



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

July 26, 1999

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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

Dear Mr. Chairman:

The Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206, directed the Nuclear Regulatory Commission (NRC) to provide a monthly report on the status of its licensing and regulatory duties. I am pleased to transmit the seventh report which covers the month of June (enclosed).

The May report highlighted the substantial progress that we were making on licensing and regulatory improvement initiatives; specifically, the progress on several risk-informed technical specification revisions that will reduce unnecessary regulatory burden while maintaining safety at 20 licensee facilities and the commencement of the pilot program for the new reactor licensee oversight process.

During June, the Commission took several important actions. It approved a final rule change to 10 CFR 50.59, the rule under which reactor licensees consider whether changes to their facility require prior NRC approval. The rule change resolves a decade-old issue and provides licensees more flexibility to make physical or operational changes to their facilities which have minimal impact on safety, without first obtaining NRC approval. The Commission also approved a final rule change to 10 CFR 50.65, the maintenance rule, which will require reactor licensees to assess and manage the increase in risk that may result from maintenance activities.

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Originated by: [GTracy, EDO]

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Please do not hesitate to contact me if I may provide additional information.

Sincerely,



Greta Joy Dicus

Enclosures:

1. June Monthly Report
2. Tasking Memorandum

cc: Senator Bob Graham



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

July 26, 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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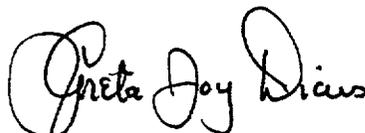
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2. Tasking Memorandum

cc: Representative Ralph M. Hall



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WASHINGTON, D.C. 20555-0001

July 26, 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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cc: Representative Peter J. Visclosky



UNITED STATES
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The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
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cc: Senator Harry Reid



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NUCLEAR REGULATORY COMMISSION
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United States Senate
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Enclosure 1

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

June 1999

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I. Implementing Risk-Informed Regulations

The Commission approved a final rule change to 10 CFR 50.59, the rule under which reactor licensees consider whether changes to their facility require prior NRC approval. The rule change resolves a decade-old issue and provides licensees more flexibility to make changes involving "minimal" (i.e., small) increases in risk without first obtaining NRC approval. It is expected that this rule change will reduce unnecessary regulatory burden while maintaining safety and improving effectiveness and efficiency. The Commission also approved a final rule change to 10 CFR 50.65, the maintenance rule. The rule change requires licensees, before performing maintenance activities, to assess and manage the increase in risk that may result from the proposed maintenance activities. The scope of the assessment may be limited to structures, systems, and components that a risk-informed evaluation process has shown to be significant to public health and safety.

The Office of Nuclear Reactor Regulation (NRR) is continuing its work in developing standardized methods for risk characterization of inspection findings, and enhancements to the risk-informed license application review process. The safety evaluations of two owners' groups (Combustion Engineering and Babcock and Wilcox) combined plant topical reports for Risk-Informed Technical Specification relaxations are near completion.

In the area of proposed plant-specific technical specification changes, the staff review of the risk-informed Technical Specifications amendment for Oconee involving allowed outage times for the High Pressure Injection system is continuing. In other Oconee matters, the staff issued the license renewal draft environmental statement. NRR issued Improved Standard Technical Specifications Amendments to Diablo Canyon and Callaway nuclear power stations.

The NRC staff conducted a public workshop on May 17-20, 1999, to discuss and coordinate implementation of the pilot baseline inspection program. Full implementation of the new NRC Reactor Inspection and Oversight program, which was originally scheduled for January 1, 2000, has been extended, tentatively to April 2000 pending Commission approval, to allow for sufficient time to incorporate lessons-learned from the pilot program.

A draft safety evaluation and a certificate of compliance were issued for the TN-68 dual purpose spent fuel cask system.

By its letter dated May 24, 1999, Carolina Power & Light Company expressed its intent to submit a license renewal application for the H. B. Robinson Steam Electric Plant (HBRSEP), Unit No. 2. The unit's operating license will expire July 31, 2010. The licensee is planning to make its submittal by the end of 2003.

II. Nuclear Plant Assessment, Inspection and Enforcement Processes

The staff has continued to meet on a biweekly basis with NEI and other stakeholders to refine the proposed changes to its assessment, inspection and enforcement processes. Activities include the following:

- the pilot program of the revised reactor oversight process described in Commission papers SECY-99-007 and SECY-99-007A to nine (9) plants started on May 30, 1999.

- the NRR staff met with congressional staff from the House Commerce Committee on June 9, 1999, to provide them information on the status of revised oversight process improvements.
- the Revised Regulatory Oversight Process Pilot Workshop was conducted in Irving, Texas, on June 21, 1999.
- a task group consisting of regional and headquarters staff met to develop the supplemental inspection procedures to provide guidance for the assessment, inspection, and enforcement processes when licensees cross the performance thresholds as described in Action Matrix in SECY-99-007A.
- the staff received Commission approval to fundamentally revise the NRC Enforcement Policy, including removing the reference in the Policy to "regulatory significance" as a consideration for escalated enforcement, and for making the Enforcement Policy more risk-informed. The goal of these changes is to make the Enforcement Policy consistent with the new reactor licensee oversight process. The Office of Enforcement has issued interim enforcement policy guidance as described in SECY-99-146.
- the staff is reviewing public comments received on the proposed changes to the assessment, inspection, and enforcement processes that were presented in SECY-99-007A.
- NRR managers and members of the Inspection Program Branch are routinely interfacing with NRC staff to discuss the revised oversight process, answer questions, and obtain feedback.
- the NRC conducted public meetings in the vicinity of Quad Cities, Illinois, on June 8, 1999, Prairie Island, Minnesota, on June 14, 1999, and Ft. Calhoun, Nebraska, on June 17, 1999, as part of its efforts to communicate with external stakeholders regarding the revised reactor oversight process. At these meetings, the NRC staff explained to members of the public the new risk informed oversight program and the nature of the pilot effort and answered questions from the audience. Meetings are scheduled at other pilot plants, such as Cooper at Auburn, Nebraska, on June 22, 1999 at 7:00 p.m.; and Sequoyah, at Chattanooga, Tennessee, on June 28, 1999 at 6:00 p.m. This effort will also be conducted at other pilot sites.
- NUREG-1649, Revision 1, "New NRC Reactor Inspection and Oversight Program," a plain language summary of the program was distributed to all NRC employees on June 16, 1999.
- NRC staff established an external WEB page to disseminate information about the new reactor oversight process to the public.

III. Status of Issues In the Reactor Generic Issue Program

Changes in the status or resolution dates for Generic Safety Issues since the May 1999 report and the reasons for the changes are described below:

GSI Number: 165
TITLE: Spring-Actuated Safety and Relief Valve Reliability
SCHEDULED RESOLUTION DATE: 07/1999
STATUS: Complete

IV. Licensing Actions and Other Licensing Tasks

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 it 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.

Other licensing tasks may be defined as: licensee responses to NRC requests for information through generic letters or bulletins, NRC responses to 2.206 petitions, NRC review of licensee topical reports, NRR responses to regional requests for assistance, and NRC review of licensee 10 CFR 50.59 analyses and FSAR updates. The FY 1999 NRC Performance Plan incorporates output measures related to other licensing tasks.

The actual FY 1998 results, the FY 1999 goals and the FY 1999 results, through May 31, 1999, for the four NRC Performance Plan output measures are shown in the table below.

PERFORMANCE PLAN			
Output Measure	FY 1998 Actual	FY 1999 Target	FY 1999 Actual (thru 5/31/99)
Licensing actions completed per year	1425	1670	1224
Size of licensing actions inventory	1113	1000	838
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	82.7% ≤ 1 year; 96.7% ≤ 2 years; and 99.5% ≤ 3 years old
Other licensing tasks completed per year	1006	800	596

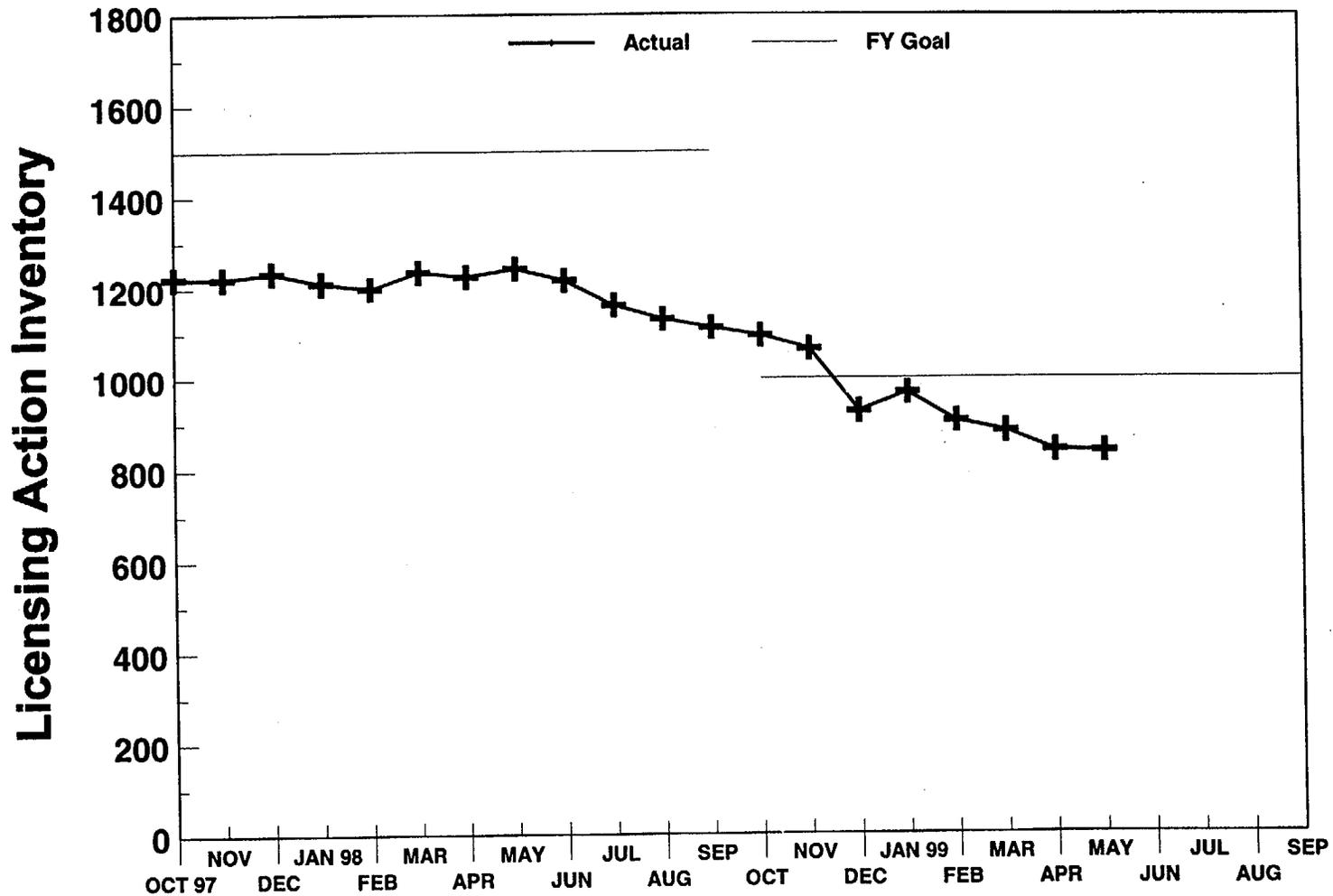
In FY 1999, NRC increased resources for completing licensing actions, such that given the current size of the inventory and the estimated number of licensing action requests, the inventory size and number of completions goals should be met by the end of the fiscal year. However, the goal for the age of the inventory has historically not been met. NRC has undertaken several initiatives to reduce the age of licensing action inventory. For instance, a special effort was initiated in mid-1998 to conduct a management review of the older items in the inventory. For each item, status was assessed, success paths for resolution were identified, and completion schedules were established. Monthly progress reports have been

published and follow up management meetings have emphasized the need to meet established schedules. The NRC has made substantial progress towards meeting the licensing action age goal.

The following charts demonstrate NRC's progress in meeting the four licensing action and other licensing task output measure goals.

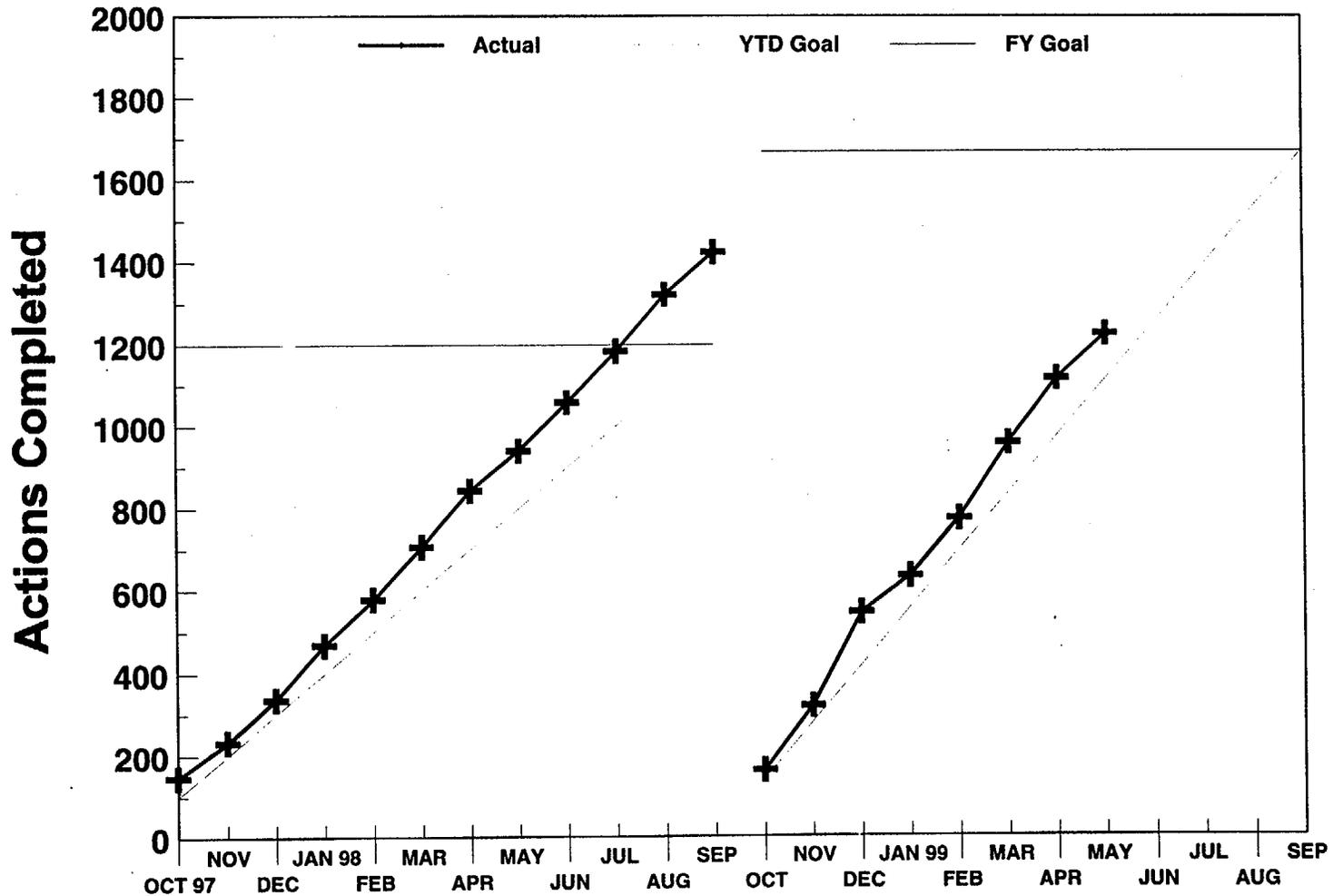
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



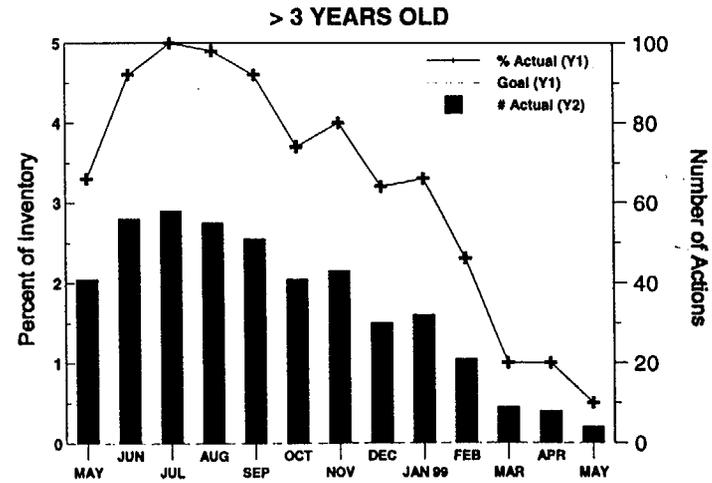
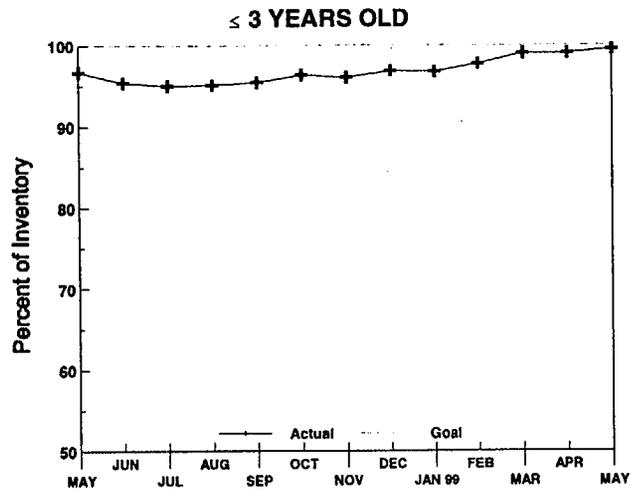
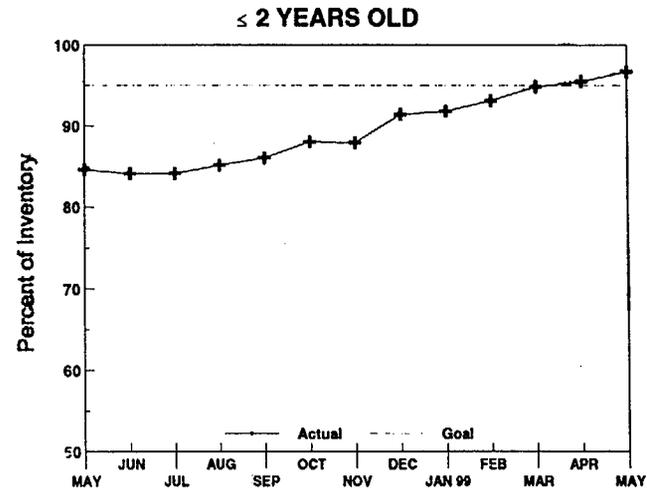
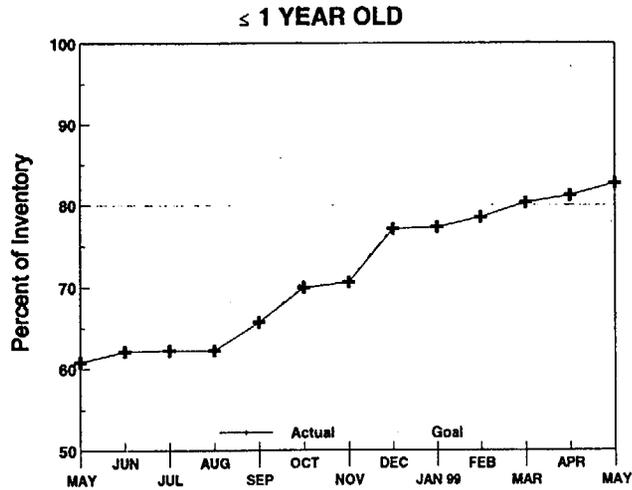
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Licensing Actions



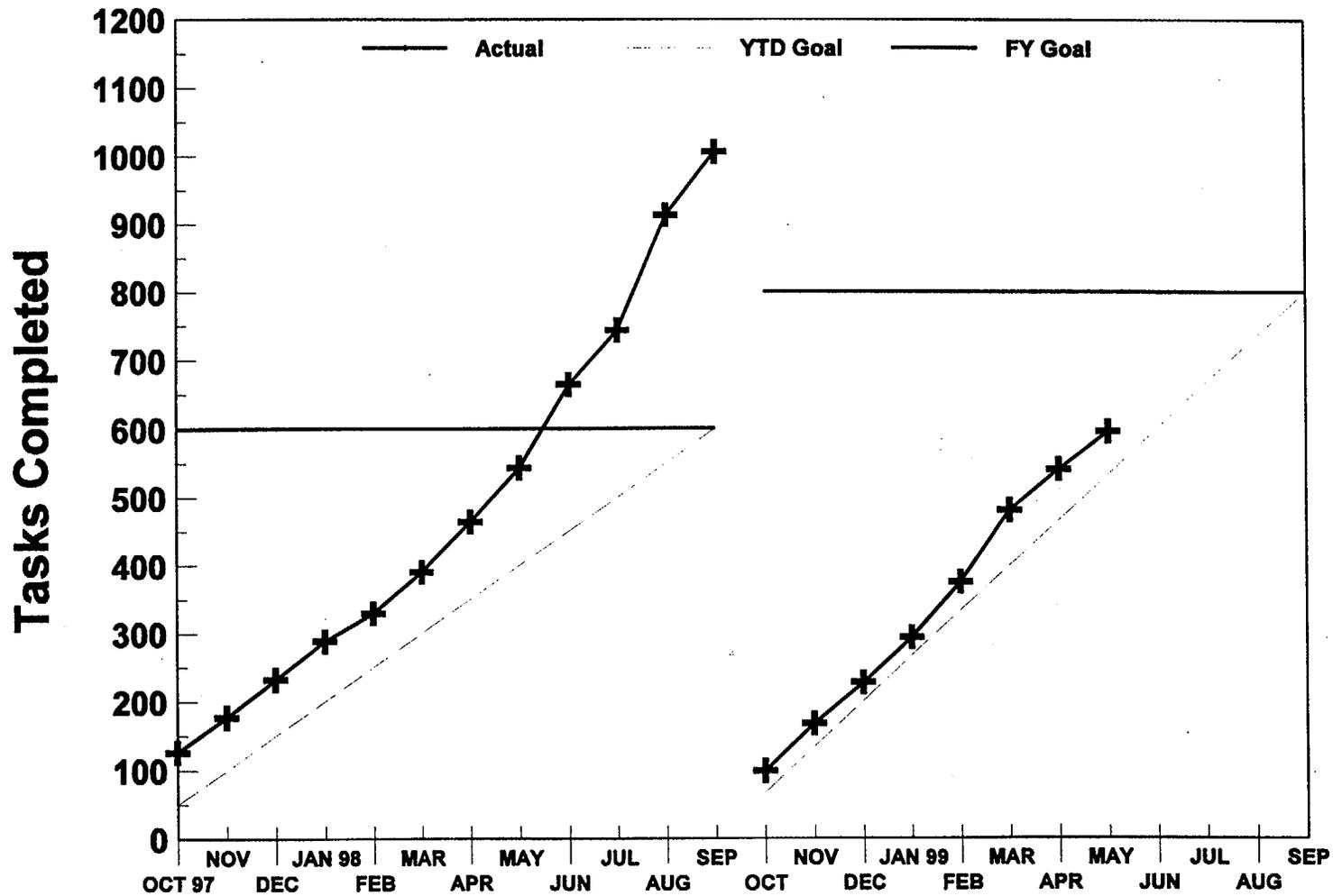
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Age of Licensing Action Inventory



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



V. Status of Calvert Cliffs License Renewal Application

All activities associated with the review of the Calvert Cliffs license renewal application are on schedule. The safety evaluation report representing the results of the NRC's safety review was issued on March 21, 1999. The NRC and Baltimore Gas & Electric are currently working to resolve the open and confirmatory items and issue the completed report by November 16, 1999.

The Calvert Cliffs draft supplemental environmental impact statement for license renewal was issued for comment on February 24, 1999, and the public comment period closed on May 20, 1999. The staff is currently addressing the comments received and preparing the final supplemental environmental impact statement for issuance by November 1999.

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

During this reporting period, the NRC staff continued its safety evaluation and environmental review of the Private Fuel Storage application. In addition, the staff prepared and submitted its positions on the eleven safety contentions scheduled to be adjudicated before the Atomic Safety and Licensing Board at the first of three scheduled hearings. This hearing will be held in Salt Lake City, Utah, from November through December of 1999. After positions were filed, the Atomic Safety and Licensing Board granted the applicant's request for summary disposition of one of these contentions. Other requests for summary disposition are pending at this time.

VII. Summary of Reactor Enforcement by Region

		Reactor Enforcement Actions*				
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	May 99	0	0	0	0	0
	FY 99 YTD	0	0	0	0	0
	FY 98 Total	0	0	0	0	0
Severity Level II	May 99	0	0	1	0	1
	FY 99 YTD	5	0	2	0	7
	FY 98 Total	3	1	1	1	6
Severity Level III	May 99	1	0	0	0	1
	FY 99 YTD	7	1	4	7	19
	FY 98 Total	46	11	15	19	91
Severity Level IV	May 99	0	0	0	0	0
	FY 99 YTD	50	42	54	60	206
	FY 98 Total	383	271	392	261	1307
Non-Cited Severity Level IV	May 99	25	24	55	52	156
	FY 99 YTD	200	150	224	211	785
	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 refers 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) taken in May 1999

Northeast Nuclear Energy Company (NNECo), Millstone Supplement I, (EA 96-151)

A Notice of Violation for a Severity Level III problem was issued on May 25, 1999. This action was based on four violations of NRC requirements related to the careless disregard of NRC requirements in which the licensee: (1) performed both partial and full core reactor fuel offloads prior to the decay times assumed in the FSAR without the appropriate engineering analyses; (2) utilized unapproved and unanalyzed system configurations to augment spent fuel pool (SFP) cooling during refueling outages, without procedures to govern those activities; and (3) in two instances submitted incomplete and inaccurate information to the NRC related to the performance of fuel offloads that were actually being commenced before the delay times assumed in the analyses submitted to the NRC. With respect to these violations, the licensee failed to meet the requirements of 10 CFR 50.59 when performing fuel offloads commencing prior to the decay times analyzed in the FSAR during most of the refueling outages between 1974 and 1991, and did not perform safety evaluations to support these activities. During these refueling outages, the licensee also used the shutdown cooling (SDC) system to augment the SFP cooling system for SFP heat removal, as assumed in the FSAR analysis for the abnormal offload scenario. However, no analysis was performed at the time to assure that the design SFP heat loads were not exceeded when considering the shorter decay times. Additionally, the SDC system was cross-tied with the SFP cooling system without approved procedures to govern the activity. The licensee had opportunities to identify that fuel offloads were not being performed consistent with the FSAR analysis when preparing license amendment requests for SFP reracking. However, in those requests the information provided to the NRC did not accurately reflect the refueling practices. Because the violations occurred more than five years ago, they were outside the statute of limitations for issuance of a civil penalty, with the exception of one violation for which the licensee waived the Statute of Limitations on October 15, 1998. However, even if the statute of limitations had not expired, the NRC determined that it would be appropriate to exercise discretion and not issue a civil penalty because: (1) these violations at Unit 1, which was permanently shut down, were additional examples of the underlying performance problems at all the Millstone units for which the NRC issued a \$2,100,000 civil penalty in December 1997; (2) the licensee maintained all three Millstone units in a shutdown condition for approximately 2 years to address underlying performance problems at the facility; and (3) the licensee essentially replaced the entire management infrastructure since the time these fuel offload problems occurred, and the new management team has been reasonably effective in managing the restart and operation of Millstone 2 and 3. Therefore, the NRC exercised discretion and did not issue a civil penalty for these violations.

FirstEnergy Nuclear Operating Company, Perry Nuclear Power Plant Supplement VII (EA 99-012)

A Notice of Violation and Proposed Imposition of Civil Penalty in the amount of \$100,000 was issued on May 20, 1999. This action was based on a Severity Level II violation involving an investigation completed by the NRC Office of Investigations (OI) at the Perry Nuclear Power Plant owned by Centerior Energy Corporation (now FirstEnergy Nuclear Operating Company (FENOC)) on December 10, 1998. OI conducted the investigation to determine whether a Radiation Protection Supervisor (RPS) at the Perry facility was discriminated against for providing testimony as a witness in a hearing concerning another employee. Based upon the evidence developed, OI determined that the Perry Radiation Protection Manager (RPM) discriminated against a RPS for engaging in protected activities within the scope of 10 CFR 50.7. The RPS's protected activities pertained to a July 17, 1997, deposition that the

RPS was to give in a Department of Labor (DOL) hearing concerning alleged employment discrimination against another individual at the Perry facility. The RPS had previously suggested to Centerior Energy representatives that his testimony would not be favorable to the Centerior Energy Corporation. The discrimination against the RPS consisted of a July 16, 1997, verbal counseling and the placement of a July 17, 1997, memorandum documenting the verbal counseling in the RPS's section personnel file on July 22, 1997. This violation was a very significant concern because it involved employee discrimination by the RPM, a mid-level facility manager, against an employee for testifying in a DOL proceeding. Such testimony is a protected activity in the Commission's employee protection regulations. Furthermore, the sphere of influence of the RPM is broad. Discrimination committed at this level had the potential to create a chilling effect throughout the Radiation Protection Department and could influence individuals in other plant departments. Because the Perry facility had been the subject of escalated enforcement actions within the last two years, the NRC considered whether credit was warranted for Identification and Corrective Action. Identification credit was not warranted because the NRC identified the violation. Corrective Action credit was not warranted because FENOC had not implemented corrective actions to address the root causes at the time the violation was issued. To emphasize the importance of maintaining a safety conscious work environment including permitting employee participation in DOL proceedings without fear of retaliation a civil penalty was warranted in this case.