

January 23, 2001

MEMORANDUM TO: Theodore Sherr, Chief, Operations Branch  
Division of Fuel Cycle Safety and Safeguards, NMSS

Eric Leeds, Chief, Special Projects Branch  
Division of Fuel Cycle Safety and Safeguards, NMSS

Edward J. McAlpine, Chief, Fuel Facilities Branch  
Division of Nuclear Materials Safety  
Region II

FROM: Patrick Hiland, Chief */RA by M. Phillips acting for/*  
Fuel Cycle Branch  
Division of Nuclear Materials Safety, Region III

SUBJECT: FUEL CYCLE LICENSEE PERFORMANCE REVIEW FOR  
HONEYWELL SPECIALTY CHEMICALS METROPOLIS, IL  
FACILITY

The Licensee Performance Review (LPR) Meeting for Honeywell Specialty Chemicals is scheduled for March 6, 2001, at 8:30 A.M. (EST), in room T8-E8 at Two White Flint North. An agenda and relevant facility background data are attached. Project inspectors, project managers, and license reviewers for the facility should be available, by telephone conference call, if necessary, to participate in this meeting. A bridge phone number will be provided before the meeting.

In preparation for this meeting, you are requested to provide concise statements of your assessment of the licensee's performance relative to each of the functional areas (described in IMC 2604, paragraph 09.01 (attached) for which you have responsibility. These statements should be based on your personal knowledge of the licensee's performance, during the review period, in the functional areas for which you have responsibility, and be supported by specific information, inspection findings and events. Where trends in performance are indicated, the dates of the activity, specific inspection findings or incidents that occurred during the current or previous review periods should also be provided.

Participants should be prepared to discuss their assessments, and their recommendations for modifying the NRC inspection program at each facility. The review will cover the period from February 20, 1999 to January 31, 2001.

CONTACT: M. Phillips, DNMS  
(630) 829-9806

T. Sherr

-2-

- Attachments:
1. LPR Schedule
  2. Listing of Inspection Reports Issued during LPR Evaluation Period
  3. Functional Areas and Discussion Leads (MC 2604 Section 09)
  4. NRC Manual Chapter 2604, "Licensee Performance Review"

cc w/atts:

- M. Weber, FCSS/NMSS
- L. Fields, FCSS/NMSS
- W. Schwink, FCSS/NMSS
- B. Spitzberg, RIV
- C. Pederson, DNMS, RIII
- M. Dapas, DNMS, RIII
- C. Blanchard, Senior Resident Inspector, Paducah GDP

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NAME	Phillips:js		Hiland					
DATE	01/23/2001		01/23/2001					

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**Attachment 1**

**SCHEDULE FOR LICENSEE PERFORMANCE REVIEW**

Docket No: 040-03392  
License No: SUB-526  
Licensee: Honeywell Specialty Chemicals  
Facility: Metropolis Works

Time Since Review Was Initiated	Date	Action
0 weeks	1/23	Region requests staff to provide assessment information within 4 weeks, and announces Licensee Performance Review Meeting, to be held in approximately 7 weeks
4 weeks	2/16	Information received by region from staff
6 weeks	2/28	Collected information organized and distributed (with final meeting agenda) to participating staff for consideration at staff meeting
7 weeks	3/6	Region holds LPR Meeting for staff to develop consensus on licensee performance.
9 weeks	3/20	Region completes preparation of draft LPR presentation materials and distributes them to participating Branch Chiefs, for concurrence
10 weeks	3/26	Branch Chiefs concur on draft presentation materials; distribution of draft presentation materials to Directors of DFCSS and DNMS, for concurrence
11 weeks	4/9	Directors, DFCSS and DNMS, comment and concur on final draft presentation materials.
13 weeks	4/23	Joint briefing of Director, NMSS, and responsible Regional Administrator, by Division Directors, DFCSS and DNMS. Regional Administrator arranges for meeting of NRC senior management with licensee senior management.
15 weeks	Mid May 2001	Meeting of NRC senior management with licensee senior management.

## Attachment 2

### Honeywell Specialty Chemicals **LISTING OF INSPECTION REPORTS ISSUED DURING LPR EVALUATION PERIOD** 2/20/1999 - 1/31/2001

#### Headquarters-based Inspections:

- 1999201 - Chemical and Fire Safety, 4/26-30/1999, Drummond, Lee, Wong, issued 5/20/1999
- 1999202 - Chemical Safety 10/18-22/1999, Troskoski and Piccirillo; Issued 11/12/99
- 2000201 - Chemical Safety 10/23-27/2000, Troskoski, Baker, Chen, Fields; Issued 11/16/2000

#### Region-based Inspections:

- 1999001 - Operations, Maintenance, and Radiation Protection, 2/16-19/1999, Krsek; Issued 3/5/1999
- OI 3-1999009 Willful Failure to Require Anti-C Clothing and Training, 3/1-8/25/1999; NOV Sent 9/16/1999
- 1999002 - Operations, Training, and Radioactive Waste Management, 5/3-7/1999, Jacobson; Issued 5/19/1999
- 1999003 - Operations, Radiation Protection, Maintenance, Transportation, and Radioactive Waste Management, 8/16-20/1999, Reidinger, Issued 10/10/1999
- 1999004 - Operations, Training, Emergency Preparedness, and Environmental Protection Programs, 11/29-12/7/1999, Jacobson; Issued 12/20/1999
- 2000001 - Operations, Maintenance, Training, Follow up to an Event Involving a General Licensed (10 CFR 31.5) Nuclear Gauge, 2/14-17/2000, Wiedeman; Issued 2/25/2000
- 2000002 - Operations, Maintenance, and Transportation, 4/25-27/2000 and 5/2/2000, Jacobson; Issued 5/12, 2000
- 2000003 - Operations, Health Physics and Waste Management Programs, 6/26-29/2000, Wiedeman, Issued 7/7/2000
- 2000004 - Maintenance/Surveillance, Environmental Protection, Emergency Preparedness and Waste Management Programs, 8/11-14/2000, Wiedeman, Jacobson; Issued 8/28/2000
- 2000005 - Management Organization and Controls, Operations Review, Maintenance and Surveillance, Environmental Protection, 11/16-21/2000 and 11/28/2000, Blanchard; Issued 12/18/2000

### Attachment 3

#### Honeywell Specialty Chemicals Functional Areas and Discussion Leads (MC 2604 Section 09)

#### FUNCTIONAL AREAS

The licensee performance review shall consider the licensee's performance in each of the following four functional areas. For each of the functional areas, corresponding inspection programs and organizations primarily responsible for addressing each area at the licensee performance review meeting are listed. A fifth optional area, "Special Topics," is reserved for any relevant licensing or other issues that may exist, but need not be included in the review if there are no contributions received from the participants.

<u>FUNCTIONAL AREA</u>	<u>DISCUSSION LEAD</u>
<u>Safety Operations</u>	
Chemical Process Safety	Operations Branch, DFCSS
Criticality Safety	Operations Branch, DFCSS
Fire Protection	Operations Branch, DFCSS
Plant Operations	Regional Branch, DNMS
Safeguards Material Control and Accounting	Operations Branch, DFCSS
<u>Radiological Controls</u>	
Radiation Protection	Regional Branch, DNMS
Environmental Protection	Regional Branch, DNMS
Waste Management	Regional Branch, DNMS
Transportation	Regional Branch, DNMS
<u>Facility Support</u>	
Maintenance/Surveillance Management Organization and Controls.	Regional Branch, DNMS Regional Branch, DNMS
Training	Regional Branch, DNMS
Emergency Preparedness	Regional Branch, DNMS
Special Topics	Operations Branch, DFCSS Licensing Branch, DFCSS Regional Branch, DNMS

## Attachment 4

### NRC INSPECTION MANUAL

NMSS

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#### MANUAL CHAPTER 2604

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#### LICENSEE PERFORMANCE REVIEW

##### 2604-01 PURPOSE

This chapter describes a simple and streamlined process for conducting reviews of a licensee's performance relative to the key functional areas covered by the licensing and inspection program for fuel cycle facilities. The result of such a review should provide a panoramic, or "big picture," view of licensee performance to senior U. S. Nuclear Regulatory Commission (NRC) management, and provide a basis for adjusting the fuel cycle facility inspection program, including such areas as inspection focus, frequency, and resources. It also will provide valuable feedback to licensees regarding how NRC management perceives their performance in protecting public health and safety.

##### 2604-02 OBJECTIVES

02.01 To describe a simple and streamlined process by which NRC management and staff shall conduct the review of a fuel cycle facility licensee's performance in protecting public health and safety, and

02.02 To ensure the consistency of the review process from one facility to another, and among different NRC Regional Offices.

##### 2604-03 DEFINITIONS

03.01 Bullet-Style Format. For purposes of this program, this indicates an outline type of format where licensee performance information is presented in concise terms for each functional area, in terms of program strengths, program elements needing improvement, and program elements for which challenges to performance are expected during the next review period. Under each of these categories, items of information are indicated with "bullets" (e.g., "•"). Where further details are to be specified, items of information are indicated by hyphens (e.g., "-"). An example of the required bullet-style format is provided in Enclosure 1, "Sample Licensee Performance Review Report Format."

03.02 Functional Areas. The following definitions describe the four main program areas that form the basis for the Licensee Performance Review. Each functional area is composed of combinations of fuel cycle inspection program areas for which one or more specific inspection procedures from IMC 2600 have been identified in parentheses (by number). A fifth functional area, "Special Topics," is reserved for other licensee performance issues that arise only occasionally.

- a. Safety Operations. Operations involving nuclear criticality safety, chemical process safety, plant operations, and fire protection.
  - 1. Chemical Process Safety. Ensuring adequate protection of the workers, public and environment from hazardous chemicals that could adversely affect radiological safety or could be released from the processing of licensed radioactive material. (88056-88066)
  - 2. Criticality Safety. Ensuring that the licensee has implemented adequate controls to prevent an inadvertent nuclear criticality. (88015, 88020)
  - 3. Plant Operations. Ensuring that the licensee has instituted effective programs to provide for safe operation of the facility during both routine and upset conditions, to recognize and report non-routine events affecting safety, and to identify and execute corrective actions to return the plant to a safe condition after possible upsets. (88020)
  - 4. Fire Protection. Ensuring that potential fires would not occur or would be limited in such manner that the safe handling and storage of nuclear material could be maintained. (88055)
  - 5. Management Organization and Controls. Ensuring that the licensee provides appropriate management and control systems such as internal reviews and audits, safety committees, and quality assurance programs, to maintain effective management oversight of facility operations. (88005)
- b. Safeguards. Material control and accounting, and physical protection of special nuclear material.
  - 1. Material Control and Accounting. Ensuring that the licensee maintains an effective system for verifying the quantity, status, and location of all special nuclear material under the licensee's control. (85401-85408)
  - 2. Physical Protection. Ensuring that the licensee maintains an effective program to protect against malevolent acts of theft, diversion, or dispersal of licensed radioactive material. (81910-81935, etc.)
- c. Radiological Controls. Radiation protection, environmental protection, waste management, and transportation.
  - 1. Radiation Protection. Ensuring that the licensee has established and implemented a radiation protection program adequate to protect the radiological health and safety of the plant's workers, vendors, and visitors. (83822)
  - 2. Environmental Protection. Ensuring that the licensee has established an effective program to measure and quantify offsite releases. (88045)
  - 3. Waste Management. Ensuring that the licensee has established an effective program to manage low-level radioactive waste. (84850, 88035)

4. Transportation. Ensuring that the licensee has established an effective program for preparing licensed nuclear materials for shipment, shipping the materials, and for the safe opening of licensed materials received at the facility. (86740)
- d. Facility Support. Programs and systems that support safe operations throughout the facility, including maintenance, surveillance testing, engineering, management organization and controls, training, and emergency preparedness.
    1. Maintenance/Surveillance. Ensuring that the licensee has established an effective program of both corrective and preventive maintenance, configuration management, and surveillance testing activities, that cover all facility structures, systems, and components with safety significance. (88025)
    2. Training. Ensure the qualification and training of personnel relied on to perform functions necessary for adequate safety and safeguards. (88010)
    3. Emergency Preparedness. Ensuring that the licensee has established an effective emergency management program to protect the workers, public, and the environment in the event of reasonably postulated events that could threaten the facility. (88050)
  - e. Special Topics. These are issues that may typically arise on an occasional basis, but are not included in the review on a routine basis unless the significance of the issue rises to a level that is perceived to affect the quality of licensee performance. Examples include clarification of licensing conditions or commitments, misunderstandings of license requirements, deviations from commitments in confirmatory action letters, licensing of new processes at an existing facility, and labor difficulties.

03.03 Major Fuel Cycle Facility. A facility in the fuel cycle safety inspection program selected to be included in this program, in consideration of the significance of the risks to public health and safety posed by the facility's operations.

## 2604-04 RESPONSIBILITIES AND AUTHORITIES

### 04.01 Director, Office of Nuclear Material Safety and Safeguards (NMSS)

- a. Receives briefing from staff on licensee performance.
- b. Optionally, meets with licensee senior management, after being briefed by staff, to discuss licensee performance.

### 04.02 Regional Administrator for responsible region

- a. Receives briefing from staff on licensee performance.
- b. Sends final Licensee Performance Review Letter Report to licensee, on concurrences by Directors of NMSS, and the Division of Fuel Cycle Safety and Safeguards (DFCSS), and the responsible regional Director, Division of Nuclear Material Safety (DNMS).



- c. Optionally, meets with licensee senior management, after being briefed by staff, to discuss results of review.

#### 04.03 Director, DFCSS

- a. Determines which facilities will be considered major fuel cycle facilities subject to this program.
- b. Provides for the appropriate branch level personnel at Headquarters to participate in licensee performance reviews of the major fuel cycle facilities within each region, in coordination with the regional staff conducting each review.
- c. Optionally, participates in Licensee Performance Review Meeting for subject facilities.
- d. Reviews and concurs in draft Licensee Performance Review Report (in form of briefing materials), before presentation to NRC senior management (i.e., Director, NMSS, and responsible Regional Administrator).
- e. Reviews and concurs in final Licensee Performance Review Letter Report, before its being sent to the licensee.
- f. Determines, after consultation with regional Director, DNMS, the approximate interval between licensee performance reviews for each facility, within a range from 12 to 24 months, based on previous licensee performance and the safety risk of the facility.
- g. Determines and implements modifications to the program, as necessary, after consultation with Regional Directors, DNMS.

#### 04.04 Regional Director, DNMS, for responsible region

- a. Provides for the appropriate branch level personnel in the region to conduct licensee performance reviews of the major fuel cycle facilities within the region, in coordination with the Operations, Licensing, and other responsible branches in DFCSS.
- b. Optionally, participates in Licensee Performance Review Meeting for subject facilities.
- c. Reviews and concurs in draft Licensee Performance Review Report (in form of briefing materials), before presentation to NRC senior management (i.e., Director, NMSS, and responsible Regional Administrator).
- d. Arranges for open meeting with licensee senior management, after briefing of NRC senior management.

- e. Makes available, to the Public Document Room, copies of NRC Licensee Performance Review Letter Report to licensee, and appropriate information presented by licensee, relevant to licensee performance, after meetings with licensee senior management.

#### 04.05 Chief, Operations Branch, DFCSS

- a. Coordinates scheduling of licensee performance reviews to minimize impact of the program on schedules for other programs.
- b. Monitors and reviews the Licensee Performance Review program, and recommends modifications to the program, as necessary, to Director, DFCSS.

#### 2604-05 PROGRAM OVERVIEW

Senior NRC management needs to know the general character of a licensee's performance in protecting public health and safety. This program provides a framework for review of licensee performance for major fuel cycle facilities. The streamlined process described in this manual chapter is designed to provide the requisite information to NRC management regarding licensee performance, while minimizing staff effort beyond that required for routine fuel cycle facility licensing and inspection activities. The information is also provided to the licensee's senior management in a public meeting, to apprise them of performance issues that may require their attention.

#### 2604-06 PROGRAM DESCRIPTION

The review of each major fuel cycle licensee's performance will be conducted at the Branch level under the direction of the DNMS in the region responsible for the subject facility. The region will request key Headquarters and Regional staff responsible for licensing and inspecting the facility to submit information in concise form (i.e., bullet-style format) that characterizes the licensee's performance during the review period. This information should be in a format that relates to the several specified major functional areas covered by the NRC fuel facility licensing and inspection program, as described herein.

The key staff will then meet at the Branch level to discuss and summarize the licensee's performance in terms of the quality of the licensee's program, identified trends, and continuing and future challenges to maintaining safe operation of the facility. The meeting may be facilitated through the use of telephone conferencing, or other communications technology, to ensure full participation by the appropriate personnel.

The region will subsequently assemble the information, conclusions, and recommendations generated at the meeting into a form suitable for presentation to senior NRC management, with the concurrence of participating branch chiefs.

On concurrence by the Directors, DFCSS, and DNMS for the appropriate region, and on signature of the Regional Administrator for the appropriate region, the Licensee Performance Review Report shall be conveyed to the licensee's senior management. A meeting shall be arranged between senior NRC and licensee management at which the results of the review shall be discussed. The purpose of the meeting will be to heighten the licensee's awareness of areas where improvements or changes in its safety and safeguards programs are needed.

The results of the review may be used to support changes in the inspection program for the subject facility so that inspection resources may be focused where most needed. The changes will be incorporated into the facility's Individualized Master Inspection Plan, which specifies the prescribed intervals between inspections and specific issues or operations requiring focus or emphasis for each functional area during planned inspections. The results may also be used cumulatively to identify needed modifications to the NRC licensing and inspection program, to improve its effectiveness.

## 2604-07 PERFORMANCE REVIEW SCHEDULING

The time span covered by the Licensee Performance Review process should normally be approximately 15 weeks, from the time staff is initially requested to provide assessment information until NRC and licensee senior management meet to discuss the results of the review. A sample generic schedule of the process is provided in Enclosure 2, "Generic Schedule for Licensee Performance Review."

07.01 A performance review shall be conducted for each active fuel cycle facility every 12 to 24 months, depending on the facility's safety risk and previous safety and safeguards performance.

07.02 The Chief, Fuel Cycle Operations Branch (FCOB), shall coordinate the scheduling of licensee performance reviews through use of a Master Inspection Schedule encompassing all performance reviews and inspections across the regions and Headquarters. Reviews shall be scheduled in consultation with the regions to minimize undue impacts on the workloads of the participating organizational units.

07.03 The region responsible for the subject facility shall notify participants of the review schedule (e.g., as in Enclosure 3, "Sample Licensee Performance Review Notification Memo") and request that they provide their assessment information within 4 weeks. The staff should document their views, where appropriate, with references to specific incidents or inspection findings. The Licensee Performance Review Meeting should be announced at the same time, and be scheduled to be held approximately 3 weeks after the assessment information is due to be received. After receipt of the assessment information, the region shall send copies of the collected information to all participants so that it is available for their review approximately 1 week before the meeting is held.

07.04 The Licensee Performance Review Meeting should be attended by all invited staff, either in person, or through electronic means. It shall be chaired by the Branch Chief in the region in which the subject facility is located, or by whomever the regional Director, DNMS, designates. Representatives from the Division level of management may participate in the review process, but their attendance is not mandatory. The review meeting should proceed by having the responsible staff members present their views on the licensee's performance for the functional areas for which they are responsible, generally covering the aspects of the facility program indicated in Enclosure 4, "Sample Licensee Performance Review Guide." Conclusions regarding the various aspects of licensee performance shall be reached by consensus of those attending. Where divergent opinions are expressed, and no clear consensus on a particular issue can be reached, the diverging opinions should be summarized and documented, and presented together with the other results of the review meeting.

07.05 The region shall assemble the information, conclusions, and recommendations generated at the Licensee Performance Review Meeting into a concise report (e.g., bullet-style format) suitable for presentation to senior NRC management. After the draft report is circulated

for review and comment by the participating branch chiefs and division directors, the results of the review will be presented to senior NRC management, generally within 6 weeks after the Licensee Performance Review Meeting.

07.06 The Licensee Performance Review Letter Report will generally be prepared for review and approval by NRC senior management at the time they are briefed, and sent to the licensee shortly afterwards. After conveyance of the report to the licensee, the meeting between the senior management of NRC and the licensee should be held as soon as practicable, generally within 2 weeks after the licensee receives the report.

## 2604-08 REVIEW PROCESS

08.01 Participants in the Licensee Performance Review Meeting shall briefly discuss facility activities, quality of performance, and trends during the review period for the specific functional areas within their responsibility. The relevant functional areas are listed in Section 04-09. Participants should be mindful that observed performance trends may be open to wide interpretation. Therefore, identification of any performance trends should be buttressed by specific references to the dates of incidents, or inspection findings, distributed over the review period, that led to identification of the trend.

08.02 For each functional area, participants should evaluate licensee performance relative to criteria appropriate for the given functional area. Some of these criteria may be similar for many functional areas, whereas others may be specific to just one area. For consistency, the same criteria should be applied in successive performance reviews.

However, criteria may be modified, from time to time, through a coordinated process that ensures all forthcoming reviews use the new criteria. A sample set of review criteria is described in Section 04-10.

08.03 The regional Branch assigned to conduct the review shall document the conclusions and recommendations reached at the licensee performance review meeting, relevant supporting data presented, and any other results of the review process. The documentation should be in a form suitable for presentation to senior NRC management, such as in "bullet-style" charts. The report should separately address performance in each of the functional areas, as well as discuss overall trends and patterns in performance that may affect multiple areas. Both program strengths and aspects of the licensee's programs needing improvement should be highlighted in the report. The report also should describe factors that may represent challenges to the quality of licensee performance in the upcoming review period. A recommendation should be included for NRC to continue the current inspection program for the facility without changes, or modify it in specified ways, with reference to the results of the review.

08.04 The results of the review shall be presented to the Directors, DFCSS, and the appropriate regional DNMS, for review and concurrence, after concurrence by the participating Branch Chiefs.

08.05 The results of the review then shall be presented jointly to the Director, NMSS, and the appropriate Regional Administrator. As part of the preparation for this briefing, a draft Licensee Performance Review Letter Report shall be prepared for eventual transmission to the licensee, and for public dissemination. (The Director, DFCSS, and the appropriate regional Director, DNMS, shall review and concur on the letter report before the briefing.) The Letter Report shall

be in the form of a brief cover letter containing a summary of the significant results of the review, with an attachment, in “bullet-style” format, that presents the more detailed results of the review, with references to specific inspection findings and incident reports that support the results of the review. A sample of the appropriate bullet-style format is provided in Enclosure 1.

The letter report may describe licensee program areas that may be candidates for changes in the NRC inspection program, including possible changes in focus, emphasis, or inspection frequency. However, the report should not commit to making specific changes in the inspection program in quantitative terms, pending a broader consideration of safety risk and licensee performance at other facilities, and of overall use of NRC inspection resources.

## 2604-09 FUNCTIONAL AREAS

09.01 The licensee performance review shall consider the licensee's performance in each of the following four functional areas. For each of the functional areas, corresponding inspection programs and organizations primarily responsible for addressing each area at the licensee performance review meeting are listed. A fifth optional area, “Special Topics,” is reserved for any relevant licensing or other issues that may exist, but need not be included in the review if there are no contributions received from the participants.

<u>FUNCTIONAL AREA</u>	<u>DISCUSSION LEAD</u>
<u>Safety Operations</u>	
Chemical Process Safety	Operations Branch, DFCSS
Criticality Safety	Operations Branch, DFCSS
Fire Protection	Regional Branch, DNMS
Plant Operations	Regional Branch, DNMS
<u>Safeguards</u>	
Material Control and Accounting	Operations Branch, DFCSS
Physical Protection	Regional Branch, DNMS
<u>Radiological Controls</u>	
Radiation Protection	Regional Branch, DNMS
Environmental Protection	Regional Branch, DNMS
Waste Management	Regional Branch, DNMS
Transportation	Regional Branch, DNMS
<u>Facility Support</u>	
Maintenance/Surveillance Management Organization and Controls.	Regional Branch, DNMS Regional Branch, DNMS
Training	Regional Branch, DNMS
Emergency Preparedness	Regional Branch, DNMS
<u>Special Topics</u>	
	Operations Branch, DFCSS
	Licensing Branch, DFCSS
	Regional Branch, DNMS

Each of these functional areas is defined in Section 03.02. These areas are intended to closely parallel the corresponding inspection programs.

#### 2604-10 EVALUATION CRITERIA

10.01 Fuel facility licensee performance will be assessed, as applicable, in the functional areas noted in Section 09.01, using a common set of review criteria. A suggested set of review criteria appears below:

- a. Management involvement and control;
- b. Approach to identification and resolution of technical issues from a safety and safeguards perspective;
- c. Response to operational events (including timeliness, analysis, reporting, corrective actions, and recognition of generic issues within the facility);
- d. Staffing (considering experience, expertise, and availability of staff and management);
- e. Aspects of performance that may reflect on the effectiveness of training and qualification programs relative to the specific functional area; and
- f. Evidence of positive or negative performance trends.

10.02 Headquarters and regional Branch Chiefs will confer occasionally to consider the suitability of the current review criteria and suggest any necessary changes. The Branch Chief, FCOB, accordingly, will issue revised evaluation criteria for use during subsequent reviews.

END

Enclosures:

1. Sample Licensee Performance  
Review Report Format
2. Generic Schedule For Licensee  
Performance Review
3. Sample Licensee Performance  
Review Notification Memo
4. Sample Licensee Performance  
Review Guide

ENCLOSURE 1  
(SAMPLE LICENSEE PERFORMANCE REVIEW REPORT FORMAT)

Following is the standardized format for attachments to Licensee Performance Review Letter Reports:

Safety Operations

Program Strengths

- Item of information xxxxxxxx xxxxxxxx xxxxxx xxxxxx xxxxxxxx xx xxxxxxxx xxxxxxxxxx xx  
xxxxx xxxxx.
  - Detail xxxx xxxxxxxx xxx xxxxxxxxxx xx xxxxxx xxxxxxxxxx xxxxxxxxxxxxxx xx xx xxxxx xxx  
x xxxxx.
    - Further detail (if necessary) xxxxx xxxxx xxxxxxxxxx xx x xxxxxxx xxx xxxxxx xxxxx.
    - Further detail (if necessary)
  - Detail
  
- Item of information
  - Detail
  - Detail

Program Areas Needing Improvement

- Item of information
  - Detail
  - Detail

Projected Challenges to Performance

- Item of information
  - Detail
  - Detail

Safeguards

- Item of information
- Item of information

Radiological Controls

- Item of information
- Item of information

Facility Support

- Item of information
- Item of information

Special Topics (if necessary)

- Item of information



ENCLOSURE 2  
GENERIC SCHEDULE FOR LICENSEE PERFORMANCE REVIEW

<u>Time Since Review Was Initiated</u>	<u>Action</u>
Start	Region requests staff to provide assessment information within 4 weeks, and announces Licensee Performance Review Meeting, to be held in approximately 7 weeks
4 weeks	Information received by region from staff
6 weeks	Collected information organized and distributed (with final meeting agenda) to participating staff for consideration at staff meeting
7 weeks	Region holds LPR Meeting for staff to develop consensus on licensee performance.
9 weeks	Region completes preparation of draft LPR presentation materials and distributes them to participating Branch Chiefs, for concurrence
10 weeks	Branch Chiefs concur on draft presentation materials; distribution of draft presentation materials to Directors of DFCSS and DNMS, for concurrence
11 weeks	Directors, DFCSS and DNMS, comment and concur on final draft presentation materials.
13 weeks	Joint briefing of Director, NMSS, and responsible Regional Administrator, by Division Directors, DFCSS and DNMS.  Regional Administrator arranges for meeting of NRC senior management with licensee senior management.
15 weeks	Meeting of NRC senior management with licensee senior management.

ENCLOSURE 3  
(SAMPLE LICENSEE PERFORMANCE REVIEW NOTIFICATION MEMO)

MEMORANDUM TO: [REGIONAL AND HEADQUARTERS SECTION CHIEFS]  
FROM: [DIRECTOR, Division of Nuclear Material Safety, REGION X]  
SUBJECT: FUEL FACILITY LICENSEE PERFORMANCE REVIEW

The Licensee Performance Review (LPR) Meeting for [Fuel Facility Name] is scheduled for \_\_\_ [Date] \_\_\_, at \_\_\_ [Time] \_\_\_ o'clock (EST), in room \_\_\_ [Room #] \_\_\_ at \_\_\_ [Building Name] \_\_\_. An agenda and relevant facility background data are enclosed. Resident Inspectors (as appropriate), project inspectors, project manager, and license reviewers (if appropriate) for the facility should be available, by telephone conference call, if necessary, to participate in this meeting. A bridge phone number will be provided before the meeting.

In preparation for this meeting, you are requested to provide concise statements of your assessment of the licensee's performance relative to each of the functional areas (described in IMC 2604, paragraph 09.01) for which you have responsibility. These statements should be based on your personal knowledge of the licensee's performance, during the review period, in the functional areas for which you have responsibility, and be supported by specific information, inspection findings and events. Where trends in performance are indicated, the dates of the activity, specific inspection findings or incidents that occurred during the current or previous review periods should also be provided.

Participants should be prepared to discuss their assessments, and their recommendations for modifying the NRC inspection program at each facility. The review will cover the period from \_\_\_ [Date Start] \_\_\_ to \_\_\_ [Date End] \_\_\_.

Enclosures:

1. Agenda
2. LPR Guide
3. Current Evaluation Criteria
4. Facility Background Information

ENCLOSURE 4  
(SAMPLE LICENSEE PERFORMANCE REVIEW GUIDE)

Considering the current set of evaluation criteria (as described in Section 10.01 of IMC 2604, or as amended thereafter, and attached), please review the following aspects of licensee performance for the subject facility. Then, submit a brief, bullet-style summary of your understanding of the quality of the licensee's performance for each functional area (ref. IMC 2604, 09.01) within your responsibility.

1. Overall plant status relative to functional area;
2. Enforcement history during the period, including pending enforcement, and incomplete escalated enforcement actions from prior review periods;
3. Open items and inspection follow-up items that arose during the review period;
4. Facility events or conditions that resulted in special or reactive inspections conducted during the review period;
5. Licensee activities or conditions that might challenge, stress, or alleviate stress on, the licensee's programs for maintaining safe operations (e.g., new processes, increased throughput, higher enrichment, new kinds of nuclear material or hazardous chemicals, etc);
6. Licensee performance trends (provide dates and descriptions of specific activities, inspection findings or incidents); and
7. Recommended changes in NRC inspection effort (e.g., focus, emphasis, resources, frequency) for each functional area (as listed in Section 09.01 of IMC 2604) within your responsibility.

On submission of the assessments, the Division of Nuclear Material Safety, for Region [#], will summarize them, and distribute copies to all participants one week before the Licensee Performance Review Meeting for the subject facility.