June 7, 2001

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

Dear Mr. Chairman:

The Fiscal Year 2001 Energy and Water Development Appropriations Act, House Report 106-693, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. The FY 2000 Energy and Water Development Appropriations Act, House Report 106-253, expanded the scope of the report requirement to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to evaluate NRC security regulations. In FY 2000, we also expanded the monthly report to include the status of all license renewal applications that are under active review and other NRC initiatives in developing implementation guidance for the license renewal rule. I am pleased to transmit the twenty-ninth report, which covers the month of April (Enclosure 1).

The March report provided information on a number of significant NRC activities including the NRC staff's issuance of a report providing the findings of an NRC team that inspected the Indian Point Unit 2 (IP2) nuclear power plant earlier this year. The inspection was conducted in response to the plant's designation as a facility with "multiple degraded cornerstones," or indicators of declining performance. The results of the inspection indicate that IP2 is being operated safely. However, the team identified problems at IP2 in the areas of design control, human and equipment performance, problem identification and resolution, and emergency preparedness. While performance improvements were noted, progress has been slow overall, indicating the need to maintain, and in some areas accelerate, the ongoing licensee's performance improvement program.

I would like to update you on our activities relating to through-wall circumferential cracks in two of the control rod drive mechanism (CRDM) penetration nozzles and weldments at Duke Power Company's Oconee Nuclear Station, Unit 3, located in Seneca, South Carolina. The Oconee finding constitutes the third recent instance of significant cracking in PWR Alloy 600 welds in commercial pressurized water reactor (PWR) nuclear power plants. The other instances involved a hot leg weld axial crack at the South Carolina Electric & Gas Company's V. C. Summer Nuclear Station and, at a foreign plant, a weld crack indication at the interface of the reactor coolant system piping and the residual heat removal piping (as discussed in our October 2000 Monthly Report). On April 12, the NRC staff met with the Nuclear Energy Institute (NEI) and the Electric Power Research Institute Materials Reliability Program (MRP) to discuss the generic implications of the Oconee circumferential cracks. As a result of that

meeting, industry representatives are developing for NRC staff review and approval a generic safety assessment, recommendations for revisions of near-term inspections, and long-term inspection and flaw evaluation guidelines. We have also developed two web pages to keep the public informed of our activities -- one dedicated to the broader PWR Alloy 600 weld cracking issue, (http://www.nrc.gov/NRC/REACTOR/ALLOY-600/index.html), and the other dedicated to providing the most up-to-date information on the cracks found at Oconee, (http://www.nrc.gov/NRC/REACTOR/OCONEE/index.html). The NRC will update these Web pages and assess the need for further generic action as new information becomes available. Lastly, the staff also issued an information notice to all pressurized water nuclear power reactor licensees to alert them to the recent detection of the through-wall circumferential cracks at Oconee.

Since our last report, the Commission and the NRC staff also:

- issued the final supplemental environmental impact statement (SEIS) on the proposed renewal of the operating license for Arkansas Nuclear One, Unit 1 (ANO-1) nuclear power plant in Russellville, Arkansas. In the report, the staff found there should be no significant environmental impacts from an additional 20 years of plant operation and recommends that the Commission determine there are no impacts that would preclude renewal of the license for environmental reasons. The NRC staff also recently completed its license renewal inspections at ANO-1, concluding that there is reasonable assurance that Entergy's aging management programs provide an adequate foundation for renewing the license for an additional 20 years. A Commission decision on the ANO-1 renewal application is expected in June 2001.

- directed that applications for power uprates should be assigned a high priority and the associated reviews should be conducted in an efficient and effective manner.

- issued Amendment 1 to Materials License No. SNM-2508 held by the Department of Energy (DOE) for the storage of spent fuel and fuel debris from the Three Mile Island Unit 2 (TMI-2) reactor. DOE requested the amendment to correctly reflect the number of fuel and filter canisters that can be placed in interim dry storage in the Independent Spent Fuel Storage Installation (ISFSI) at the Idaho National Engineering and Environmental Laboratory. DOE expects to complete the final loading of the TMI-2 damaged fuel into dry storage by June 2001.

- conducted three public meetings to gather comments from the public on the scope of the environmental impact statement the staff will prepare for the Mixed Oxide Fuel Fabrication Facility (MOX Facility) license application review. The meetings were held in North Augusta, South Carolina; Savannah, Georgia; and Charlotte, North Carolina. The applicants, which include Duke, Cogema, Stone&Webster, requested authority to construct the MOX Facility on the Department of Energy's Savannah River site in South Carolina.

- published a proposed rule in the Federal Register (66 FR 19610) that would amend the NRC's rules of practice for the hearing process to make it more effective and efficient. The proposed rule would fashion hearing procedures that are tailored to the differing types of licensing and regulatory activities that the NRC conducts and would better focus the limited resources of participating parties and the NRC.

- issued draft guidance for the review of 10 CFR Part 72 site-specific license renewal applications. NRC staff has been working to develop review guidance in anticipation of the first application to renew an ISFSI license. A renewal application for the Surry nuclear site ISFSI is expected to be received in the Spring of 2002.

- issued Regulatory Guide 1.189, "Fire Protection for Operating Nuclear Power Plants." This regulatory guide was developed to provide a comprehensive fire protection guidance document and to identify the scope and depth of fire protection that the staff would consider acceptable for currently operating nuclear power plants.

- issued "Regulatory Effectiveness of the Anticipated Transient Without Scram Rule" on April 27, 2001. This report evaluates the effectiveness of the anticipated transient without scram (ATWS) rule and the Commission's recommendations associated with the ATWS rule; it compares rule expectations to outcomes in the areas of system modifications and operating limitations, risk, and value-impact. The report concluded that the ATWS rule was effective in reducing ATWS risk and that the cost of implementing the rule was reasonable.

- initiated a registration program for certain general licensees who possess devices containing at least 10 millicuries of cesium-137, 0.1 millicurie of strontium-90, or 1 millicurie of cobalt-60 or any transuranic isotope.

I have enclosed (Enclosure 2) the update to the Tasking Memorandum which delineates the specific initiatives completed by the agency since August 1998 and future milestones. Please note that the topic of power uprates, which has received considerable Congressional interest, is addressed in the Tasking Memorandum (on page 35).

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

Sincerely,

/RA/

Richard A. Meserve

Enclosures:
1. Monthly Report
2. Tasking Memorandum

cc: Senator George V. Voinovich

Identical letter sent to:

The Honorable Joseph I. Lieberman, Chairman
Subcommittee on Clean Air, Wetlands,
Private Property and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510
cc: Senator George V. Voinovich

The Honorable Joe Barton, Chairman
Subcommittee on Energy and Air Quality
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515
cc: Representative Rick Boucher

The Honorable Sonny Callahan, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515
cc: Representative Peter J. Visclosky

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

The Honorable W.J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515
cc: Representative John D. Dingell

The Honorable James M. Jeffords, Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510
cc: Senator Bob Smith

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

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

April 2001

Enclosure 1

TABLE OF CONTENTS[1]

Page

I. Implementing Risk-Informed Regulations 1

II. Revised Reactor Oversight Process 2

III. Status of Issues in the Reactor Generic Issue Program 3

IV. Licensing Actions and Other Licensing Tasks 3

V. Status of License Renewal Activities 8

VI. Status of Review of Private Fuel Storage, Limited Liability Corporation's Application for a License to Operate an Independent Spent Fuel Storage Installation 9

VII. Summary of Reactor Enforcement by Region 10

VIII. Power Reactor Security Regulations 11

[1]Note: The period of performance covered by the report includes activities occurring between the first and last day of the month (e.g., April 30, 2001). The transmittal letter to Congress accompanying this report may provide more recent information in order to keep Congress fully and currently informed of NRC's licensing and regulatory activities.

X. Implementing Risk-Informed Regulations

The staff continues to make progress on tasks involving use of probabilistic risk information in many areas. The milestone schedule for the more significant risk-informed activities are included in the Commission Tasking Memorandum (Enclosure 2 to the letter from Richard A. Meserve, NRC Chairman, forwarding the April 2001 monthly report to Congress on the status of NRC licensing and regulatory duties). The following activities have seen substantial progress since the last report.

Risk-Informing Special Treatment Requirements for Power Reactors

The Commission decided in 1998 to consider promulgating new regulations that would provide an alternative risk-informed approach for special treatment requirements in the current regulations for power reactors. In this context, “special treatment” is defined as current requirements imposed on structures, systems, and components that go beyond industry-established requirements for equipment classified as "commercial grade" that provide additional confidence that the equipment is capable of meeting its functional requirements under design basis conditions. These special treatment requirements include additional design considerations, qualification, change control, documentation, reporting, maintenance, testing, surveillance, and quality assurance requirements.

In April 2000, the Commission published an advance notice of proposed rulemaking (ANPR) inviting comments, advice, and recommendations from interested parties on the contemplated approach for this rulemaking (commonly known as Risk-Informed Part 50, Option 2). In SECY-00-194, "Risk-Informing Special Treatment Requirements," dated September 7, 2000, the staff provided preliminary views on the comments received on the ANPR and presented an approach for rulemaking.

The NRC has been reviewing the industry probabilistic risk assessment (PRA) peer review process as a means of addressing PRA quality for implementation of risk-informed changes of special treatment requirements (Option 2). On January 18 and 19, 2001, the Nuclear Energy Institute (NEI) submitted responses to staff questions on NEI 00-02, “Probabilistic Risk Assessment Peer Review Process Guideline,” and the NEI categorization and treatment document NEI 00-04, “Option 2 Implementation Guideline.” On April 5, 2001, the staff provided comments to NEI on these two documents. The staff continues to work with the industry and other stakeholders on issues central to Option 2 such as PRA peer reviews and the categorization and treatment of structures, systems, and components.

On April 18, 2001, NRC staff met with representatives of the Boiling Water Reactor Owners Group (BWROG), Exelon, and NEI to discuss the status and plans for the BWROG Risk-Informing Part 50 (RIP50), Option 2, pilot activities. Pilot activities have been initiated at the Quad Cities site. This is the only BWR pilot. The main purpose of these activities is to pilot the proposed NEI Option 2 implementing guidance (NEI 00-04) and use the lessons learned from the effort to improve the guidance and the governing Option 2 regulatory framework. The pilot will also be used by the staff and industry to assess the practicality and cost-benefit of the Option 2 approach. To date, Exelon is about a fourth of the way through a pilot program schedule which extends to December 2001. Efforts made thus far include risk-informed categorization of selected systems, an initial evaluation of special treatment requirements, and documentation of these efforts. The next significant BWROG task is to exercise the integrated decision-making panel (IDP) process. The staff plans to observe this activity.

On April 25, 2001, the NRC staff met with representatives of NEI and the industry to discuss the staff's comments on NEI's proposed RIP50, Option 2, implementing guidance documents (NEI 00-02, "Probabilistic Risk Assessment Peer Review Process Guideline," and NEI 00-04, "Option 2 Implementation Guideline"). There was constructive discussion of the staff's comments and NEI's proposed responses. The discussions centered on staff and industry expectations for the rulemaking with a focus on reaching a common understanding of those expectations regarding both the conceptual approach to Option 2 and specific outstanding issues. Overall, the staff and NEI agreed that there was a common understanding of expectations and that there are not any outstanding issues that would preclude the staff and industry from reaching agreement on the guidance documents. Both the staff and NEI agreed to develop additional information for a few outstanding issues. For example, NEI requested that the staff provide additional information on what it is trying to achieve regarding long term containment integrity and its technical bases for raising this issue in the context of Option 2. The staff requested that NEI identify any differences between the approach that the South Texas Project is taking to risk-inform the scope of structures, systems, and components subject to special treatment requirements and what industry at large believes is necessary to implement Option 2.

The staff and NEI agreed to resolve the few remaining issues on a time frame that would support submittal of NEI's formal responses to the staff's comments and its next revision of NEI 00-04 by the end of May 2001. This would allow the staff and NEI to reach agreement on the guidance by the end of June and the remaining pilot activities to begin as soon as July 2001.

II. Reactor Oversight Process

The NRC commenced initial implementation of its Reactor Oversight Process (ROP) at all nuclear plants in April 2000. It has continued meeting with interested stakeholders on a periodic basis to collect feedback on the efficacy of the process and consider this feedback in making refinements to the ROP. Recent activities include:

a. The Inspection Program Branch (IIPB) conducted a public meeting with industry's Reactor Oversight Process (ROP) working group on March 29, 2001, to discuss and review proposed changes and comments to the first revision of NEI 99-02, "Regulatory Assessment Performance Indicator Guideline." NEI 99-02, Revision 1, was issued on April 23, 2001. IIPB also conducted another of a continuing series of public meetings on April 4, 2001, with industry's working group on the ROP. The key issues discussed included: lessons learned workshop issues, problem identification and resolution inspection activities, initiating event pilot testing activities, physical protection significance determination process (SDP) development status, status on industry trends, and reviews of frequently asked questions (FAQs).

b. IIPB staff is continuing efforts to interface with internal stakeholders to discuss ROP initial implementation issues. On April 17-19, 2001, IIPB management attended portions of a Senior Reactor Analyst (SRA) workshop and counterpart meeting at Headquarters. The purpose of the meeting was to review programmatic and technical issues involving SRA activities that were identified during the first year of implementation of the Reactor Oversight Process. In addition, the IIPB staff conducted a Division of Reactor Projects and Division of Reactor Safety regional counterparts meeting on April 23-24, 2001, at Headquarters. The topic areas discussed included: inspection program flexibility and resources, industry trends status, problem identification and resolution inspection approach, and ROP Year 1 inspection model and Year 2 planning model.

III. Status of Issues in the Reactor Generic Issue Program

Resolution of issues in the Reactor Generic Issue Program continues to be on track in accordance with the existing schedules. There have been no changes in the status or resolution dates for Generic Safety Issues since the March 2001 report.

IV. Licensing Actions and Other Licensing Tasks

Licensing actions are defined as requests for: license amendments, exemptions from regulations, relief from inspection or surveillance requirements, topical reports submitted on a plant-specific basis, notices of enforcement discretion, or other licensee requests requiring NRC review and approval before it can be implemented by the licensee. The FY 2001 NRC Performance Plan incorporates three output measures related to licensing actions. These are: number of licensing action completions per year, age of the licensing action inventory, and size of the licensing action inventory.

Other licensing tasks are defined as: licensee responses to NRC requests for information through generic letters or bulletins, NRC responses to 2.206 petitions, NRC review of licensee topical reports, NRR responses to regional requests for assistance, NRC review of licensee 10 CFR 50.59 analyses and FSAR updates, or other licensee requests not requiring NRC review and approval before it can be implemented by the licensee. The FY 2001 NRC Performance Plan incorporates one output measure related to other licensing tasks. This is: number of other licensing tasks completed.

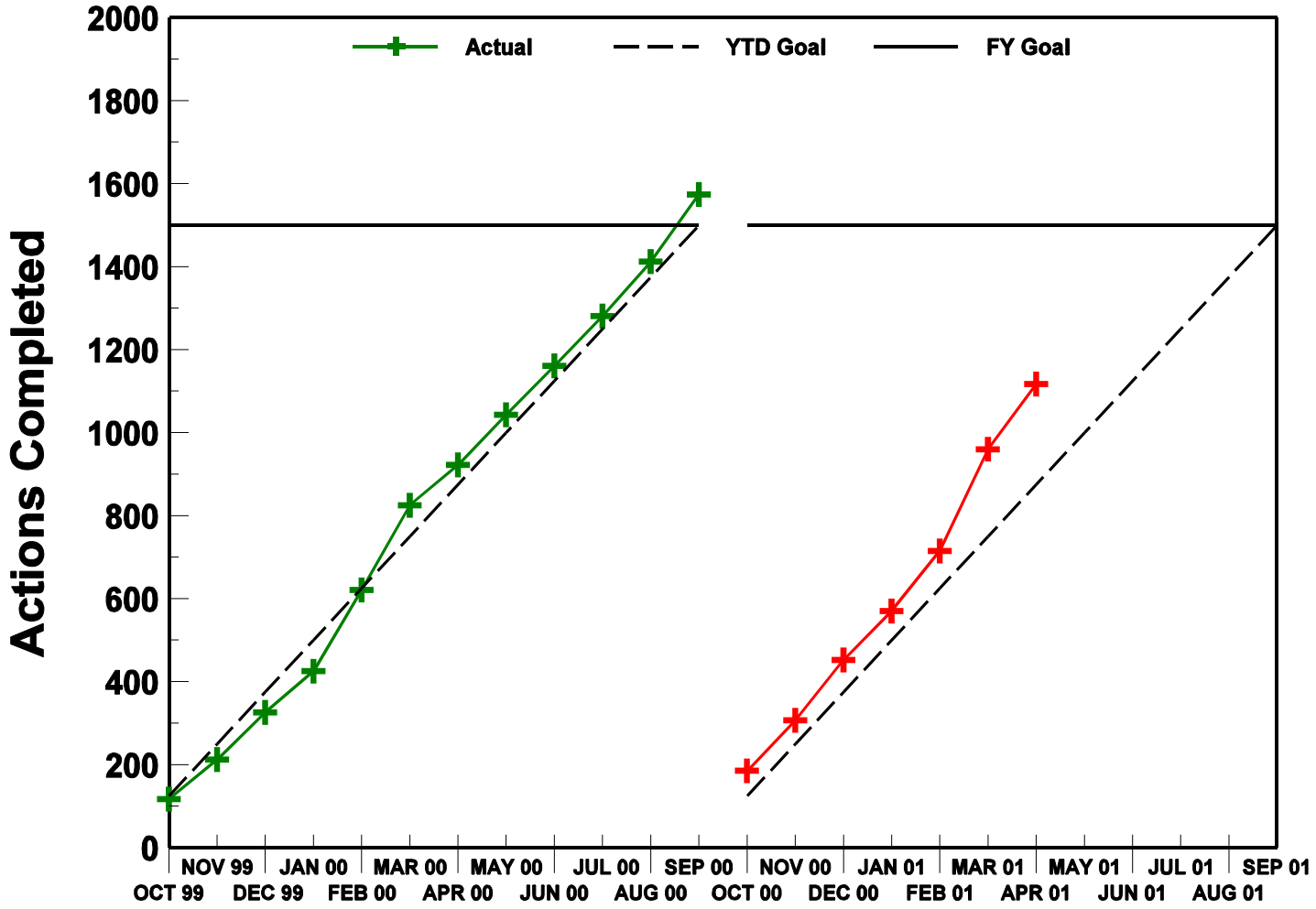
The actual FY 1999 and FY 2000 results, the FY 2001 goals and the actual FY 2001 results, as of April 30, 2001, for the four NRC Performance Plan output measures for licensing actions and other licensing tasks are shown in the table below.

PERFORMANCE PLAN				
Output Measure	**FY 1999 Actual**	**FY 2000 Actual**	**FY 2001 Goals**	**FY 2001 Actual (thru 04/30/2001)**
Licensing actions completed	1727	1574	≥ 1500	1117
Age of licensing action inventory	86.2% ≤ 1 year; and 100% ≤ 2 years	98.3%≤ 1 year; and 100% ≤ 2 years	95% ≤ 1 year and 100% ≤ 2 years old	94.7% ≤ 1 year; 99.9% ≤ 2 years
Size of licensing action inventory	857	962	≤ 650	776
Other licensing tasks completed	939	1100	≥ 675	346

The following charts demonstrate NRC's FY 2001 trends for the four licensing action and other licensing task output measure goals.

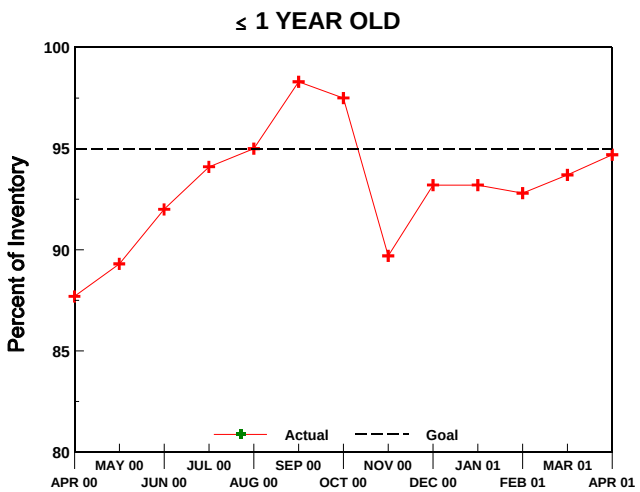
Nuclear Reactor Safety - Reactor Licensing

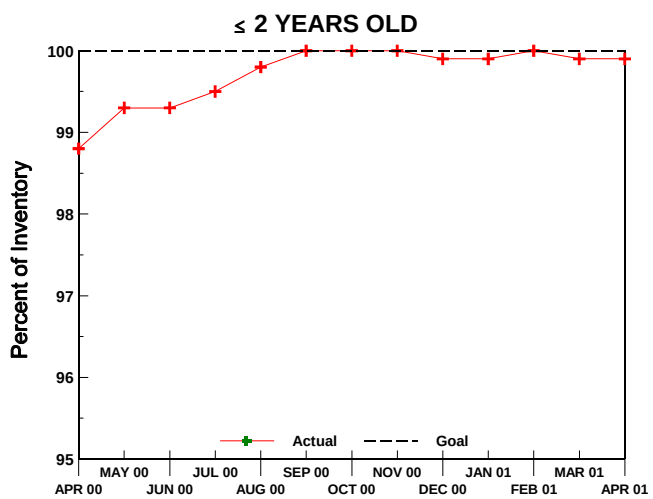
Performance Plan Target: Completed Licensing Actions



Nuclear Reactor Safety - Reactor Licensing

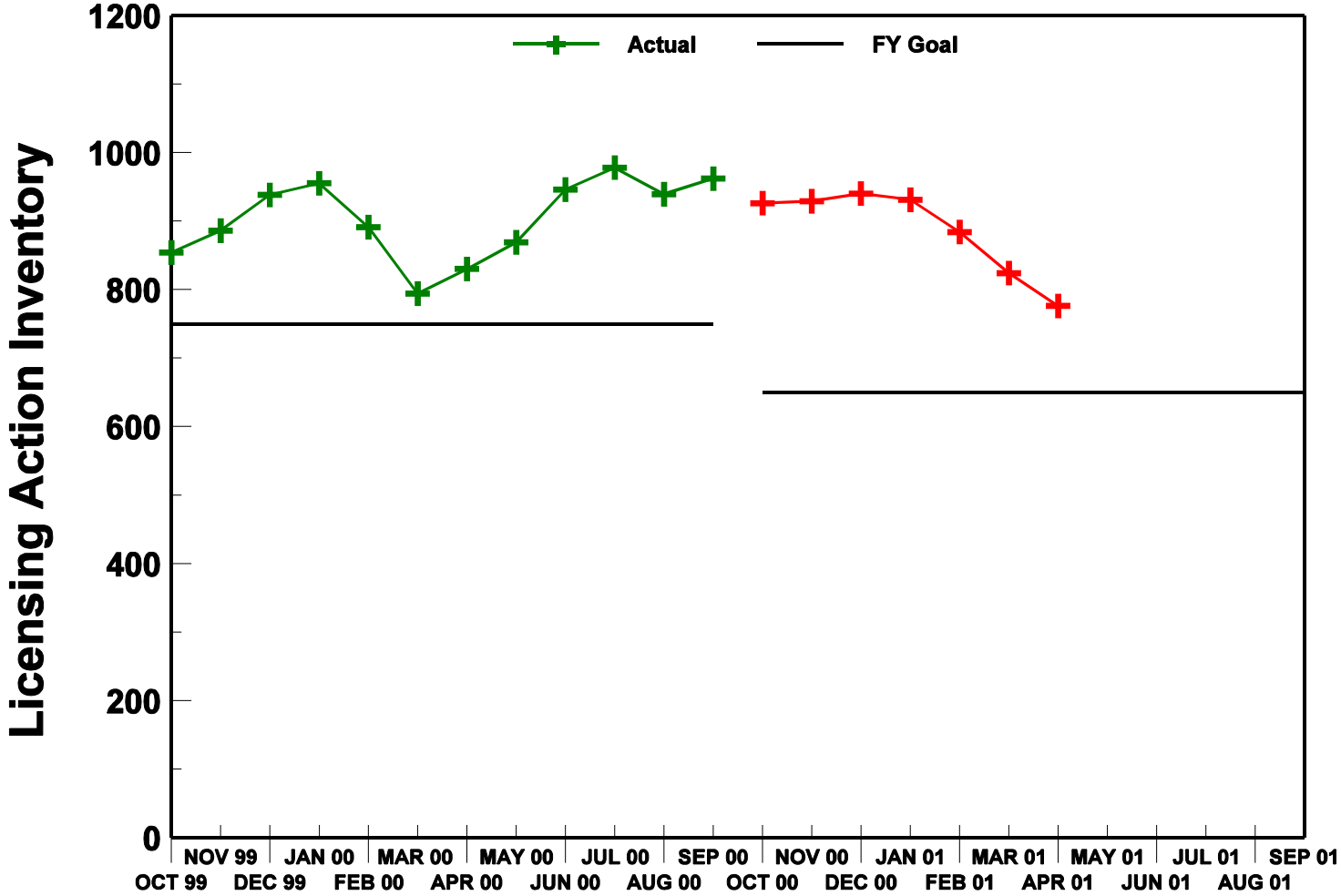
Performance Plan Target: Age of Licensing Action Inventory





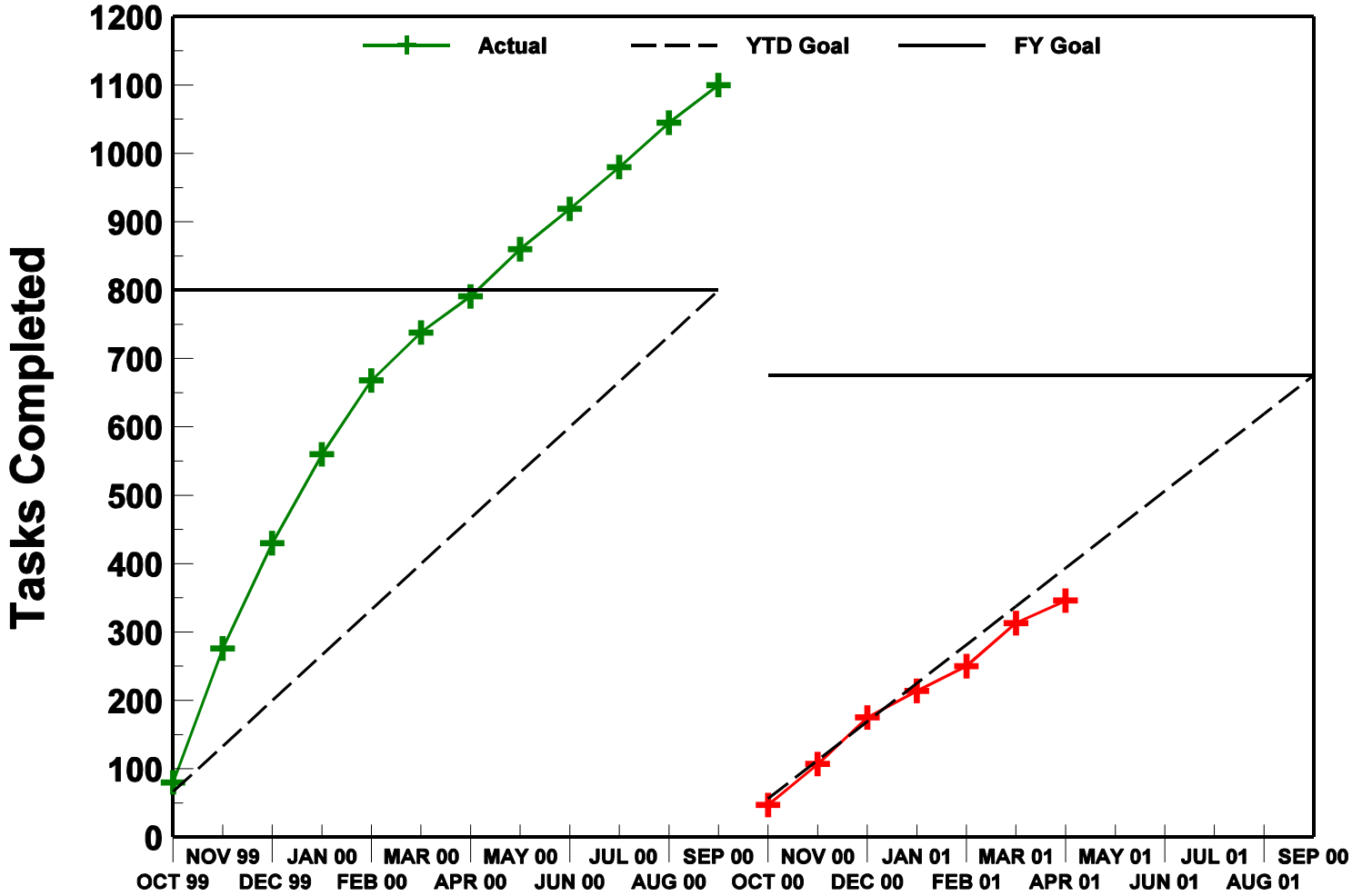
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



V. Status of License Renewal Activities

Calvert Cliffs Renewal Application

The renewed licenses for Calvert Cliffs were issued on March 23, 2000, completing the NRC's review of the license renewal application.

Oconee License Renewal Application

The renewed licenses for Oconee Units 1, 2, and 3 were issued on May 23, 2000, completing the NRC's review of the license renewal application.

Arkansas Nuclear One, Unit 1, Renewal Application

The review of the Arkansas Nuclear One, Unit 1(ANO-1), renewal application is proceeding ahead of schedule. Based on the lessons learned and implemented by the applicant and NRC staff from the Oconee Nuclear Station license renewal (a similar plant to ANO-1), the safety evaluation report was issued with only six non-safety-significant open items on January 10, 2001. The open items have been resolved and the final safety evaluation report was issued April 12, 2001, 5 months ahead of schedule. The final supplemental environmental impact statement has been issued. A Commission decision regarding issuance of the renewed license could be made as early as June 2001, 8 months ahead of the previous schedule.

Hatch, Units 1 and 2, Renewal Application

The review of the Hatch renewal application is on schedule. The staff issued the safety evaluation report identifying open items in February 2001. The NRC staff and the applicant are working to resolve the open items and issue the completed report by October 2001.

The draft supplemental environmental impact statement was published for public comment in November 2000 and the public comment period ended in January 2001. The staff is currently addressing the comments received and preparing to issue the final supplemental environmental impact statement by July 2001.

Turkey Point, Units 3 and 4, Renewal Application

The review of the Turkey Point renewal application is on schedule. All safety and environmental requests for additional information (RAIs) were issued. The applicant completed its responses to the environmental RAIs on March 30, 2001, and to the safety RAIs on April 19, 2001. The staff is now preparing to issue draft supplemental environmental impact statement by July 17, 2001, and the safety evaluation report identifying any open items by August 17, 2001.

Two requests for hearing were received in response to the public notice of an opportunity for hearing and an Atomic Safety and Licensing Board Panel (ASLB) was convened to consider the requests. The ASLB held a prehearing conference with the petitioners, applicant, and staff in Homestead, Florida, on January 18, 2001. In an order dated February 26, 2001, the Board ruled that both parties have standing to intervene, however, neither petitioner identified admissible contentions. Therefore, the Board concluded that the intervention petitions were

denied and the hearing proceedings terminated. By letter dated March 19, 2001, one petitioner has filed an appeal of the ASLB's decision. The appeal is pending before the Commission.

License Renewal Implementation Guidance Development

The NRC staff issued the revised standard review plan, generic aging lessons learned report, and regulatory guide for public comment. Public comments were received and the staff has met with stakeholders to address the comments and revise the documents. The staff submitted the revised documents to the Commission for approval on April 26, 2001, and expects to issue them by the summer of 2001.

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

During this reporting period, the NRC staff received a response to its request for additional information from the applicant, Private Fuel Storage, Limited Liability Company, (PFS) regarding the probability of accidents involving military aircraft in the area of the site of the proposed PFS Facility. The NRC staff also met with representatives of PFS to discuss the license application amendment dated March 30, 2001, submitted by PFS.

PFS, in its response to the NRC staff's request for additional information regarding the probability of accidents involving military aircraft in the area of the site of the proposed PFS Facility, noted that several of the requested items had been requested from the U.S. Air Force through the provisions of the Freedom of Information Act (FOIA). PFS indicated that responses had not yet been received to these "FOIA requests." The NRC staff is reviewing the information provided by PFS but may be delayed in completing its review until the information requested pursuant to FOIA is received.

On April 18, 2001, the NRC staff, and its support contractors at the Center for Nuclear Waste Regulatory Analyses, met with PFS representatives to discuss the license application amendment dated March 30, 2001. This amendment included new information relative to the applicant's geotechnical and seismic analyses of the natural system in Skull Valley as well as revisions to design of canister transfer building and other structures planned for the proposed PFS facility. Associated updates to the applicants Environmental Report were also provided as part of the submittal.

As noted in the previous month's report, the Final Environmental Impact Statement will not be released until the four cooperating Federal agencies have determined whether the new geotechnical and military aircraft information changes any conclusions reached in the document. As indicated above with regard to the status of the response to the staff's request for additional information on military aircraft and the subsequent license application amendment, these determinations cannot yet be made.

Litigation in the adjudicatory proceeding on the PFS application continued during this reporting period as follows: (1) the State of Utah filed a contention challenging the applicant's physical security plan, based on the recent enactment of Utah state laws prohibiting counties and local governments from providing law enforcement services to a spent fuel storage facility within the

State's boundaries, (2) the Applicant filed motions seeking summary disposition of two environmental contentions, (3) depositions and other discovery proceeded on environmental contentions, (4) the Atomic Safety and Licensing Board (ASLB) rejected a late-filed contention raising transportation issues, and (5) the ASLB has under consideration the State's motion to admit a late-filed contention concerning the Hill Air Force Base.

VII. Enforcement Process and Summary of Reactor Enforcement by Region

Reactor Enforcement by Region

		Reactor Enforcement Actions*				
		Region I	Region II**	Region III	Region IV**	TOTAL
Severity Level I	Mar 2001	0	0	0	0	0
	FY 2001 YTD	0	0	0	0	0
	FY 00 Total	0	0	0	0	0
	FY 99 Total	0	0	0	0	0
Severity Level II	Mar 2001	0	0	0	0	0
	FY 2001 YTD	0	0	0	0	0
	FY 00 Total	1	2	0	0	3
	FY 99 Total	5	0	2	0	7
Severity Level III	Mar 2001	0	0	0	0	0
	FY 2001 YTD	0	1	0	0	1
	FY 00 Total	5	0	4	4	13
	FY 99 Total	9	2	7	8	26
Severity Level IV	Mar 2001	0	0	0	0	0
	FY 2001 YTD	0	0	0	1	1
	FY 00 Total	4	1	3	5	13
	FY 99 Total	52	42	57	60	211
Non-Cited Severity Level IV & Green	Mar 2001	35	0	23	7	65
	FY 2001 YTD	146	48	109	60	368
	FY 00 Total	313	190	289	258	1050
	FY 99 Total	343	267	334	305	1249

	Escalated Reactor Enforcement Actions Associated with the Revised Reactor Oversight Process*					
		Region I	Region II**	Region III	Region IV**	Total
NOVs related to white, yellow or red findings	Mar 2001 -Red	0	0	0	0	0
	-Yellow	0	0	0	0	0
	-White	1	0	1	0	2
	FY 2001 YTD	3	3	2	1	9
	FY 00 Total	6	1	0	0	7

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

** Violation totals for Regions II & IV reflect a shift from a 6 week inspection period to a quarterly inspection period.

Description of Significant Actions taken in March 2001

PPL Susquehanna, LLC (Susquehanna Steam Electric Station) EA 01-012

On March 12, 2001, a Notice of Violation was issued for a violation associated with a white significance determination process (SDP) finding involving a substantial potential for personnel to sustain external radiation exposures in excess of occupational exposure limits. The violation involved the failure to perform an adequate evaluation of radiation hazards to assure that occupational dose limits would not be exceeded.

Nuclear Management Company, LLC (Kewaunee Nuclear Power Plant) EA 00-214

On February 28, 2001, a Notice of Violation was issued for a violation associated with a white SDP finding involving the emergency response staffing drills. The violation was based on the fact that timely augmentation of response capabilities was not available and the licensee failed to correct deficiencies that were identified as a result of several monthly drill failures.

VIII. Power Reactor Security Regulations

Based on directions given by the Commission in the Staff Requirements Memoranda dated June 29, 1999, November 22, 1999, and April 12, 2000, the staff has been involved in a project to re-evaluate and revise its regulations pertaining to security at power reactor facilities. This project is an outgrowth of the staff's recommendation in May 1999, to institute a requirement for licensees to conduct periodic exercises to test the capability of their security organizations to protect against the design basis threat (SECY-99-024, "Recommendations of the Safeguards Performance Assessment Task Force," January 22, 1999). Following this paper, the staff

recommended that a comprehensive review of the power reactor security regulations (10 CFR 73.55) be undertaken, including a new requirement for exercising the capability of security organizations to protect against the design basis threat (SECY-99-241, "Rulemaking Plan, Physical Security Requirements for Exercising Power Reactor Licensees' Capability to Respond to Safeguards Contingency Events," October 5, 1999). The Commission approved these recommendations and directed the staff to undertake the project.

The staff conducted a series of public meetings to ensure that external stakeholders had an opportunity to provide input to the process. The staff developed several position papers while drafting a proposed rule, including one which defined the approach the staff intended to take in the rulemaking. This approach included the use of performance criteria and critical safety functions as the basis for the rule (SECY-00-0063, "Staff Re-Evaluation of Power Reactor Physical Protection Regulations and Position on a Definition of Radiological Sabotage," March 9, 2000). This approach was approved by the Commission and the staff was directed to publish SECY-00-0063 in the Federal Register and invite public comments. The staff has completed its evaluation of the public comments and incorporated issues raised in these comments into the proposed performance objectives for the exercise rule. The staff's proposal was provided in an information paper for the Commission (SECY-01-0023, "Public Comments on SECY-00-0063, "Re-Evaluation of Power Reactor Physical Protection Regulations and Position on a Definition of Radiological Sabotage," and Staff Review of Industry-recommended Safeguards Performance Assessment Program," February 5, 2001). The paper included an outline of the status of several significant safeguards initiatives. The final performance criteria will be submitted to the Commission for approval in the proposed rulemaking by May 2001.

In addition to the above effort, considerable attention has been paid to related issues surrounding the conduct of the Operational Safeguards Response Evaluation (OSRE) program. The OSRE program is NRC's current program for performance exercises conducted at nuclear power plants. The industry has developed a Safeguards Performance Assessment (SPA) pilot program to test concepts for the exercise portion of the new 10 CFR 73.55. The staff has interacted extensively with stakeholders on this program and expects to pilot the SPA program while the rulemaking, including the exercise requirement, is being processed. Lessons learned from the SPA will be incorporated into the final rulemaking. To date, five public meetings were held to discuss the SPA program. The most recent of these meetings, held April 5, 2001, discussed the final SPA guidance document and details regarding the proposed pilot program.

The staff continues to conduct scheduled OSREs in accordance with Inspection Procedure 81110 which provides details on adversary characteristics, and a memorandum to all regional offices which provides guidance on critical issues in the scheduling and conduct of OSREs.

On January 25, 2001, the Commission approved use of the staff's recommended interim revision to the Physical Protection Significance Determination Process (PPSDP), which addresses issues associated with application of the pre-existing PPSDP. In the reactor oversight program, the significance determination process is used to determine significance of findings and the appropriate action to be taken, including additional oversight. The staff plans to formally revise the PPSDP in a process involving all stakeholders.