below.

PERFORMANCE PLAN			
Output Measure	FY 1998 Actual	FY 1999 Target	Q1 FY 1999 Actual
Licensing actions completed per year	1425	1670	545
Size of licensing actions inventory	1113	1000	927
Age of licensing action inventory	65.6% ≤ 1 year; 86.0% ≤ 2 years; and 95.4% ≤ 3 years old	80% ≤ 1 year; 95% ≤ 2 years; and 100% ≤ 3 years old	77.1% ≤ 1 year; 91.4% ≤ 2 years; and 96.8% ≤ 3 years old

As a result of the managerial oversight and activities described in the December 1998 report, NRC has made substantial progress towards meeting the licensing action age goal. The following charts demonstrate NRC's progress in meeting the three licensing action output measure goals.

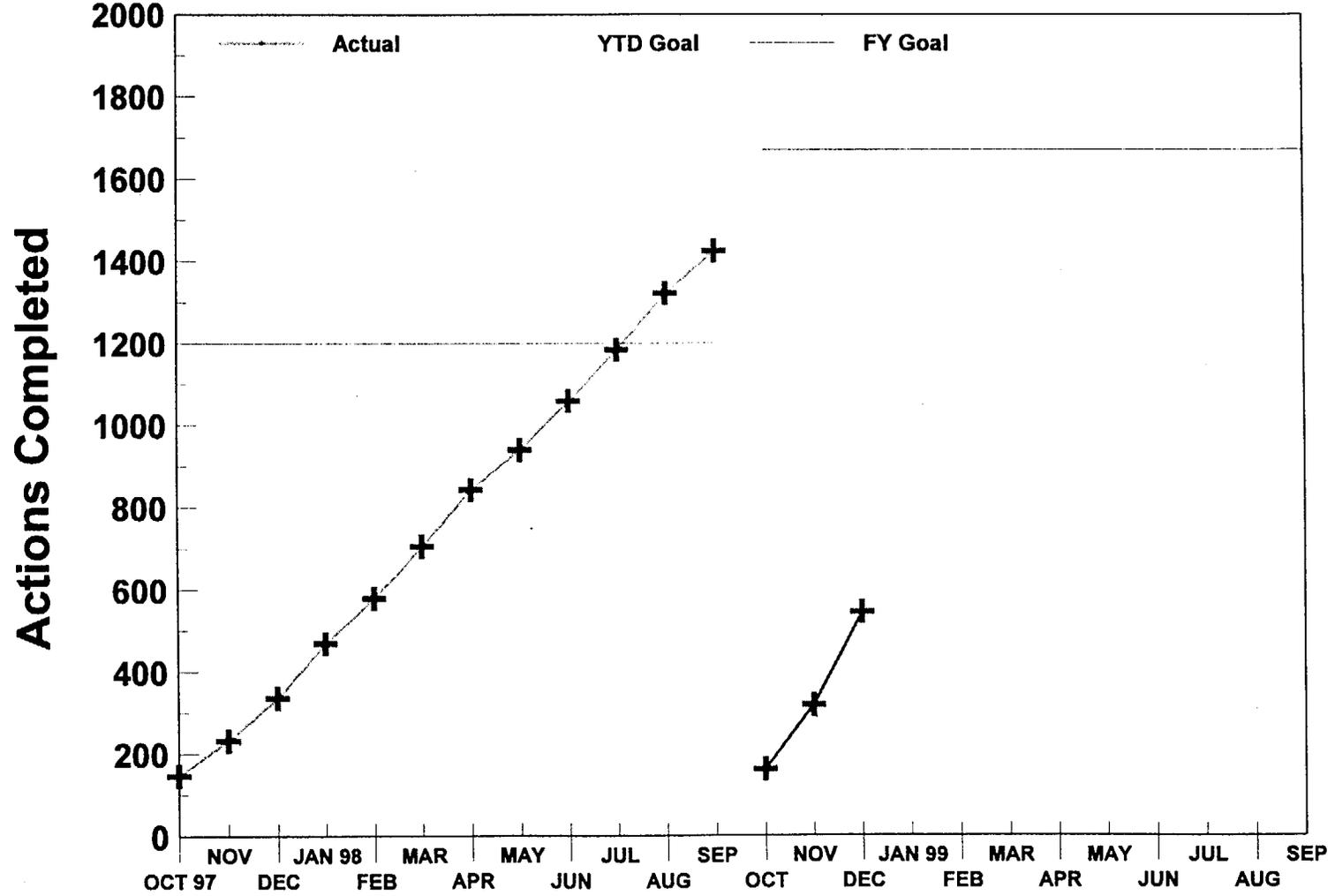
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory ≤ 1000



Nuclear Reactor Safety - Reactor Licensing

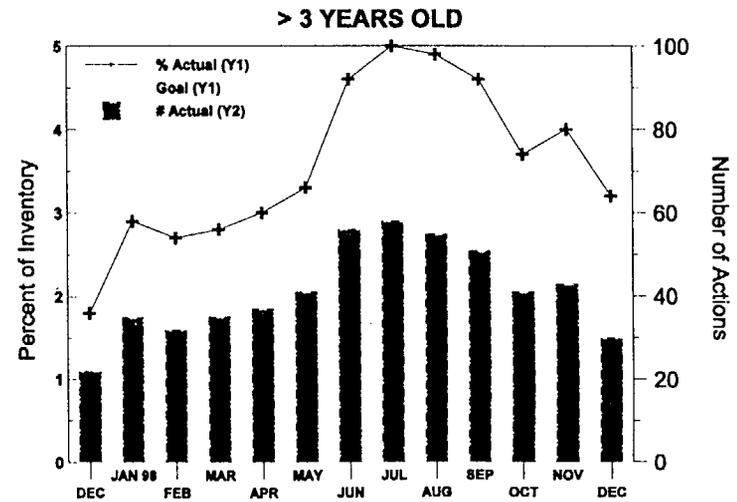
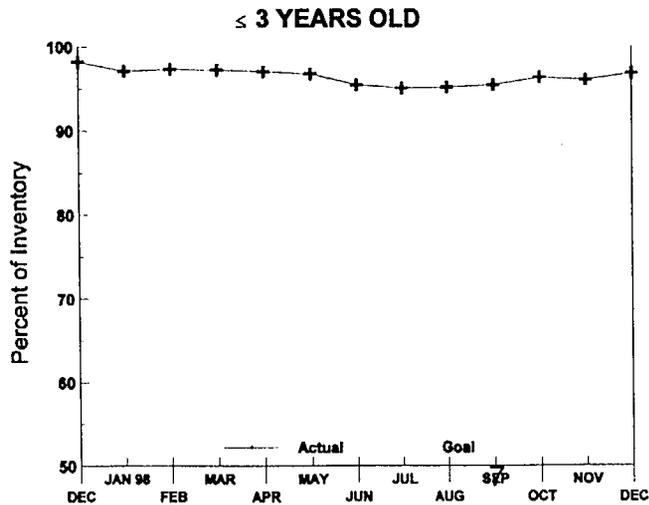
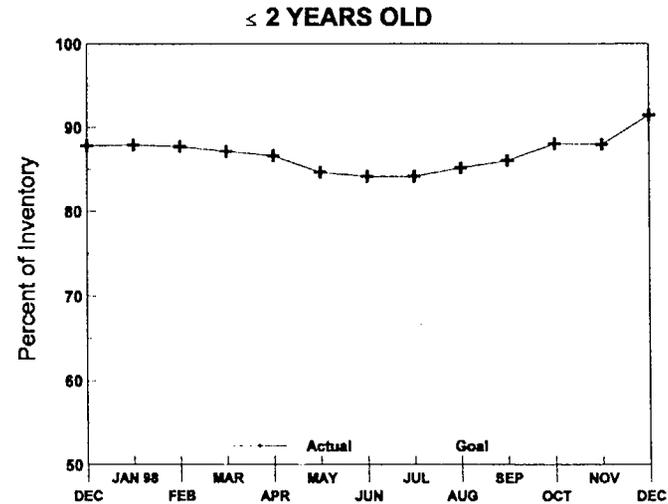
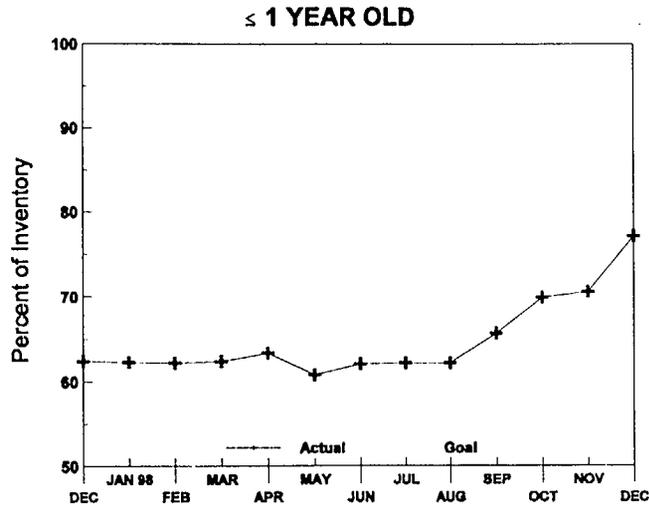
Performance Plan Target: Complete 1670 Licensing Actions



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: 80% ≤ 1 year, 95% ≤ 2 years, 100% ≤ 3 years

7



VI. Status of Calvert Cliffs License Renewal Application

All activities associated with the review of the Calvert Cliffs license renewal application are on schedule per the time line provided in the December 1998 report. The staff is preparing the draft environmental statement and safety evaluation report for issuance in March 1999 to meet the next scheduled milestones.

VII. Status of Review of Private Fuel Storage, Limited Liability Corporation's (PFS) Application for a License to Operate an Independent Spent Fuel Storage Installation (ISFSI) on the Reservation of the Skull Valley Band of Goshute Indians

There is no additional information over that which was offered in the last monthly report in this area.

VIII. Summary of Reactor Enforcement by Region

		Reactor Enforcement Actions*				
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	December 98	0	0	0	0	0
	FY 99 YTD	0	0	0	0	0
	FY 98 Total	0	0	0	0	0
Severity Level II	December 98	0	0	0	0	0
	FY 99 YTD	1	0	1	0	2
	FY 98 Total	3	1	1	1	6
Severity Level III	December 98	0	0	1	1	2
	FY 99 YTD	4	0	1	1	6
	FY 98 Total	46	11	15	19	91
Severity Level IV	December 98	6	11	16	16	49
	FY 99 YTD	35	24	34	41	134
	FY 98 Total	383	271	392	261	1307
Non-Cited Severity Level IV	December 98	29	13	28	24	94
	FY 99 YTD	86	38	58	59	241
	FY 98 Total	372	240	307	214	1133

*Numbers of violations are based on enforcement action tracking (EATS) system data that may be subject to minor changes following verification. The number of Severity Level I, II, III listed refer to the number of Severity Level I, II, III violations or problems. The monthly totals generally lag by 30 days due to inspection report and enforcement development.

Description of Significant Actions (Severity Level I, II, III) in December 1998:

Consumers Power Company (EA 98-433)
Palisades Nuclear Generating Plant

A Notice of Violation with **no civil penalty** was issued on December 11, 1998, to Consumers Power Company. This action was based on a Severity Level III violation which involved a surveillance test that had rendered the High Pressure Safety Injection (HPSI) system inoperable for approximately 90 minutes during the test. The test procedure prescribed a system configuration that would have resulted in a portion of HPSI flow being diverted from the cold leg injection paths to a single hot leg injection path in the event of a loss-of-coolant accident (LOCA). For a LOCA involving this hot leg injection path, enough flow could be diverted out the break to prevent both trains of HPSI from performing their safety function. Inadequate engineering, operations and Plant Review Committee oversight of a surveillance procedure revision resulted in incorporating the incorrect system configuration. Because the facility had been the subject of escalated enforcement action within the last two years, the NRC considered whether credit was warranted for Identification and Corrective Action in accordance with the civil penalty assessment process in Section VI.B.2 of the Enforcement Policy. Credit was given for both identifying this deficiency and for initiating prompt and effective corrective action. As a result, no civil penalty was proposed in this case.

Arizona Public Service Company. (EA 98-382)
Palo Verde Nuclear Generating Station

A Notice of Violation and Proposed Imposition of Civil Penalty in the amount of \$55,000 was issued on December 21, 1998, to Arizona Public Service Company. This action was based on a Severity Level III problem which involved the degraded performance capability of the High Pressure Safety Injection (HPSI) system for certain accident conditions due to incorrectly assembled check valves that would have resulted in a decrease in flow to the reactor vessel significantly below the flow assumed in the safety analysis. In these accident conditions, the Emergency Core Cooling System (ECCS) flow was reduced to the extent that by using the analysis of record, clad temperatures would have exceeded the regulatory limit of 2200° F. This condition existed for approximately 6 years in Unit 1, 5 years in Unit 2, and 1½ years in Unit 3. The Severity Level III problem consisted of three violations which involved: (1) failures to adhere to technical specification limiting conditions for operation when ECCS subsystems were inoperable; (2) a failure to identify and correct significant conditions adverse to quality despite numerous indicators; and (3) inadequate procedures which caused the problems and prevented timely identification of the significant conditions adverse to quality. Because the facility has been the subject of enforcement within the last two years, the staff considered whether credit was warranted for identification and corrective action. Credit was not warranted for identification because the problem was identified as a result of an event and the facility had numerous prior opportunities to identify it. Credit was warranted for corrective actions because the licensee's corrective actions were considered prompt and comprehensive.