MANUAL CHAPTER 0305

OPERATING REACTOR ASSESSMENT PROGRAM

0305-01 PURPOSE

The Reactor Oversight Process integrates the NRC's inspection, assessment, and enforcement programs. The Operating Reactor Assessment Program evaluates the overall safety performance of operating commercial nuclear reactors and communicates those results to licensee management, members of the public, and other government agencies.

The assessment program (exhibit 2) collects information from inspections and performance indicators (PIs) in order to enable the agency to arrive at objective conclusions about the licensee's safety performance. Based on this assessment information, the NRC determines the appropriate level of agency response, including supplemental inspection and pertinent regulatory actions ranging from management meetings up to and including orders for plant shutdown. The assessment information and agency response are then communicated to the public. Follow-up agency actions, as applicable, are conducted to ensure that the corrective actions designed to address performance weaknesses were effective.

0305-02 OBJECTIVES

02.01 To collect information from inspection findings and PIs.

02.02 To arrive at an objective assessment of licensee safety performance using PIs and inspection findings.

02.03 To assist NRC management in making timely and predictable decisions regarding appropriate agency actions used to oversee, inspect, and assess licensee performance.

02.04 To provide a method for informing the public and soliciting stakeholder feedback on the NRC's assessment of licensee performance.

02.05 To provide a process to follow up on areas of concern.

0305-03 APPLICABILITY

This manual chapter applies to all operating commercial nuclear reactors except those sites that are under IMC 0350, "Oversight of Operating Reactor Facilities in Shutdown Condition with Performance Problems". The contents of this manual chapter do not restrict the NRC from taking any necessary actions to fulfill its responsibilities under the Atomic Energy Act of 1954 (as amended).

0305-04 DEFINITIONS

04.01 Significance Determination Process (SDP). A risk characterization process that is applied to inspection findings. Using the results of the SDP, the overall licensee performance assessment process can compare and evaluate the findings on a significance scale similar to the performance indicators.

04.02 Degraded Cornerstone. A cornerstone that has two or more white inputs or one yellow input.

04.03 Repetitive Degraded Cornerstone. A cornerstone that is degraded (2 white inputs or 1 yellow input) for five or more consecutive quarters. This designation only applies to a cornerstone when there are at least two separate safety significant PIs or inspection findings during this period.

04.04 Multiple Degraded Cornerstones. Two or more cornerstones are degraded in any one quarter.

04.05 Assessment Period. A rolling 12 month period that contains 4 quarters of performance indicators and inspection findings. An inspection finding is normally carried forward in the assessment process for a total of four calender quarters and a performance indicator is re-calculated on a quarterly basis. However, an inspection finding or a performance indicator will not be removed from consideration of future agency actions (per the Action Matrix) until the requirements of the appropriate supplemental inspection procedure have been completed.

04.06 Annual Assessment Cycle. A 12 month assessment period from April 1 through March 31 of each year.

04.07 Assessment Inputs. As used in this manual chapter, assessment inputs are the combination of PIs and inspection findings for a particular plant that are combined in the assessment process in order to determine appropriate agency actions.

04.08 Inspection Manual Chapter (IMC) 0350 Process. An oversight process that oversees licensee performance, inspections, and restart efforts for plants in shutdown conditions with significant performance problems.

04.09 Safety-Conscious Work Environment (SCWE). An environment in which employees feel free to raise safety concerns, both to their management and to the NRC, without fear of retaliation.

04.10 Safety-Significant - An objective characterization of the relative high importance of the issue represented by other than green PIs or inspection findings.

Note: Green inspection findings and individual events or issues captured in a green PI represent a very low level of significance. Therefore, green PIs or inspection findings do not require additional agency action beyond the baseline inspection program.

0305-05 RESPONSIBILITIES AND AUTHORITIES

05.01 Executive Director for Operations (EDO)

a. Oversees the activities described in this manual chapter.

b. Approves all deviations from the Action Matrix.

05.02 Director, Office of Nuclear Reactor Regulation (NRR)

a. Implements the requirements of this manual chapter within NRR.

b. Develops assessment program policies and procedures.

c. Ensures uniform program implementation and effectiveness.

05.03 Regional Administrators

a. Implements the requirements of this manual chapter within their respective regions.

b. Develops and issues assessment letters to each licensee.

c. Conducts assessment reviews and directs allocation of inspection resources within the regional office based on the Action Matrix.

d. Establishes a schedule and determines a suitable location for the annual public meeting with each licensee to ensure a mutual understanding of the issues discussed in the Annual Assessment Letter.

e. Suspends the end-of-year performance review for those plants that have been transferred to the Inspection Manual Chapter 0350 process (see IMC 0350).

05.04 Director, Office of Public Affairs

a. Issues press releases following the completion of the mid-cycle and end-of-cycle reviews.

05.05 Chief, Inspection Program Branch (NRR/DIPM/IIPB)

a. Develops assessment program guidance.

b. Collects feedback from the regional offices and assesses execution of the Operating Reactor Assessment Program to ensure consistent application.

c. Recommends, develops, and implements improvements to the Operating Reactor Assessment Program.

d. Provides oversight of the mid-cycle and end-of-cycle reviews.

e. Concurs on proposals by the regional offices to not conduct a supplemental inspection for a single white issue in accordance with section 06.06.a.

05.06 Agency Allegations Advisor

a. Provides any significant insights from the allegations program to the regional offices in preparation for the mid-cycle and end-of-cycle reviews.

05.07 Director, Office of Enforcement

a. Provides any significant insights from the enforcement program to the regional offices in preparation for the end-of-cycle reviews.

05.08 Director, Office of Investigations

a. Provides any significant insights from the office of Investigations to the regional offices in preparation for the end-of-cycle reviews.

05.09 Director, Office of Research

a. Provides any significant insights from the office of Research to the regional offices in preparation for the end-of-cycle reviews.

05.10 Director, Division of Licensing Project Management (DLPM)

a. Provides any significant insights from DLPM to the regional offices in preparation for the end-of-cycle reviews.

0305-06 BASIC REQUIREMENTS

06.01 Overall Assessment Process

Licensee performance is reviewed over a 12-month period through the operating reactor assessment process (exhibits 3 and 4). The assessment process consists of a series of reviews which are described below.

The resident inspectors and branch chiefs in each regional office continuously monitor the performance of their assigned plants using the results of the PIs and inspection findings. Inspections are conducted on a continuous basis in accordance with IMC 2515 and PIs are reported quarterly by the licensee. Assessment activities occur at quarterly intervals. However,

if an inspection finding is identified during the quarter that has safety significance(i.e.,other than green),the regional office may address this issue by issuing an Assessment Follow-Up letter without waiting until the end of the quarter. In addition, PIs are not intended to be monitored on a real time basis. However, the regional office should take the appropriate action if, based on current inputs, a PI will cross a performance threshold at the end of the quarter. Additionally, the agency will take actions as appropriate to address plants with significant performance problems. Plants with significant performance problems are those plants that are in the Multiple/Repetitive Degraded Cornerstone column or the Unacceptable Performance column of the Action Matrix. Regional management should notify the licensee in writing if additional inspection activities are scheduled to occur within the current quarter via an Assessment Follow-Up Letter (exhibit 9). Assessment Follow-Up letters should be signed by the appropriate level of management based on the column of the Action Matrix associated with overall licensee performance (see exhibit 5).

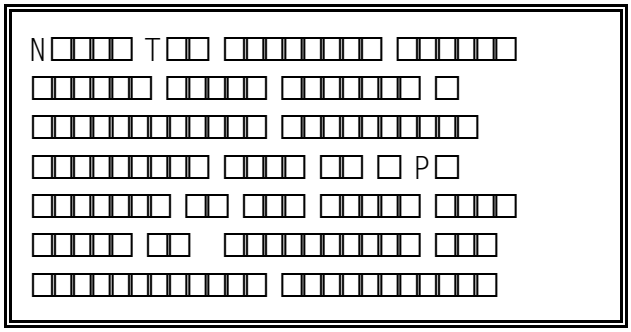
The inspectors normally use the SDP to evaluate inspection findings for safety significance. In addition, the NRC's enforcement policy may apply to issues which the SDP process can not evaluate for safety significance (e.g., violations that may impact the NRC's ability to provide oversight of licensed activities and violations that involve willfulness, including discrimination). These issues should be considered when determining the range of agency actions within the appropriate column of the Action Matrix.

06.02 Performance Reviews

a. Quarterly Review. Each region conducts a quarterly review utilizing PI data submitted by licensees and inspection findings compiled over the previous twelve months. This review is conducted within five weeks after the conclusion of each quarter of the annual assessment cycle (see exhibit 4). The most recent quarter of performance indicators and inspection findings shall be considered in determining agency actions per the Action Matrix. Inspection findings are normally carried forward in the assessment process for four consecutive quarters.

The responsible DRP Branch Chief reviews the most recently submitted PIs (which should be submitted 21 days after the end of the quarter) and the inspection findings contained in the plant issues matrix (PIM) to identify any performance trends. The Branch Chief shall utilize the Action Matrix to help identify where there are NRC actions that should be considered which are not already embedded in the existing inspection plan. Assessment Follow-up letters are normally issued within two weeks after the quarterly review for any new safety significant PIs or inspection findings. However, as discussed in section 06.01, it may be appropriate for the regional office to issue an Assessment Follow-Up letter for inspection findings or PIs when timeliness in engaging the licensee is an issue. In this case, a subsequent quarterly Assessment Follow-Up letter would not be necessary if its only purpose is to re-iterate any issues that had been previously addressed to the licensee.

In accordance with attachment 3 of IMC 0609 "Significance Determination Process", a licensee may appeal the results of the final SDP determination. In this case, the regional office should issue the Assessment Follow-Up letter within two weeks of the conclusion of the appeals process.



Additionally, for plants whose performance is in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix, consideration shall be given at each quarterly review for engaging senior licensee and agency management in discussions associated with 1) transferring the plant to the

IMC 0350 process, 2) declaring licensee performance to be unacceptable in accordance with the guidance contained within this manual chapter, and 3) taking additional regulatory actions (as appropriate).

> Note: If the agency determines that a licensee's performance is unacceptable, then a shutdown order will be issued.

b. Mid-Cycle Review. Each regional office conducts a Mid-Cycle Review utilizing the most recent quarterly performance indicators and inspection findings compiled over the previous twelve months. This review incorporates activities from the quarterly review after the conclusion of the second quarter of the annual assessment cycle. The output of this review is a Mid-Cycle Letter (exhibit 10) instead of an Assessment Follow-Up Letter. Additional activities include planning inspection activities through September 30th of the next year as well as discussing any insights into potential cross-cutting issues (problem identification and resolution, human performance, and safety-conscious work environment). The Action Matrix is used to determine the scope of agency actions in response to the assessment inputs. The Mid-Cycle Review will be completed within six weeks of the end of the second quarter of the annual assessment cycle.

In preparation for the mid-cycle reviews, the regional offices shall develop a meeting agenda as well as provide the plant issues matrix, the results of the PIs, and the proposed inspection plan for all plants. Exhibit 7 provides the areas that should be addressed by the regional offices for all plants except those that are required to prepare a Plant Performance Summary. The regional offices shall develop a Plant Performance Summary (see exhibit 8)for those plants whose performance over the past twelve months has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix. A Plant Performance Summary shall also be developed for those plants that the regional offices considers to have current substantive cross-cutting issues that should be included in the mid-cycle letter. The Plant Performance Summary packages will assist the regional offices in conducting the meeting and will form the basis for the Mid-Cycle letters as well as providing input to the next End-of-Cycle Meeting. The Plant Performance Summary should include an operating summary, a performance overview (current overall assessment and previous assessment results), inspection and PI results by cornerstones, other issues (i.e. cross-cutting issues, PI verification, and non-SDP enforcement actions of at least severity level III), as well as a proposed inspection plan.

The mid-cycle review meeting is chaired by a Division of Reactor Projects (DRP) or Division of Reactor Safety (DRS) Division Director (DD). The DRP Branch Chiefs responsible for their plants should take the lead in presenting the overall results of the review to the Division Director. The DRS Branch Chiefs shall coordinate with the appropriate DRP Branch Chiefs to provide adequate support for the presentation and the development of the inspection plan. Other participants shall include applicable regional and resident inspectors, a representative from the Inspection Program Branch (IIPB), the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional resources deemed necessary by the regional offices. A Senior Reactor Analyst (SRA) is not required to attend the meeting if their insights on safety significant performance issues have been provided before the meeting. The Agency Allegations Advisor will provide any significant insights to the regional offices at least one week in advance of the mid-cycle meeting. The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

The output of the mid-cycle review is a Mid-Cycle Letter (exhibit 10). This letter shall be issued within three weeks of the completion of the mid-cycle reviews which includes a three working day review of the mid-cycle letters by IIPB. The three week requirement begins when all of the regional offices complete their mid-cycle reviews. This letter shall contain:

1. A summary of safety significant PIs and inspection findings for the most recent quarter as well as discussion of previous action taken by the licensee and the agency relative to these issues. Performance issues from previous quarters may be discussed if:

   (a) The agency's response to an issue had not been adequately captured in previous correspondence to the licensee.

   (b) These issues, when combined with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.

2. A discussion of any deviations from the Action Matrix during the assessment period.

3. A qualitative discussion of substantive cross-cutting issues. Safety-conscious work environment (SCWE) issues shall only be discussed if the agency has previously engaged the licensee via a meeting or docketed correspondence regarding a potential or actual SCWE concern or issue.

4. A discussion of non-SDP (severity level III or greater) enforcement actions.

5. A statement of any actions to be taken by the agency in response to safety significant issues, as well as any actions taken by the licensee.

6. An inspection plan consisting of approximately 12 months of activities. The inspection plan will consist of report 22 from the Reactor Program System (RPS).

c. End-of-Cycle Review. Each regional office conducts an End-of-Cycle Review utilizing the most recent quarterly PIs and inspection findings compiled over the previous 12 months. This review incorporates activities from the quarterly review after the conclusion of the annual assessment cycle. The output of this review is an Annual Assessment Letter (exhibits 11,12,13, and 14) instead of an Assessment Follow-Up Letter. Additional activities include planning inspection activities through May 31st of the next year, discussing any potential cross-cutting issues (problem identification and resolution, human performance, and safety-conscious work environment), and developing an input (if applicable) to support the Agency Action Review Meeting. The End-Of-Cycle meeting should be held within six weeks of the end of the assessment cycle. The Action Matrix will be used to determine the scope of agency actions in response to assessment inputs.

In preparation for the End-of-Cycle reviews, the regional offices shall develop a meeting agenda as well as provide the plant issues matrix, the results of the PIs, and the proposed inspection plan for all plants. Exhibit 7 provides the areas that should be addressed by the regional offices for all plants except those that are required to prepare a Plant Performance Summary. The regional offices shall develop a Plant Performance Summary (see exhibit 8)for those plants whose performance over the past twelve months has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix. A Plant Performance Summary shall also be developed for those plants that the regional offices consider to have current substantive cross-cutting issues that should be discussed in the annual assessment letter. The Plant Performance Summary packages will assist the regional offices in conducting the meeting and will form the basis for the annual assessment letters. These packages will also be used at the End-of-Cycle Summary Meeting as well as providing input to the Agency Action Review Meeting (if applicable). The Plant Performance Summary should include an operating summary, a performance overview (current overall assessment and previous assessment results), inspection and performance indicator results by cornerstones, other issues (i.e. cross-cutting issues, PI verification, and non-SDP enforcement actions of at least severity level III), as well as a proposed inspection plan.

Additional material for the End-of-Cycle Review will be provided to the regional offices by exception from each of the participating headquarters office representatives. To facilitate this, the Inspection Program Branch (IIPB) will issue a memorandum to the participating headquarters offices requesting that significant insights be provided to the regional offices at least one week prior to the End-of-Cycle Review meeting. IIPB should issue this memorandum at least 10 days before the end of the annual assessment cycle. This

memorandum includes the schedule of plant discussions which will be provided to IIPB by the regional offices.

The End-of-Cycle Review Meeting is chaired by the Regional Administrator or his/her designee. The regional Division Directors and/or Branch Chiefs present the results of the annual review to the Regional Administrator (or designee). Other routine participants should include DRP and DRS Branch Chiefs, applicable regional and resident inspectors, a representative from the Inspection Program Branch (IIPB), the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional participants deemed necessary by the regional offices. The following representatives should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant: senior representatives from the Division of Licensing Project Management, Office of Investigations, Office of Enforcement, and Office of Research. The role of the various headquarters participants during the End-of-Cycle meeting is to provide: 1) an opportunity for these offices to share any significant insights into license performance over the course of the annual assessment period, 2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and 3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance. A Senior Reactor Analyst (SRA) is not required to attend the meeting if their insights on safety significant performance issues have been provided before the meeting. The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

An End-of-Cycle Summary meeting may be necessary at the conclusion of the end-of-cycle meeting to summarize the results of the end-of-cycle review with the Director of NRR (or another member of the Executive Team). The regional staff will summarize the results of the end-of-cycle review for those plants whose performance over the past twelve months has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix. The regional staff will also present the results for those plants that the regional office considers to have current substantive cross-cutting issues that would be included in the annual assessment letter.

The output of the End-of-Cycle Review is the Annual Assessment Letter (exhibits 11,12,13, and 14). This letter shall be issued within three weeks of the completion of the end-of-cycle reviews which includes a three working day review of the annual assessment letters by IIPB. The three week requirement begins when all of the regional offices complete their end-of-cycle reviews. This letter shall contain:

1. A statement regarding overall plant performance based on the most recent PIs and the previous 12 months of inspection findings.

2. A summary of any current safety significant PIs or inspection findings for the most recent quarter including a discussion of any followup actions taken by the licensee and the agency.

3. A brief summary of safety significant PIs or inspection findings for the first three quarters of the assessment cycle including a discussion of any followup actions taken by the licensee and the agency.

4. A discussion of any deviations from the Action Matrix during the assessment period.

5. A qualitative discussion of substantive cross-cutting issues. Safety-conscious work environment (SCWE) issues shall be discussed only if the agency has previously engaged the licensee via a meeting or docketed correspondence regarding a potential or actual SCWE concern or issue.

6. A discussion of non-SDP (severity level III or greater) enforcement actions.

7. A statement of any actions to be taken by the agency in response to safety significant issues, as well as any actions taken by the licensee.

8. An inspection plan consisting of approximately 12 months of activities. The inspection plan will consist of report 22 from the Reactor Program System (RPS).

06.03 Program Reviews

a. Agency Action Review. An Agency Action Review Meeting is conducted several weeks after issuance of the annual assessment letters (see exhibit 4). This meeting is attended by appropriate senior NRC managers and is chaired by the Executive Director for Operations (EDO) or designee. This meting is a collegial review by senior NRC managers of 1) the appropriateness of agency actions for plants with significant performance issues using data compiled during the End-of-Cycle review, 2) trends in overall industry performance, and 3) the results of the reactor oversight process self-assessment. Plants with significant performance weaknesses are those plants that are in the Multiple/Repetitive Degraded Cornerstone or Unacceptable Performance columns of the Action Matrix. This meeting is more completely described in Management Directive 8.14 "Agency Action Review Meeting".

b. Commission Meeting. The EDO will brief the Commission annually to convey the results of the Agency Action Review Meeting. The Commission should be briefed within four weeks of the Agency Action Review Meeting.

06.04 Annual Meeting with Licensee

a. Scheduling

A public meeting with the licensee is scheduled within 16 weeks of the end of the assessment period to discuss the results of the NRC's annual assessment of the licensee's performance. The 16 week requirement may occasionally be exceeded to accommodate the licensee's schedule or regional scheduling conflicts. The meeting is conducted onsite or in the vicinity of the site and should be scheduled to ensure that it is accessible to members of the public. The regional offices should use this meeting as an opportunity to engage interested stakeholders on the performance of the plant and the role of the agency in ensuring safe plant operations. NRC management, as specified in the Action Matrix, conducts the public meeting. The annual public meeting may not be conducted in the vicinity of the plant if: 1) the plant is in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix and 2) the Commission conducts the public meeting.

b. Meeting Preparation

The region shall notify those on distribution for the annual assessment letters of the meeting with the licensee. The region shall notify the media and State and local government officials of the meeting with the licensee and the issuance of the annual assessment letter. Adequate notification of the meeting will be accomplished by distribution within at least 10 working days to the Public Document Room of the letter scheduling the meeting with the licensee.

c. Conduct of Licensee Meeting

The annual public meeting is intended to provide a forum for a candid discussion of issues related to the licensee's performance. NRC management, as specified in the Action Matrix, will discuss the agency's evaluation of licensee performance as documented in the annual assessment letter.

The annual assessment letters provide the minimum information that should be conveyed to the licensee in the annual public meeting. However, this does not preclude the presentation of additional plant performance information when placed in the proper context. The licensee should be given the opportunity to respond at the meeting to any information contained in the Annual Assessment Letter. The licensee should also be given the opportunity to present to the NRC any new or existing programs that are designed to maintain or improve their current performance.

The annual meeting will be a public meeting with the exception that the meeting must be closed for such portions which may involve matters that should not be publicly disclosed under Section 2.790 of Title 10 of the Code of Federal Regulations (10 CFR 2.790).

Members of the public, the press, and government officials from other agencies are considered as observers during the conduct of the meeting. However, attendees should be given the opportunity to ask questions of the NRC representatives after the conclusion of the meeting.

06.05 NRC Responses to Licensee Performance

a. Description of the Action Matrix. The Action Matrix (exhibit 5) was developed with the philosophy that, within a certain level of safety performance (e.g., the licensee response band), that licensees would address their performance issues without additional NRC engagement beyond the baseline inspection program. Agency action beyond the baseline inspection program will occur only if assessment input thresholds are exceeded. The Action Matrix identifies the range of NRC and licensee actions and the appropriate level of communication for varying levels of licensee performance. The Action Matrix describes a graded approach in addressing performance issues. A few terms are used throughout the discussion of the Action Matrix. These are:

- ***Regulatory Performance Meetings.*** Regulatory performance meetings are held between licensees and the agency to discuss corrective actions associated with safety significant inspection findings. Each safety significant assessment input shall be discussed in one of the forums listed below in order to arrive at a shared understanding of the performance issues, underlying causes, and planned licensee actions. These meetings may take place at periodic inspection exit meetings between the agency and the licensee, conference calls, or public meetings. This meeting should be documented in an inspection report or a public meeting summary, as appropriate.

- ***Licensee Action***. Anticipated actions by the licensee in response to overall performance indicated by the appropriate column of the Action Matrix. If these actions are not being taken by the licensee then the agency may consider expanding the scope of the applicable supplemental inspection to appropriately address the area(s) of concern. This would not be considered a deviation from the Action Matrix in accordance with section 06.06.d of this manual chapter.

- ***NRC inspection***. The range of NRC inspection activities in response to performance indicated by the appropriate column of the Action Matrix.

- ***Regulatory actions***. Range of actions that may be taken by the agency in response to performance indicated by the appropriate column of the Action Matrix.

- ***Communication***. Communication between the licensee and the NRC is based on a graded approach. For declining licensee performance, higher levels of agency management will review and sign the assessment letters and conduct the annual public meeting.

b. Expected Responses for Performance in each Action Matrix Column. The Action Matrix lists expected NRC and licensee actions based on the inputs to the assessment process. Actions are graded such that the agency becomes more engaged as licensee performance declines. Listed below are the range of expected NRC and licensee actions for each column of the Action Matrix:

- **Licensee Response Column**. All assessment inputs are green. The licensee will receive only the baseline inspection program and identified deficiencies will be addressed through the licensee's corrective action program.

- **Regulatory Response Column**. Assessment inputs result in no more than one white input in any cornerstone and no more than two white inputs in different cornerstones. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes. The licensee's evaluation will be reviewed during inspection procedure 95001 *Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area*. Following completion of the inspection, the Branch Chief or Division Director should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting

will normally occur at an inspection exit meeting or a conference call between the licensee and the appropriate Branch Chief (or Division Director).

- **Degraded Cornerstone Column**. Assessment inputs result in a degraded cornerstone or 3 white inputs to any Strategic Performance Area. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. The licensee's evaluation will be reviewed during inspection procedure 95002 *Supplemental Inspection For One Degraded Cornerstone Or Any Three White Inputs in a Strategic Performance Area.* Also, an independent assessment of the extent of condition will be performed by the region using appropriate inspection procedures chosen from the tables contained in Appendix B to Inspection Manual Chapter 2515. Following completion of the inspection, the Division Director or Regional Administrator should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting will normally consist of a public meeting between the licensee and the appropriate Division Director (or Regional Administrator).

- **Multiple/Repetitive Degraded Cornerstone Column**. Assessment inputs result in a repetitive degraded cornerstone, multiple degraded cornerstones, multiple yellow inputs or a red input. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation may consist of a third party assessment. Inspection procedure 95003 *Supplemental Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input* will be performed to determine the breadth and depth of the performance deficiencies. Following the completion of the inspection, the EDO or his designee, in conjunction with the Regional Administrator and the Director of NRR, will decide whether additional agency actions are warranted. These actions could include additional supplemental inspection, a demand for information, a confirmatory action letter, or issuance of an order, up to and including a plant shutdown. These regulatory actions may also be considered prior to the completion of inspection procedure 95003, if warranted. The regulatory performance meeting will normally consist of a public meeting between the licensee and the Regional Administrator (or Executive Director for Operations).

> Note: The regulatory actions listed in this column of the Action Matrix are not mandatory. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

- **Unacceptable Performance Column**. Licensee performance is unacceptable and continued plant operation is not permitted within this column. In general, it is expected that entry into the multiple/repetitive degraded cornerstone column of the Action Matrix and completion of supplemental inspection procedure 95003 will precede consideration of whether a plant is in the Unacceptable Performance Column. The Commission will meet with senior licensee management in a regulatory performance meeting to discuss the licensee's degraded performance and the corrective actions which will need to be taken before operation of the facility can be resumed. The NRC oversight of plant performance will also be placed under the guidance of IMC 0350. Unacceptable performance represents situations in which the NRC lacks reasonable assurance that the licensee can or will conduct its activities without undue safety to public health and safety. Examples of unacceptable performance may include:

- Multiple significant violations of the facility's license, technical specifications, regulations, or orders.

- Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with the design basis (e.g., multiple safety significant examples where the facility was determined to be outside of its design basis, either due to inappropriate modifications, the unavailability of design basis information, inadequate configuration management, or the demonstrated lack of an effective problem identification and resolution program).

- A pattern of failure of licensee management controls to effectively address previous significant concerns to prevent the recurrence.

> Note: If the agency determines that a licensee's performance is unacceptable then a shutdown order will be issued.

06.06 Additional Action Matrix Guidance

a. Supplemental inspection for a single white issue. The regional office may elect not to conduct a supplemental inspection for a white finding that was identified as part of a licensee self-assessment activity. In deciding whether to exercise this option, the region should consider the results of past reviews of the licensee's problem identification and resolution program, specifically with regard to the effectiveness of previously performed root cause analyses. The DRP or DRS Division Director will authorize this option with the concurrence of the Inspection Program Branch Chief and should document the basis for the decision not to perform the supplemental inspection in an assessment follow-up letter to the licensee. This finding will still be considered in determining overall licensee performance as determined by the Action Matrix. This is not considered a deviation from the Action Matrix in accordance with section 06.06.d of this manual chapter.

The purpose of this option is to provide an incentive for a licensees to aggressively pursue the identification and resolution of their own issues. This may also provide a basis for a less intrusive supplemental inspection if additional performance issues occur while the original white finding resides in the Action Matrix, including supporting a deviation from the Action Matrix.

b. "Double-Counting"of performance indicators and inspection findings. Some distinct issues may result in simultaneously crossing a performance indicator threshold and generating a safety significant inspection finding. This would result in two assessment inputs combining to cause increased regulatory action per the Action Matrix. For example, two white assessment inputs in the mitigating systems cornerstone would result in increased regulatory action per the degraded cornerstone column of the Action Matrix.

Distinct issues should not be "double-counted" in the assessment program. However, the most conservative significance characterization related to the performance indicator and the inspection finding (i.e., yellow vs. white) shall be used to determine the appropriate agency action according to the Action Matrix. This is not considered a deviation from the Action Matrix as defined in section 06.06.d of this manual chapter.

c. Timeframe for "counting" inspection findings in the assessment program. The date used for consideration in the assessment program is the date of the end of the pertinent inspection period for the finding. After final determination of the significance of an inspection finding the regional office shall refer back to the appropriate date discussed above to determine if any additional action would have been taken had the significance of the inspection finding been known at that time.

For example, the performance indicator for Unplanned Scrams was white (low to moderate safety significance) for the second quarter of the assessment cycle. Additionally, there was an inspection finding from the second quarter of the assessment cycle whose final

safety significance was determined to be white (low to moderate safety significance) but this was not identified until the third quarter of the assessment cycle. In this case, the appropriate action would be to perform supplemental inspection procedure 950002 vice 95001. This would be communicated to the licensee in an Assessment Follow-Up Letter.

d. Deviations from the Action Matrix. There may be rare instances in which the regulatory actions dictated by the Action Matrix may not be appropriate. In these instances, the agency may deviate from the Action Matrix (which is described in section 06.05.a of this manual chapter) to either increase or decrease agency action. A deviation is defined as any regulatory action taken that is inconsistent with the range of actions discussed in section 06.05.b of this manual chapter. Deviations from the Action Matrix shall be documented in the appropriate letter to the licensee (i.e., assessment follow-up letter, mid-cycle or annual assessment letter). The Executive Director for Operations (EDO) shall approve all deviations from the Action Matrix. Memorandums requesting deviations from the Action Matrix should be initiated by the regional office to the EDO via the applicable Regional Administrator. Any deviations from the Action Matrix shall be documented in an annual report to the Commission.

e. Transitioning to the IMC 0350 Process. The normal criteria for considering a plant for the IMC 0350 process is 1) plant performance is in the Multiple/Repetitive Degraded Cornerstone column or the Unacceptable Performance column of the Action Matrix, (2) the plant is shutdown to address these performance issues (whether voluntary or via an agency order to shutdown), (3) a regulatory hold is in effect, such as a Confirmatory Action Letter (CAL) or an agency order, and (4) an agency management decision is made to place the plant in the IMC 0350 process. Management considerations in placing a plant under the IMC 0350 process are discussed in IMC 0350. At this point, periodic assessment (quarterly, mid-cycle, and end-of-cycle) of licensee performance is no longer under the auspices of this manual chapter but is now under the IMC 0350 process. This process is more completely described in IMC 0350.

The following are examples of the appropriate level of regulatory engagement between the agency and a licensee once a plant has entered the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix and how IMC 0350 may be applied:

1. Plant A continues to operate and regulatory engagement is dictated by the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix. The agency performs supplemental inspection procedure 95003 (if not already performed) and the plant remains under the level of oversight dictated by this manual chapter and is not transferred to the IMC 0350 process.

2. Plant B performs a voluntary shutdown to address performance issues. The agency performs supplemental inspection procedure 95003 (if not already performed) and issues a confirmatory action letter (CAL) to document licensee commitments to the agency. The plant remains under the level of oversight dictated by this manual chapter and is not transferred to IMC 0350 process.

3. Plant C performs a voluntary shutdown to address performance issues. The agency issues a CAL to ensure a common understanding of licensee commitments to address the underlying performance deficiencies. The entry conditions for IMC 0350 have been met and agency management determines that this process should be implemented using the criteria in IMC 0350. At this point, periodic assessment of licensee performance is no longer dictated by this manual chapter and is transferred to the IMC 0350 process. Plant performance is not determined to be unacceptable.

4. Plant D voluntarily shuts down to address performance issues. The agency determines that one of the criteria in paragraph 06.05.b for unacceptable performance is met. The plant is considered to be in the Unacceptable Performance column of the Action Matrix and a shutdown order is issued by the agency. The plant is transferred to the IMC 0350 process.

5. Plant E, which is operating, is issued an order by the agency to shutdown because it is considered to have met one of the criteria in paragraph 06.05.b. The licensee's performance is declared to be unacceptable and the plant will be transferred to IMC 0350.

END

Exhibits:

1. Regulatory Framework
2. Reactor Oversight Process
3. Process Activities
4. Schedule of events during annual assessment cycle
5. Action Matrix
6. Plant X 4Q/1999 Performance Summary
7. Sample Mid-Cycle or End-of-Cycle Review Meeting Agenda
8. Sample Plant Performance Summary
9. Sample Assessment Follow-up Letter
10. Sample Mid-Cycle Letter
11. Sample Annual Assessment Letter For Plants in the Licensee Response Column
12. Sample Annual Assessment Letter for Plants in the Regulatory Response Column
13. Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column
14. Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column

Exhibit 1: REGULATORY FRAMEWORK

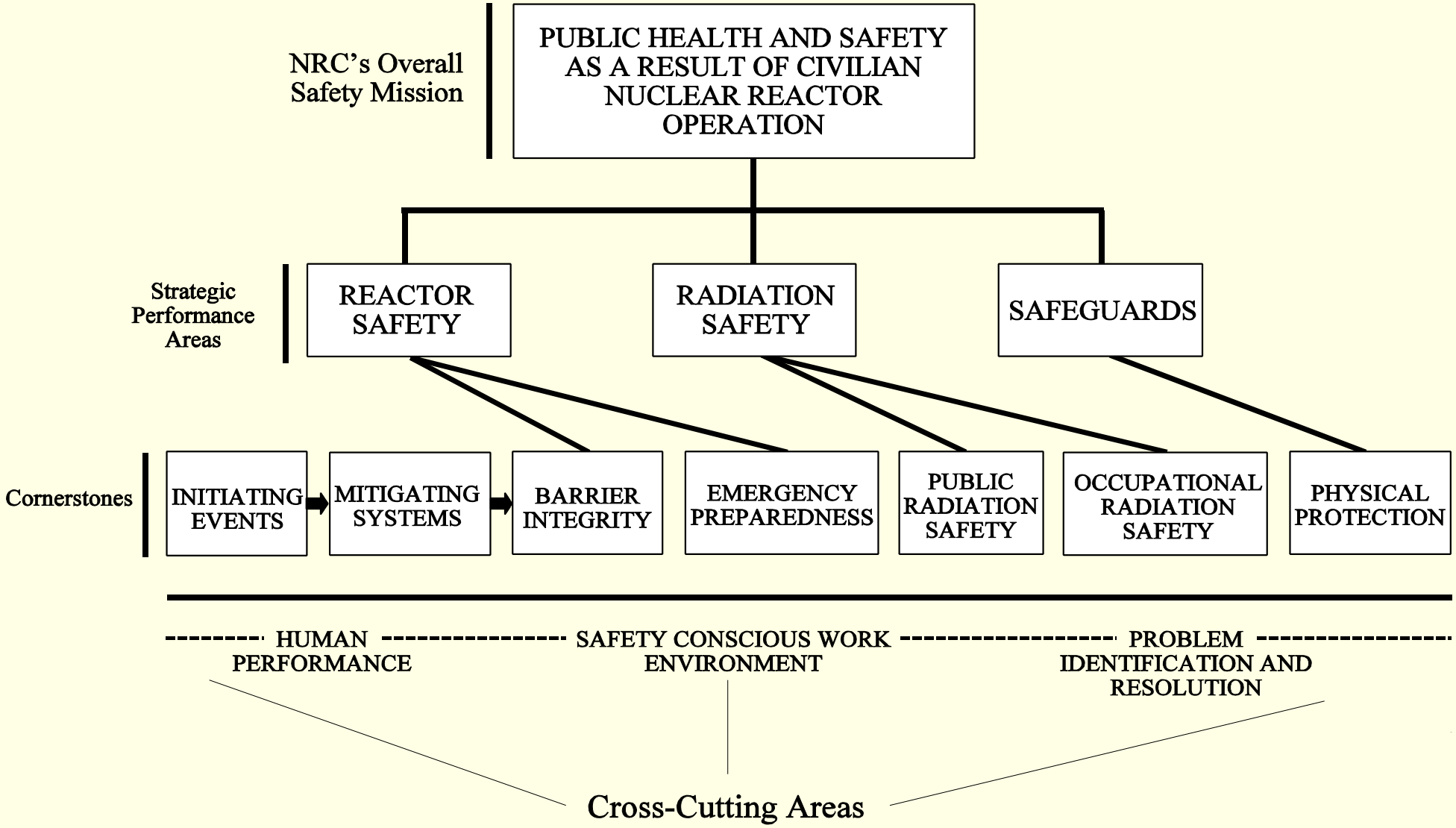


Exhibit 2: REACTOR OVERSIGHT PROCESS

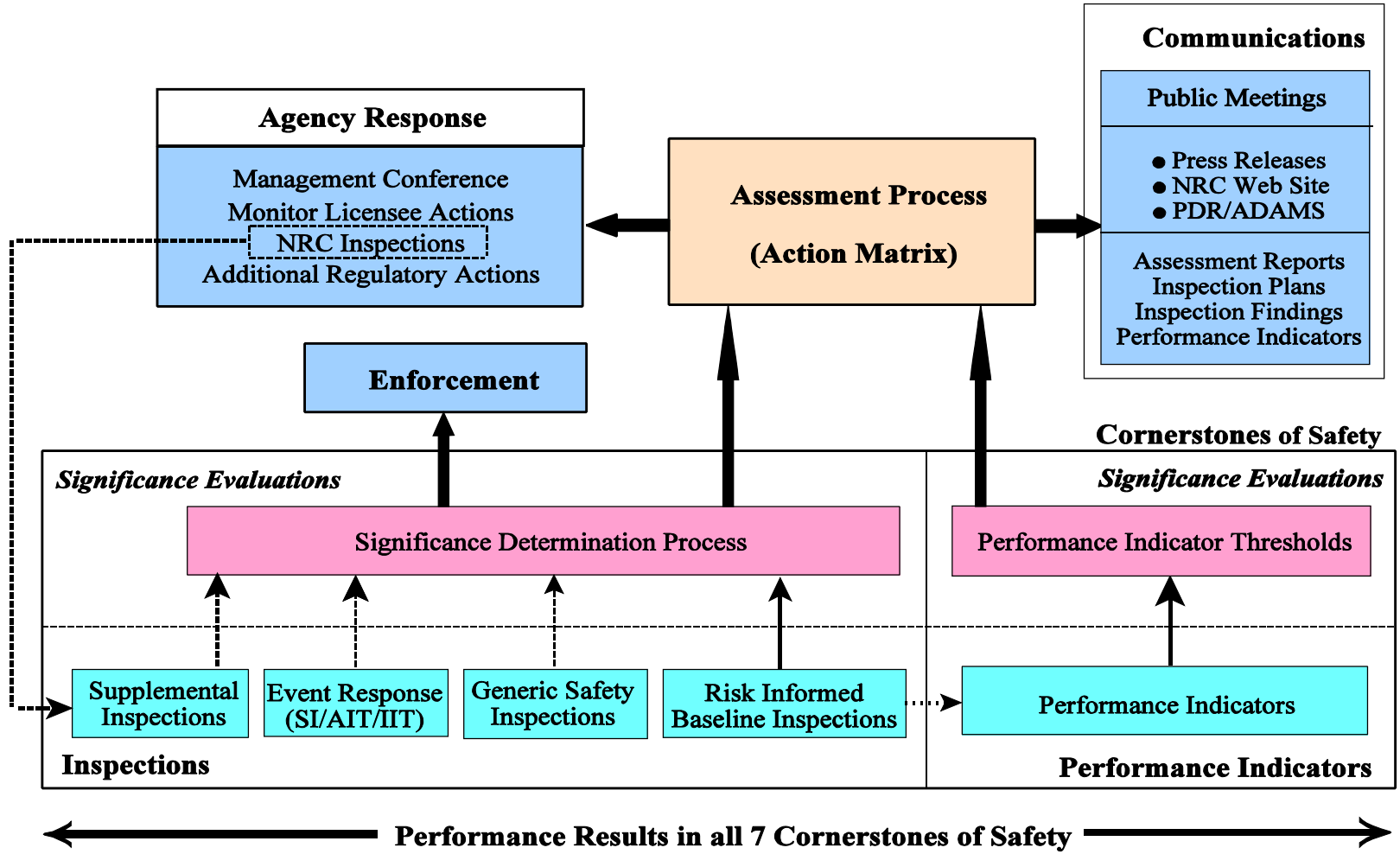


Exhibit 3 - Process Activities

Level of Review	Frequency/ Timing	Participants (* indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	SRI, RI, regional inspectors, SRAs	Performance awareness	None required, notify licensee by an Assessment Follow-Up letter only if thresholds crossed
Quarterly	Once per quarter/ Five weeks after end of quarter	DRP: BC*, PE, SRI, RI	Input/verify PI/PIM data, detect early trends	Update data set, notify licensee by an Assessment Follow-Up letter only if thresholds crossed
Mid-Cycle	At mid-cycle/ Six weeks after end of second quarter	Divisions of Reactor Safety (DRS) or DRP DD*, DRP and DRS BCs	Detect trends, plan inspection	Mid-cycle letter with an inspection plan through September 30th of the next year
End-of-Cycle	At end-of-cycle/ Six weeks after end of assessment cycle	DRS or DRP DD, RAs*, NRR representative, BCs, principal inspectors, SRAs	Assessment of plant performance, oversight and coordination of regional actions	Annual Assessment Letter with an inspection plan through May 31st of the next year
Agency Action Review	Annually/ 1 week after issuance of the annual assessment letters	EDO*,DIR NRR, RAs, DRS/DRP DDs, IIPB, OE, OI, other HQ offices as appropriate	Oversight and coordination of agency actions	Commission briefing, followed by public meetings with individual licensees to discuss assessment results

Exhibit 4 - 4che444e o4 eve4ts 44ri44 4irst 4e4r o4 the 444444 4ssess4e4t c4c4e

Event	Date	Note
Beginning of full implementation of Revised Reactor Oversight Process	04/02/00	N/A
1) End of first quarter of assessment cycle 2) End of inspection cycle	06/30/00	N/A
First quarter PI data available internally	07/21/00	3 weeks after end of first quarter
First Quarter review completed	08/04/00*	5 weeks after end of first quarter
1) End of second quarter of assessment cycle 2) End of inspection cycle	09/30/00	N/A
Second quarter PI data available internally	10/21/00	3 weeks after end of second quarter
Mid-cycle review completed	11/11/00*	6 weeks after end of second quarter
Mid-Cycle letters sent to licensees	12/02/00*	3 weeks after completion of mid-cycle review
1) End of third quarter of assessment cycle 2) End of inspection cycle	12/31/00	N/A
Third quarter PI data available internally	01/21/01	3 weeks after end of third quarter
Third Quarter review completed	02/04/01*	5 weeks after end of third quarter
IIPB issue request from for input to EOC reviews HQ offices	03/21/01*	10 days prior to end of annual assessment cycle
1) End of assessment cycle 2) End of inspection cycle	03/31/01	N/A
Fourth quarter PI data available internally	04/21/01	3 weeks after end of fourth quarter
HQ offices provide input to regional offices for EOC reviews	04/23/01*	At least one week prior to first EOC review
End-of-Cycle review completed	05/12/01*	6 weeks after end of fourth quarter
Annual assessment letters sent out to licensees	06/02/01*	3 weeks after completion of end-of-cycle review
Agency Action Review meeting completed	06/28/01*	several weeks after issuance of the annual assessment letters
Commission meeting completed	07/19/01*	4 weeks after the Agency Action Review meeting

Complete annual public meetings	07/21/01	16 weeks after end of fourth quarter

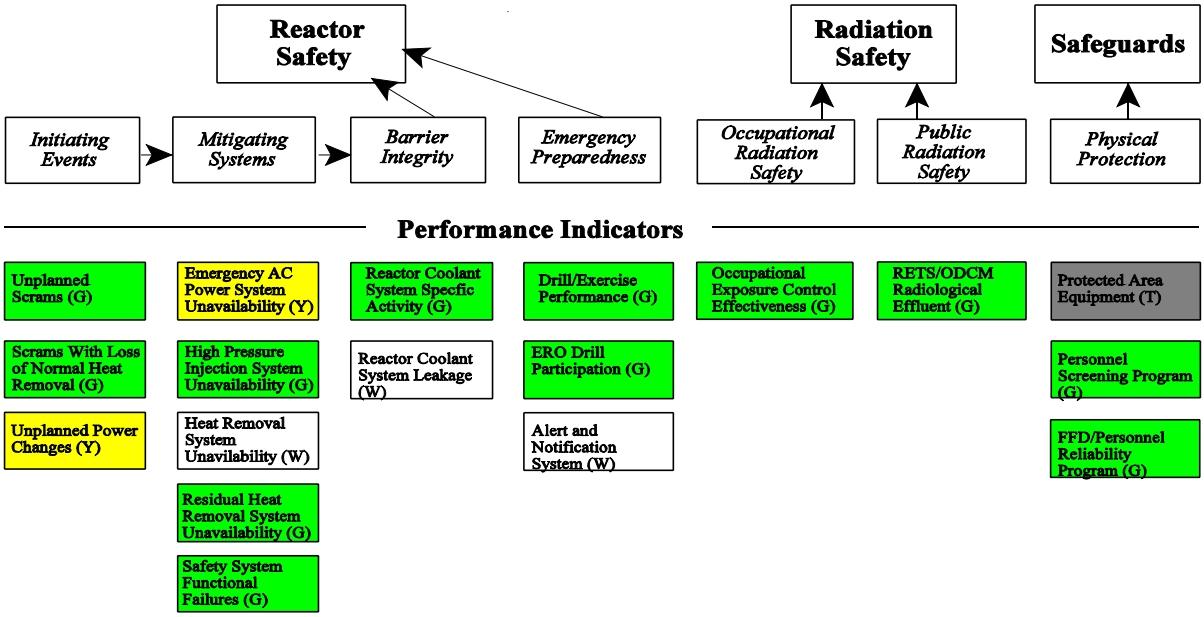
* Approximate date - actual date may vary

Exhibit 5 - ACTION MATRIX

		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/ Repetitive Degraded Cornerstone Column	Unacceptable Performance Column
RESULTS		All Assessment Inputs (Performance Indicators (PIs) and Inspection Findings) Green; Cornerstone Objectives Fully Met	One or Two White Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Fully Met	One Degraded Cornerstone (2 White Inputs or 1 Yellow Input) or any 3 White Inputs in a Strategic Performance Area; Cornerstone Objectives Met with Minimal Reduction in Safety Margin	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input; Cornerstone Objectives Met with Longstanding Issues or Significant Reduction in Safety Margin	Overall Unacceptable Performance; Plants Not Permitted to Operate Within this Band, Unacceptable Margin to Safety
RESPONSE	Regulatory Performance Meeting	None	Branch Chief (BC) or Division Director (DD) Meet with Licensee	DD or Regional Administrator (RA) Meet with Licensee	RA (or EDO) Meet with Senior Licensee Management	Commission meeting with Senior Licensee Management
	Licensee Action	Licensee Corrective Action	Licensee root cause evaluation and corrective action with NRC Oversight	Licensee Self Assessment with NRC Oversight	Licensee Performance Improvement Plan with NRC Oversight	
	NRC Inspection	Risk-Informed Baseline Inspection Program	Baseline and supplemental inspection procedure 95001	Baseline and supplemental inspection procedure 95002	Baseline and supplemental inspection procedure 95003	
	Regulatory Actions[1]	None	Supplemental inspection only	Supplemental inspection only	-10 CFR 2.204 DFI -10 CFR 50.54(f) Letter - CAL/Order	Order to Modify, Suspend, or Revoke Licensed Activities
COMMUNICATION	Assessment Letters	BC or DD review/sign assessment report (w/ inspection plan)	DD review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan) Commission Informed	
	Annual Public Meeting	SRI or BC Meet with Licensee	BC or DD Meet with Licensee	RA (or designee) Discuss Performance with Licensee	EDO (or Commission) Discuss Performance with Senior Licensee Management	Commission Meeting with Senior Licensee Management
	INCREASING SAFETY SIGNIFICANCE ---------->					

Note 1: The regulatory actions for plants in the Multiple/Repetitive Degraded Cornerstone column are not mandatory agency actions. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

Plant X
4Q/1999 Performance Summary



Legend: (G) = Green
(W) = White
(Y) = Yellow
(R) = Red
(T) = Thresholds under development/review
(I) = Insufficient data to calculate PI
(N) = Not applicable
(U) = Unique design

Plant X
Performance Summary (continued)

	Initiating Events	*Mitigating Systems*	*Barrier Integrity*	*Emergency Preparedness*	*Occupational Radiation Safety*	*Public Radiation Safety*	*Physical Protection*
Most Significant Inspection Findings							
4Q/1999	G	G	G	G	G	G	No findings this quarter
3Q/1999	G	G	G	Findings without color designation	G	G	G
2Q/1999	G	Y	Findings without color designation	Findings without color designation	G	G	G
1Q/1999	R	G	W	No findings this quarter	G	G	G

Click here for miscellaneous findings

Additional Inspection & Assessment Information

Assessment Letters:

* 4Q/1999
* 3Q/1999
* 2Q/1999
* 1Q/1999

* Inspection Plans
* Inspection Reports

1. Summary of results from previous [Annual Assessment] or [Mid-Cycle] Letter.

2. Discussion of plant performance **[April 1,YR-September 30,YR] or [April 1,YR-March 31,YR]**, based on safety significant inspection findings and performance indicators (PIs) in each of the following areas:

STRATEGIC PERFORMANCE AREAS AND CORNERSTONES

Reactor Safety:
- Initiating Events
- Mitigating Systems
- Barrier Integrity
- Emergency Preparedness

Radiation Safety
- Occupational Rad. Safety
- Public Radiation Safety

Safeguards
- Physical Protection

3. Discussion of adverse trends as indicated by substantive cross-cutting issues

   a. Review any docketed correspondence or meetings conducted between **[October 1,YR-September 30,YR] or [April 1,YR-March 31,YR]** regarding a potential or actual safety-conscious work environment concern or issue.

   b. Review PIM entries between **[October 1,YR-September 30,YR] or [April 1,YR-March 31,YR]** for indications of a human performance problem trend from identified findings.

   c. Review PIM entries between **[October 1,YR-September 30,YR] or [April 1,YR-March 31,YR]** for indications of a corrective action problem trend from identified corrective action related findings.

4. Discussion of licensee and NRC action on safety significant PIs and inspection findings

   a. Discussion of the results of any follow-up actions taken by the licensee and the NRC to current safety significant PIs and inspection findings.

   b. Discussion of any planned NRC follow-up actions due to safety significant PIs and inspection findings

   c. Discussion of safety significant PIs and inspection findings that existed during the annual assessment period, but where current performance is no longer safety significant. **(End-of-Cycle Only)**

Exhibit 7
Sample Mid-Cycle or End-of-Cycle Review Meeting Agenda (continued)

5. Discussion of inspections planned through (September 30th) or (May 31st).
6. Summary of decisions and the status of actions taken from the Action Matrix.

Note: Other topics can be discussed during the review meetings that may not be required in accordance with this chapter, but are beneficial for the regional office to discuss at these meetings. Several potential topics include the following: (1) Outages scheduled to determine any specific outage activities to be inspected, (2) Technical needs to support scheduled Problem Identification and Resolution (IP 71152)

inspections, and (3) Completion status of previously scheduled inspections since the last review meeting.

Exhibit 8

PRE-DECISIONAL
[PLANT X] PLANT PERFORMANCE SUMMARY

Assessment Period: (**month/year)** to **(month/year)**

I Operating Summary

This section should briefly state the operating status during the assessment period. Any reactor trips or forced outages should be mentioned in this section. For example:

"Unit 1 operated at power throughout the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments . Unit 2 operated at or near full power until January 22, when a reactor trip caused by a turbine-driven reactor feedwater pump loss due to an electro-hydraulic control system flow control valve malfunction occurred. The problem was repaired and Unit 2 was restarted and synchronized to the grid on January 24. Unit 2 operated at power throughout the remainder of the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments. Unit 3 completed a 45 day refueling outage and attained 100% power on January 9. Unit 3 operated at or near full power for the remainder of the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments. "

II Performance Overview

A. Current Overall Assessment

This section should include the Action Matrix designation and its basis for the current quarter. For example, " *Plant performance for the most recent quarter was within the Regulatory Response Column of the Action Matrix, based on one white PI (Reactor Coolant System Leakage) in the barrier integrity cornerstone."*

B. Previous Assessment Results

This section should include the Action Matrix designation and its basis for the previous three quarters of the assessment period. For example, *" Plant performance for the prior three quarters (04/02- 12/31/00) was within the Licensee Response Column of the Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all Performance indicators indicating performance at a level requiring no additional oversight."*

III Inspection and Performance Indicator Results

A. Results by Strategic Performance Areas and Cornerstones

This section should discuss individual findings and performance indicators by strategic performance areas and cornerstones as well as NRC and licensee actions for these issues. Substantive cross-cutting elements of these issues should also be discussed and summarized in the cross-cutting section of this report. For example:

Reactor Safety

- *Initiating Events*

  Inspection Findings: One green finding was identified during the most recent quarter. The finding was associated with inappropriate operator actions in response to a failed feedwater regulating valve controller which resulted in an uncomplicated reactor trip.

  Performance Indicators: One performance indicator (Unplanned Power Changes per 7000 Critical Hours) was identified as white in the most recent quarter. Three unplanned power changes during this quarter occurred due to cooling tower structural problems and distribution header leaks. Supplemental inspection procedure 95001 is

scheduled to be conducted in June 2001 to better understand the licensee's declining performance in this area.

- *Mitigating Systems, etc*

IV Other Issues

A. Inspection Results for Cross-Cutting Areas

The three cross-cutting areas (Human Performance, Safety-Conscious Working Environment, and Problem Identification and Resolution) should be discussed by combining the cross-cutting elements of previously discussed findings from the applicable cornerstones. In this section, the regions should review the PIM and describe their collective assessment of a substantive cross-cutting issue. For those cases in which there are substantive cross-cutting issues, the regions should discuss how these concerns will be addressed within the baseline inspection program or an upcoming supplemental inspection. For example:

***Human Performance**: One green finding was identified. The finding was associated with inappropriate operator actions in response to a failed feedwater regulating valve controller which resulted in an uncomplicated reactor trip.*

***Safety-Conscious Working Environment**: No issues or findings.*

***Problem Identification and Resolution**: Over the course of the assessment period, the inspectors identified a number of green findings that were examples of poor implementation of the corrective action program such as:*

- *The inspectors identified a failure of the CAP where ASME Code program requirements for work package reviews were not met (IR 1999-03)*
- *The licensee failed to implement modifications to correct a previously identified design deficiency which could have made the motor speed changer inoperable in accident situations (IR 1999-08)*
- *The tracking system for correcting an identified deficiency with the high pressure coolant injection auto initiation signal seal-in was closed without corrective action being taken. (IR 1999-07)*
- *The root cause evaluation for the high pressure coolant injection auxiliary oil pump cycling failed to address previous poor corrective actions as a contributing cause to the event. (IR 1999-07)*
- *The inspectors also found that the extent of condition reviews performed by the licensee were weak in some areas. These areas included the setpoint operating margins on the reactor core isolation cooling system, the depth of the extent of condition review for some components, and the failure to recognize some preciously identified system design problems. (IR 1999-07).*

  The regional office considers these issues to be a substantive cross-cutting issue in the area of Problem Identification and Resolution. The annual PI&R inspection will be conducted during the next quarter and will focus on the noted weaknesses in the resolution of identified problems. Additionally, the regional office's concern in this area will be conveyed to the licensee in the upcoming annual assessment letter."

B. Performance Indicator Verification

The regional offices should discuss the results of the performance indicators that were verified during the assessment period and the results of those inspections. For example, *"All 19 performance indicators were reviewed during the assessment period. PI verifications have identified minor deficiencies for Unplanned Power Changes per 7000 critical hours, Occupational Exposure Control Effectiveness, and Drill and Exercise Performance. These*

discrepancies have been corrected during the most recent PI submittal. In accordance with the Enforcement Policy, no enforcement action was taken."

C. Non-SDP Enforcement Action

The regions should discuss any Non-SDP severity level III or greater violations. For example, *" On February 12, 2001, the staff issued a Severity Level III Notice of Violation (NOV) in accordance with the Enforcement Policy. The violation involved an employee's deliberate failure to perform measuring and test equipment (M&TE) nonconformance evaluations in accordance with Technical Specifications required site procedures. The licensee has responded to the NOV and the staff will follow-up on their corrective actions through the baseline inspection program.*

V Miscellaneous Topics/Conclusions/Recommendations

Review the Action Matrix for appropriate actions and the proposed inspection plan. In this section, the regions should document their preliminary conclusions and recommendations for discussion at the meeting. Other topics may be discussed during the meeting that may not be required in accordance with IMC 0305, but are beneficial for the regional office to discuss at these meetings. Several potential topics include the following: (1) Outages scheduled to determine any specific outage activities to be inspected, (2) Technical needs to support scheduled Problem Identification and Resolution (IP 71152) inspections, and (3) Completion status of previously scheduled inspections since the last review meetings.

V Attachments

Plant Issues Matrix
Proposed Inspection Plan
Previous Mid-cycle or Annual Assessment Letter

Exhibit 4

Sample Assessment Follow-Up Letter

Licensee distribution designate
Licensee name/address

SUBJECT: Assessment Follow-Up - **(Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

(Use one of the three paragraphs, as appropriate)

1. On **(date)**, the NRC staff completed a review of the performance indicators of **(plant name)** as reflected in the performance indicators for the **(quarter/year)**. Our review identified that you have crossed the threshold from **(color)** to **(color)** for the **(name of performance indicator)** performance indicator. **[Provide additional details as necessary]**. **[Discuss the appropriate Action Matrix column when considering other current safety significant performance indicators and inspection findings]**. Therefore, we plan to conduct supplemental inspection procedure **(95001, 95002,95003)** during (**insert inspection period**)to better understand the causes contributing to this issue.

2. On **(date)**, the NRC staff forwarded a letter concerning the final significance determination of a **(white/yellow/red)** inspection finding in the **(name of cornerstone)** cornerstone. **[Provide additional details as necessary]**. **[Discuss the appropriate Action Matrix column when considering other current safety significant performance indicators and inspection findings]**. Therefore, we plan to conduct supplemental inspection procedure **(95001, 95002,95003)** during (**insert inspection period**) to better understand the causes contributing to this issue.

3. On **(date)**, the NRC staff completed a review of the performance indicators of **(plant name)** as reflected in the performance indicators for the **(quarter/year)**. Our review identified that you have crossed the threshold from **(color)** to **(color)** for the **(name of performance indicator)** performance indicator. **[Provide additional details as necessary]**. An inspection finding was also identified that related to this issue which we are still evaluating via the Significance Determination Process (SDP). Because the SDP characterization pertains to the same underlying issue as the performance indicator, the NRC considers this to be a single issue within a cornerstone. Our level of inspection effort will be determined by the most safety significant issue within this cornerstone. We will notify you via separate correspondence of our plans for supplemental inspection.

   In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter.

(Signed by), Director [1]

Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

cc:
Normal cc list

Distribution:
Normal distribution list plus Chief, NRR/DIPM/IIPB

Note 1: See the Action Matrix for proper signature authority

Exhibit 44

Sample Mid-Cycle Letter

Licensee distribution designate
Licensee name/address

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - **(Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its mid-cycle plant performance assessment of **(Plant Name).** The mid-cycle Review for **(Plant Name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period of **(month/day/year)** through **(month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

(Use one of the two paragraphs below, as appropriate)

1. (Use the last two sentences of this paragraph, as appropriate)

Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct only baseline inspections at your facility through September 30th, 200X. However, the significance of **(state finding**) is still under review as part of the Significance Determination Process. **(Add additional details, as necessary)**

2. **(Use the following sentences, as appropriate)**

Plant performance for the most recent quarter was within the **(Regulatory Response, Degraded Cornerstone, or Multiple/Repetitive Degraded Cornerstone)** column of the NRC's Action Matrix based on **(briefly state the number of safety significant performance indicators and inspection findings, including appropriate characterization of safety significant, and associated cornerstone)**.

[provide additional information as necessary including current and proposed NRC and licensee actions]

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a potential adverse in the cross-cutting area of **[Problem Identification and Review, Human Performance, or Safety-Conscious Working Environment] [Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program]**

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the enforcement policy. **[Provide additional details including follow-up actions as necessary]**

Enclosure 1 details the scheduled inspections that will occur through September 30, 200**X**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and may be revised at the end-of-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief/me)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Chief [1]

Reactor Projects Branch ____

Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb

Note 1: Refer to Action Matrix for proper signature authority.

Exhibit 44

Sample Annual Assessment Letter for Plants in the Licensee Response Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of- cycle plant performance assessment of **(plant name).** The end-of- cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

[**Use the following sentences as appropriate**]
Overall, **(plant name)** operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). However, the significance of **(state finding**) is still under review as part of the Significance Determination Process **(Add additional details, as necessary)**. Therefore, we plan to conduct only baseline inspections at your facility through May 31, 200**X**.

While plant performance for the most recent quarter is within the licensee response column of the Action Matrix, there were safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

Based on the End-of-Cycle Review results, all performance indicators for the cornerstones indicated performance at a level requiring no additional oversight (Green). Additionally, NRC inspections did not identify any findings that were greater than Green within the cornerstones of safety.

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a potential adverse trend
in the cross-cutting area of **[problem identification and resolution, human performance, or safety-conscious working environment]** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program]

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the enforcement policy. **[Provide additional details including follow-up actions as necessary]**

Enclosure 1 details the scheduled inspections that will occur through May 31, 200X. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Chief

Projects Branch X
Division of Reactor Projects, Region ___

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb

Exhibit 44

Sample Annual Assessment Letter for Plants in the Regulatory Response Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of-cycle plant performance assessment of **(plant name).** The end-of- cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

[**Use the following sentences as appropriate**]
Overall, **(plant name)** operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix, based on **(briefly state number of safety significant inspection findings and PIs, including appropriate safety significance, and associated cornerstone).**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

While plant performance for the most recent quarter is within the regulatory response column of the Action Matrix, there were additional safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a potential adverse trend
in the cross-cutting area of **[Problem Identification and Review, Human Performance, or safety-conscious working environment]** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program]

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the enforcement policy. **[Provide additional details including follow-up actions as necessary]**

Enclosure 1 details the scheduled inspections that will occur through May 31, 200X. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Director

Division of Reactor Projects, Region __

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

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plus RidsNrrDipmIipb

Exhibit 43

Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of- cycle plant performance assessment of **(plant name).** The end-of- cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, **(plant name)** operated in manner that preserved public health and safety and met all cornerstone objectives with minimal reduction in safety margin. Plant performance for the most recent quarter was within the degraded cornerstone column of the NRC's Action matrix based on **(briefly state number of safety significant inspection findings and PIs, including appropriate safety significance, and associated cornerstone).**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

While plant performance for the most recent quarter is within the degraded cornerstone column of the Action Matrix, there were additional safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a potential adverse trend
in the cross-cutting area of **[Problem Identification and Review, Human Performance, or safety-conscious working environment]** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program]

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the enforcement policy. **[Provide additional details including follow-up actions as necessary]**

Enclosure 1 details the scheduled inspections that will occur through May 31, 200X. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)

Regional Administrator, Region XX

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list
Distribution:

Normal distribution list
plus RidsNrrDipmIipb

Exhibit 44

Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of- cycle plant performance assessment of **(plant name).** The end-of- cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

Overall, **(plant name)** operated in manner that preserved public health and safety. **(Plant name)** met all cornerstone objectives with longstanding issues or significant reduction in safety margin. Plant performance for the most recent quarter was within the Multiple/Repetitive Degraded cornerstone column of the Action Matrix based on **(briefly state number of greater than green inspection findings and PIs, including appropriate safety significance, and associated cornerstone).**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

While plant performance for the most recent quarter is within the multiple/repetitive degraded cornerstone column of the Action Matrix, there were additional **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a potential adverse trend in the cross-cutting area of **[Problem Identification and Review, Human Performance, or safety-conscious working environment]** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program]

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the enforcement policy. **[Provide additional details including follow-up actions as necessary]**

[Include the following paragraph, if appropriate]
You are requested to provide our office with a copy of any performance improvement plan that you may have developed so that we can coordinate our inspection activities accordingly. Because **(cornerstone(s))** was/were degraded, this letter is to advise you that we believe a meeting between the Executive Director for Operations and your senior management would be appropriate. I will be contacting you to arrange for a mutually agreeable time and location for a meeting to discuss your declining performance and your proposed actions to correct these deficiencies.

In accordance with IMC 0305, “Operating Reactor Assessment program”, your plant will be discussed at the upcoming Agency Action Review meeting. We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. Enclosure 1 details the scheduled inspections that will occur through May 31, 200X. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/NRC/ADAMS/index.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)

Regional Administrator, Region XX

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb