

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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BRIEFING ON

RESULTS OF THE AGENCY ACTION REVIEW MEETING

(REACTORS)

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THURSDAY,

JULY 19, 2001

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ROCKVILLE, MARYLAND

+ + + + +

The Commission met at the Nuclear
Regulatory Commission, One White Flint North, Room
1F14, 11555 Rockville Pike, Rockville, Maryland, at
9:30 a.m., Richard A. Meserve, Chairman, presiding.

PRESENT:

RICHARD A. MESERVE, Chairman

GRETA JOY DICUS, Commissioner

EDWARD McGAFFIGAN, JR., Commissioner

JEFFREY S. MERRIFIELD, Commissioner

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P R O C E E D I N G S

9:26 p.m.

CHAIRMAN MESERVE: On behalf of the Commission, I'd like to welcome everyone for today's briefing on the results of the Agency Action Review Meeting for Reactors. As I think everyone knows, we proceeded with the initial implementation of the revised oversight process in April of 2000. This is an extraordinarily important activity because the inspect of our reactors is crucial to the fulfillment of the Agency's mission. And the revised oversight process reflected very significant change in the way in which the Commission was undertaking its business.

The Agency Action Review Meeting is one of the final stages of each year's evaluation of the process and involves the staff's wrap up of its evaluation of how the fleet is performing and that is then to be followed by this Commission meeting at which the results of that activity are to be reported to the Commission. So this is a very important meeting. It's one that is really our initial opportunity for us to survey the process as it is proceeded. We will have a Commission meeting tomorrow in which the evaluation of the initial implementation will be discussed, but in a certain sense the proof is

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1 in the pudding, so that this is a meeting, I'm sure
2 that will touch to some extent on issues that we
3 probably also will be discussing tomorrow.

4 With that, unless one of my colleagues has
5 a comment, why don't we proceed?

6 Dr. Travers?

7 DR. TRAVERS: Thank you, Mr. Chairman,
8 good morning to you and the Commission. We are glad
9 to be here to discuss with you and brief you on the
10 results of the first Agency Action Review Meeting.
11 We've got a great new acronym, AARM, or something like
12 that, I guess we'll call it AARM which was just held
13 in Region 2 in Atlanta just a few weeks ago.

14 As you know, the AARM or AARM is an
15 integral part of the new revised reactor oversight
16 process and it is conducted to achieve a number of
17 objectives that are defined in a new draft NRC
18 management directive. They include, are not limited
19 to, they include reviewing the Agency actions that
20 have been taken for plants with significant
21 performance problems, basically to ensure that the
22 coordinated courses of action that have been developed
23 and which are being implemented for licensees of
24 concern are appropriate, to confirm that the ROP is
25 meeting the NRC's strategic goals, to ensure, as you

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1 indicated, Mr. Chairman, that the trends in the
2 industry and licensee performance are recognized and
3 addressed and some others that we'll probably get into
4 the discussion today.

5 This annual meeting essentially replaces
6 the Senior Management Meeting process conducted under
7 our former reactor oversight program, but it has a
8 number of important differences from that initial
9 process that we'll discuss this morning.

10 One difference I'd like to highlight
11 though in opening this meeting is that while we
12 conduct this meeting certainly to review the
13 performance of specific nuclear power plants and to
14 assess whether or not the activities that we have
15 developed in response to those performance issues are
16 appropriate, much like we did in the senior management
17 meeting, our expectation going into the AARM meeting
18 is that it's very unlikely that we would identify
19 significant differences in our assessment of
20 performance or for that matter significant differences
21 in the approach that we've already decided to take and
22 in fact, in most cases are implementing. This is
23 fundamentally because of the fact that the new reactor
24 oversight process is viewed as a more predictable and
25 open continuum of reactor assessment over the course

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1 of any given year. Things like performance indicators
2 quarterly posted on the web, things like letters that
3 describe where in the action matrix any particular
4 plant is, which are issued, when those conclusions are
5 reached, we think and our ability to discuss
6 internally the actions that are being taken in
7 response to performance problems along the course of
8 the year, we think all add to this notion of a
9 continuum of assessment and activities that make the
10 meeting that we have to reaffirm where we're at, are
11 much more likely to be a reaffirmation than a
12 significant change in approach. So that's what I
13 think as a significant difference between the senior
14 management meeting process that we had for years
15 where, in fact, we made critical decisions about
16 changing classification or in some cases our
17 regulatory actions. So it is a fundamental point I'd
18 like to highlight.

19 I'd also like to point out that a wide
20 range of topics were reviewed and discussed during the
21 AARM not the least of which were lessons learned from
22 the first year of implementing the reactor oversight
23 process. We have, as you point out, a separate
24 meeting to discuss that tomorrow and we'll provide
25 some detailed discussions of our own assessment of

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1 that first year of initial implementation.

2 Additionally, I should point out that we
3 took the opportunity having the senior managers
4 gathered to talk about a number of wide ranging
5 management topics that are currently before us within
6 the Agency. During today's briefing, however, we will
7 focus mainly on specific plant performance reviews and
8 our new power reactor industry trending program. The
9 Trends Program is described in detail in SECY-010111
10 which was issued late last month and with that I'll
11 introduce the folks who are joining me here at the
12 table.

13 Mike Johnson is the Chief of the Reactor
14 Inspection Program. Jon Johnson is Deputy Director of
15 the Office of Nuclear Reactor Regulation. Of course,
16 Bill Kane is my Deputy for Reactor Programs. Jim Dyer
17 and Hub Miller are the Regional Administrators of
18 Region III and I, respectively. So with that, I'd
19 like to begin the meeting by turning it over to Jon
20 Johnson.

21 MR. JON JOHNSON: Thank you, Bill. Good
22 morning, Chairman, Commissioners. As you're aware and
23 has been indicated the staff recently completed the
24 first year of the initial implementation of the new
25 reactor oversight process.

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1 As an integral part of that process the
2 senior managers met in our Region II Office in late
3 June and completed the first Agency Action Review
4 Meeting. This meeting essentially replaces the Senior
5 Management Meeting of the old process which was last
6 conducted in May of 2000. In addition to elimination
7 of the Senior Management Meeting, the SALP process and
8 Plant Performance Reviews have been replaced by the
9 new Reactor Oversight Process Assessment Program. We
10 believe this is more integrated, objective, risk
11 informed and predictable.

12 The purpose of today's briefing is to
13 inform the Commission of the results of this Agency
14 Action Review Meeting, but first I'd like to provide
15 some background on the assessment process and some key
16 events that have occurred prior to meeting today.

17 May I have slide 2, please?

18 (S l i d e c h a n g e .)

19

20 MR. JON JOHNSON: The assessment process
21 is described in detail in Inspection Manual Chapter
22 0305. Each Regional Office conducted end-of-cycle
23 reviews using the most recent performance indicators
24 and inspection findings for the past 12 months. These
25 assessments were conducted to analyze licensee

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1 performance from inspection reports and performance
2 indicators, to confirm NRC actions and to allocate
3 resources.

4 In addition to these end-of-cycle reviews,
5 mid-cycle reviews were completed in November of 2000
6 and quarterly reviews were conducted at periods of
7 time between then when indicators or inspections
8 crossed thresholds. Supplemental inspections were
9 scheduled to evaluate these performance issues that
10 caused the PIs or inspection findings to be greater
11 than green and therefore had at least low safety
12 significance.

13 End-of-cycle summary meetings were
14 conducted at conclusion with the Director of NRR for
15 those plants whose performance over the past annual
16 assessment cycle was in a degraded cornerstone or a
17 multiple repetitive degraded cornerstone column.

18 The regional staff also presented the
19 results for those plants that were considered to have
20 substantial cross cutting issues. Based on the
21 results of these meetings, annual assessment letters
22 were issued to all plants at the end of May. Those
23 letters contained a discussion of the plant
24 performance for a 12-month period, focusing on risk
25 significant performance indicators or inspection

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1 findings, substantial cross cutting issues and as
2 well, included a summary of the Agency actions and the
3 licensee actions. They also included detailed
4 inspection plans.

5 In addition, public meetings have been
6 held or will be shortly over the next few days with
7 each licensee to discuss the results of this
8 assessment. These meetings were conducted on site or
9 in the vicinity of the site so they were accessible to
10 members of the public.

11 Lastly, the first Agency Action Review
12 Meeting was held from June 26th through 28th in our
13 Region II offices in Atlanta. As described in Manual
14 Chapter 0305 this meeting is an integral part of the
15 evaluative process used by the Agency to ensure
16 operational safety performance. This meeting was
17 chaired by the Executive Director for Operations, Dr.
18 Travers and was attended by the NRC senior managers.

19 The remainder of this morning's
20 presentation will focus on the conduct and results of
21 that meeting. Could I have slide 3, please?

22 (Slide change.)

23 MR. JON JOHNSON: The inaugural June 2001
24 Agency Action Review Meeting was conducted in
25 accordance with Draft Management Directive 8.14. The

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1 staff is also currently developing lessons learned
2 from this process, but the initial feedback has been
3 positive.

4 This directive describes the meeting has
5 having four distinct purposes. The first three are
6 related to reactor oversight process. The first is to
7 review Agency actions resulting from the performance
8 reviews for those individual plants that had
9 significant performance problems. The second part is
10 to review the industry trends analysis and the third
11 part is to review the staff's self-assessment of the
12 reactor oversight process.

13 Plant performance was reviewed at stages
14 leading up to the Agency Action Review Meeting, but
15 those discussions at the meeting were limited to those
16 plants that places them in either the
17 multiple/repetitive degraded cornerstone column or the
18 unacceptable performance column.

19 The second piece of the reactor oversight
20 process is to discuss industry trends. This is a
21 joint program between NRR and the Office of Research
22 and as the EDO indicated, the description of this
23 process was described in a Commission paper recently
24 issued. The NRC uses selected indicators to monitor
25 trends in industry performance as a measure of success

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1 of the Agency's efforts to meet the performance goal
2 of maintaining safety.

3 Mr. Michael Johnson will discuss the
4 industry trends program and the results after the
5 Regional Administrators have completed their plant
6 performance discussions.

7 The last piece of the ROP related portion
8 is the staff's self-assessment of the oversight
9 process. These results were also discussed at the
10 Agency Action Review Meeting. We do not plan to go
11 over that in detail as we indicated. We have a
12 meeting set up tomorrow to do that in detail.
13 However, I would like to note that the Agency Managers
14 concluded that the ROP was successful in enabling the
15 Agency to oversee the performance of reactor licensees
16 including bringing forward those plants whose
17 performance warranted increased attention.

18 In addition to the ROP topics, the AARM
19 provides a forum for senior managers to discuss
20 emerging technical and policy issues. These
21 discussions were held on the second day of the 3-day
22 meeting. A suggestion that came out of the meeting
23 was to consider separating these non-ROP related
24 topics and to consider having a separate designated
25 meeting.

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1 Slide 4, please.

2 (Slide change.)

3 MR. JON JOHNSON: Two plants were
4 discussed during this first Agency Action Review
5 Meeting, Indian Point in Region 1 was discussed
6 because it met the criteria of being in the multiple,
7 repetitive degraded cornerstone column. In a few
8 moments, Mr. Hub Miller, the Regional Administrator
9 will discuss plant performance, including the NRC and
10 licensee actions that have been taken to address the
11 performance concerns.

12 For a different reason, D.C. Cook, Units
13 1 and 2 and Region III were also discussed due to
14 their unique transition into the ROP process. Mr. Jim
15 Dyer, the Regional Administrator will provide a status
16 briefing shortly.

17 Finally, I'd like to remind us that as
18 part of the ROP assessment process in Manual Chapter
19 0305, all other operating reactors were reviewed
20 during the end-of-cycle meetings and actions were
21 taken in accordance with the action matrix. The
22 staff's reviews of those reactors were documented in
23 the assessment letter sent to the licensees the last
24 week of May.

25 Under the ROP which was implemented

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1 industry-wide in April 2000, the level of oversight
2 and actions taken were determined by the action matrix
3 as the problems were identified. We don't wait until
4 the Agency Action Review Meeting to take the necessary
5 actions. The purpose of the AARM was to confirm the
6 staff actions as opposed to deciding what action
7 should have been taken or ranking the plants.

8 With that, Mr. Hub Miller will now discuss
9 the performance of Indian Point II.

10 MR. MILLER: Good morning, Mr. Chairman,
11 Commissioners. Over the past year while operating in
12 a manner that preserved public health and safety,
13 Indian Point II has been in the multiple integrated
14 cornerstone column of the reactor oversight action
15 matrix. The degraded cornerstones are associated
16 principally with performance problems revealed by an
17 August 1999 reactor trip with electrical system
18 complications and a February 2000 steam generator tube
19 failure.

20 The plant was shut down much of the
21 assessment period to replace steam generators. It was
22 restarted in late December of last year and reached
23 full power in late January. A number of equipment
24 problems and personnel errors impacted on operations
25 during this period. This included, for example, a

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1 turbine trip with complications that occurred shortly
2 after restart. However, since that time, the plant
3 has operated continuously on line.

4 Over the assessment period, we conducted
5 a variety of inspection and oversight activities
6 consistent with the action matrix and program
7 guidance. During the extended shutdown and restart
8 phases, numerous inspections were performed to ensure
9 steam generator replacement and associated testing
10 activities were performed adequately to assure that
11 plant and station personnel were ready for plant
12 restart.

13 In addition to baseline inspections, a
14 number of special inspections were performed to assess
15 emergent issues and events such as design control
16 issues that surface before restart and the turbine
17 trip shortly after start up.

18 Following the action matrix, an extensive
19 supplemental team inspection was performed to
20 independently assess the breadth, depth and root
21 causes of performance deficiencies at the facility.
22 Using inspection procedure 95003, the 14-member team
23 spent 3 weeks on-site in the January-February time
24 frame evaluating licensee corrective action processes
25 and assessing further whether acceptable margins of

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1 safety exist.

2 The 95003 team concluded that the facility
3 was being operated safely. However, it found a number
4 of problems that are similar to those identified
5 during previous inspections and events. These
6 included issues in the areas of design control, human
7 and equipment performance, problem identification and
8 resolution and emergency preparedness. The team noted
9 that while progress was being made, it was slow and
10 limited in some areas.

11 Importantly, in one area of improvement
12 relates to better alignment between ConEd's business
13 and performance improvement plans. ConEd's response
14 to the inspection captures well the nature of the
15 performance problems that exist and in broad outline
16 describes actions needed to address them.

17 In order to verify effectiveness of
18 corrective actions, particularly given past problems
19 in following through on improvement plans, several
20 focused inspections and special oversight activities
21 are planned through the end of the year beyond the
22 baseline. Regulatory performance meetings have been
23 held throughout the last year to monitor licensee
24 performance improvement efforts and we will continue
25 these meetings and be sensitive to the effect any

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1 license transfer will have on the business plan and
2 related supporting initiatives.

3 We expect that by end of the year through
4 these planned inspections and other oversight
5 activities to be able to judge whether the station has
6 substantially addressed identified performance
7 weaknesses.

8 Significant staff effort and management
9 attention was aimed over the past year at addressing
10 public and external stakeholder interest and concerns.
11 It has been extensive and very intense at times. We
12 conducted numerous public meetings and meetings with
13 the licensee in open forum. There were 13 meetings
14 this past year, 9 of which were held locally in the
15 vicinity of the site.

16 Consistent with the action matrix, these
17 included regulatory performance meetings that I
18 convened and the annual end of cycle meeting held
19 recently on site which was led personally by Dr.
20 Travers. Very significant too is Chairman Meserve's
21 tour of the site after the 95003 inspection in April.
22 We frequently briefed government and elected officials
23 at all levels, federal, State and local to keep
24 stakeholders informed of our activities and to receive
25 input.

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1 Similar to how we coordinated technical
2 and safety issues, we employed an inter-office
3 communications coordination group to help in handling
4 this extremely challenging aspect of our activities
5 and this worked quite well.

6 We will continue these special
7 communication efforts.

8 Finally, at the Agency Action Review
9 Meeting, senior managers were briefed on NRC actions
10 and licensee performance. The senior managers
11 concluded that actions taken and those planned are
12 appropriate, that they are consistent with the reactor
13 oversight program guidance and that no additional
14 actions are warranted at this time.

15 MR. JON JOHNSON: Thank you, Hub. Before
16 turning the discussion over to Mr. Jim Dyer, I'd like
17 to remind everyone that D.C. Cook was not under the
18 revised -- the reactor oversight process during this
19 first year due to its extended shutdown.

20 Jim?

21 MR. DYER: Thank you, Jon. As Jon just
22 stated during the recent Agency Action Review Meeting
23 the transition of D.C. Cook to units 1 and 2 to the
24 reactor oversight program was discussed. The
25 implementation of the reactor oversight program at

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1 D.C. Cook was delayed because in April 2000 both units
2 were shut down with manual chapter 0350 oversight of
3 the restart activities.

4
5 Subsequently, Unit 2 started up in June of
6 2000 and has operated well. Unit 1 started up in
7 December 2000 after steam generators were replaced and
8 shortly after start-up of Unit 1, Unit 1 experienced
9 some problems that caused power transience and the
10 licensee-initiated corrected actions to reduce those
11 challenges.

12 After the start up of each unit, the
13 reactor oversight program guidance was used for NRC
14 inspection activities under the oversight and
15 direction of the Manual Chapter 0350 Panel and the
16 licensee began accumulating performance indicator
17 data.

18 In May of 2001, D.C. Cook Units 1 and 2
19 performance was evaluated with the other Region III
20 plants during the end-of-cycle reviews. Performance
21 indicator data submitted by the licensee in April
22 revealed a white performance indicator for unplanned
23 power changes on Unit 1 and incomplete data for five
24 performance indicators on both units.

25 Inspection findings were in the licensee

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1 response column, however, issues with corrective
2 action backlogs and maintenance rule implementation
3 were of some concern.

4 A supplemental inspection under Inspection
5 Procedure 95001 has been performed to address the
6 white performance indicator on Unit 1 and augmented
7 inspection hours are being applied to the baseline
8 inspections for the areas covered by the incomplete
9 performance indicators.

10 Additionally, NRR Region III and the
11 licensee are developing appropriate methods to report
12 the incomplete performance indicator data.

13 After reviewing the post-start up
14 operational performance of both units, the success of
15 the licensee's improvement programs and the results of
16 the end-of-cycle review, the Manual Chapter 0350 Panel
17 concluded that enhanced oversight was no longer needed
18 for D.C. Cook and recommended that the oversight
19 activities be terminated. After consultation with the
20 Deputy Executive Director for Reactor Programs, and
21 the Director of Office of Nuclear Reactor Regulation,
22 I closed out the Manual Chapter 0350 oversight of D.C.
23 Cook on June 7th, 2001.

24 At the Agency Action Review Meeting, we
25 confirmed that the transition activities for D.C. Cook

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1 to the reactor oversight program were appropriate.

2 This concludes my presentation.

3 MR. JON JOHNSON: Thank you, Jim. That
4 concludes our discussion of individual plant
5 performance. I'd now like to turn the briefing over
6 to Michael Johnson, Branch Chief from the Inspection
7 Program Branch for discussion on industry-wide trends
8 and results to date.

9 MR. JOHNSON: Thank you, John. Good
10 morning, Chairman, Commissioners. May I have the next
11 slide, please?

12 (Slide change.)

13 MR. MICHAEL JOHNSON: As mentioned earlier
14 and in addition to providing a discussion of the
15 plan's multiple repetitive degraded cornerstone column
16 of the action matrix and the unacceptable column of
17 the action matrix, the Agency Action Review Meeting
18 also includes a review of industry trends and any
19 actions planned or taken based on those trends.

20 The trending process that we developed and
21 the results to date are documented, as was mentioned
22 earlier in SECY 01-01-0111 and were reviewed at the
23 Agency Action Review Meeting.

24 In future briefings on the Agency Action
25 Review Meetings we'll focus primarily on reviewing the

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1 results from the previous year. However, for this
2 briefing, I think it's appropriate for us also to
3 describer the process including the background, how we
4 plan to communicate the results and plan future
5 enhancements to the process.

6 Next slide, please.

7 (Slide change.)

8 MR. MICHAEL JOHNSON: Before I describe
9 the process, let me just say that the staff recognizes
10 that monitoring industry trends can provide valuable
11 insights. The Agency has historically monitored
12 trends and the results have been reported annually to
13 Congress in the Performance and Accountability Report
14 and in the Budget Estimate and Performance Plan Report
15 to OMB.

16 In reaching previous determinations
17 regarding industry trends, the staff has indicated
18 from the ex-office of AEOD and the ASP Programs, those
19 trend graphs have been published under various NUREGs
20 including the Information Digest and the ASP results
21 have been provided in various Commission papers and
22 also in various NUREGs.

23 Although we've monitored and reported on
24 those trends and we've taken actions based on the
25 insights from those trends, the use of industry trends

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1 until now has not been part of an integrated and
2 structured process.

3 Next slide, please.

4 (Slide change.)

5 MR. MICHAEL JOHNSON: And so in
6 conjunction with revising the reactor oversight
7 process and getting to first year of initial
8 implementation, we developed a more systematic means
9 for monitoring industry performance in order to enable
10 us to confirm their reactor safety performance is
11 being maintained. As the slide points out, the
12 industry trends program is not intended to supplant
13 the ROP or other processes such as generic issues
14 process that enable the Agency to oversee safety
15 performance of plants and to take actions to address
16 plant-specific or generic concerns, rather, the
17 trending process is intended to complement those
18 various processes.

19 Next slide, please.

20 (Slide change.)

21 MR. MICHAEL JOHNSON: Briefly stated, the
22 objectives of the program are to monitor selected
23 indicators that provide insights regarding
24 industry-wide safety performance, to assess the
25 results, to provide for implementation of appropriate

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1 action based on the trends that we identify and to
2 communicate the results along with actions to our
3 stakeholders.

4 Next slide.

5 (Slide change.)

6 MR. MICHAEL JOHNSON: In developing the
7 program, we looked first at existing sources of
8 information to provide an initial set of indicators
9 with the expectation that the trends program will
10 continue to evolve. We started with the XAEOD
11 performance indicators and the ASP results. We will
12 add the ROP PIs. We'll add other indicators as I'll
13 discuss in a little bit. But as we add those
14 indicators, they'll be qualified for use in the
15 program.

16 Secondly, we look for indicators that are
17 based on quantitative industry-wide data and that
18 relate to safety performance. I should point out that
19 the indicators chosen are not intended to be all
20 inclusive. There are many, many things that can be
21 trended, in fact, that are being trended by us and by
22 other folks. The indicators that we've chosen for the
23 program, we believe, however, are indicative or
24 reflective, I should say, of current performance
25 trends in the industry.

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1 We also wanted the program to be focused
2 on the identification of long-term trends to minimize
3 the impact of short-term variations due to things such
4 as the operating cycle and seasonable variations and
5 random fluctuations.

6 And so although we'll keep track of those
7 short-term trends and we'll look to see if they tell
8 us anything, we'll use long-term trend data to make a
9 determination regarding trends.

10 Finally, we believe that determination of
11 whether there is a statistically significant adverse
12 trend should be objective and transparent and once
13 we've determined that we have a statistically
14 significant adverse trend we ought to evaluate and
15 take actions as appropriate to address those trends
16 and you'll see that that is reflected in the process.

17 Next slide, please.

18 (Slide change.)

19 MR. MICHAEL JOHNSON: I'm going to briefly
20 describe the process. There are three primary
21 activities associated with the process. They involve
22 identifying the trend, evaluating its significance and
23 determining and implementing Agency response to those
24 trends. First, to determine the trend, the program
25 uses common statistical techniques to fit a trend line

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1 to each of the indicators. And we recalculate that
2 trend line each year. And an improving or flat trend
3 line indicators, obviously, no adverse trend. A
4 degrading trend line would be considered a
5 statistically significant adverse trend. We would
6 evaluate the causes of that as I'll talk about in a
7 minute, but also we would report that statistically
8 significant adverse trend to Congress and to our other
9 stakeholders.

10 We built in an added feature to the
11 process to enable us to react to a single point that
12 potentially represents performance that is an abrupt
13 change from previous performance. Based on historical
14 performance, we computed the limits, the upper limits
15 that should contain future values within a 95 percent
16 confidence level. We talk about a 95 percent
17 prediction limit associated with those graphs in the
18 Commission paper and so in addition to evaluating
19 long-term trends, we will look for a single point that
20 falls outside of that prediction limit and we will
21 investigate that single point as it occurs.

22 Furthermore, if obvious trends emerge
23 during the year, we would not wait until the end of
24 the year, but we'll take action on a real time basis
25 to understand what is causing those trends.

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1 Once we determine that we have a
2 statistically significant adverse trend, we will
3 evaluate it. We'll conduct an initial analysis to
4 determine if the duty is being unduly influenced by a
5 small number of outliers. If it is being unduly
6 influenced by a small number of outliers, our
7 determination would be that that is not indicative of
8 an industry-wide trend and we would focus our actions
9 on those specific outliers.

10 If the trend is not being unduly
11 influenced by a small number of outliers, that is, if
12 the trend truly is a broad, widespread industry trend,
13 we would conduct a broader review of data such as --
14 data from the LERs, data from inspection results to
15 determine the extent of the issue and any potential
16 root causes.

17 Finally, the staff will determine the
18 appropriate action in response to the industry trends
19 using the Agency's processes for dealing with generic
20 issue. That would include assigning the issue to an
21 appropriate branch, to the appropriate branch. It
22 would involve engaging senior managers. It would
23 involve initiating interaction with the industry, all
24 intended to help us determine what the appropriate
25 actions are to address that particular trend.

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1 Trends could result in us requesting
2 industry groups or owners' groups to provide utility
3 information. It could result in industry initiatives.
4 It may also result in generic correspondence or
5 general safety inspections to address the trend.

6 In addition, depending on the issue the
7 trend may also be addressed as part of the generic
8 issue process by the Office of Research.

9 Next slide, please.

10 (Slide change.)

11 MR. MICHAEL JOHNSON: With respect to
12 communication the results of the trending program, we
13 plan to publish the trend graphs on the external web
14 as they are developed each quarter. We will report
15 the results annually in support of the Agency Action
16 Review Meeting and brief you on those trends in our
17 planned actions in these meetings as they occur each
18 year.

19 Finally, we'll continue to provide the
20 results in the NRC performance and accountability
21 report and in the budget estimate and performance
22 plan.

23 Next slide, please.

24 (Slide change.)

25 MR. MICHAEL JOHNSON: We're happy to

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1 report that based on the trend process that we have,
2 we have not found, that is, there are no statistically
3 adverse trends in industry performance identified
4 based on that process, either based on the AEOD
5 indicators or the ASP indicators. In fact, using the
6 ASP program, there were no significant precursors and
7 there were declining trends in the frequency and the
8 significance of precursors from 1993 to 1999 and
9 although we have insufficient data using just the ROP
10 indicators and the insights from the ROP, we did not
11 in looking at the ROP identify issues that would
12 indicate to us that we have a statistically
13 significant adverse trend.

14 Next slide, please.

15 (Slide change.)

16 MR. MICHAEL JOHNSON: I indicated that we
17 anticipate that the trending program will continue to
18 evolve. We already know of several sources of data
19 that when updated, will enhance the trends program.
20 For example, Research is updating the initiating
21 events data. That is the data that was in the old
22 NUREG 5750 and they're updating data for reliability
23 studies and we believe those will provide valuable
24 additions to our trending program.

25 In addition, the staff may find other

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1 indicators and if we do, we'll add them to the
2 trending program in a structured and considered way.

3 Finally, we look for ways to make the
4 process more risk-informed, more objective and
5 predictable. Just as the ROP has clear thresholds and
6 pre-established ranges of action, we will work with
7 Research's Operating Experience and Risk Analysis
8 Branch to develop risk-informed thresholds for
9 industry trends and more clearly defined actions for
10 us to take based on thresholds being crossed with
11 respect to those industry trends.

12 Thank you.

13 DR. TRAVERS: Mr. Chairman, that concludes
14 our presentation. One of the things that will be
15 pointed out somewhat in this briefing and we'll
16 discuss again tomorrow with you is there is continued
17 assessment in the ROP is going to include an
18 assessment of this meeting and its make up and how it
19 ought to proceed and so having conducted the first
20 one, we're already beginning some thought and
21 discussion on how it ought to be configured the next
22 time.

23 As a function of timing I think the next
24 one actually occurs in March of next year, so it will
25 be in line with the briefing of the purpose of the

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1 report.

2 That's all we have. Thank you.

3 CHAIRMAN MESERVE: I'd like to thank you
4 for a very helpful discussion.

5 Commissioner McGaffigan, would you like to
6 proceed with any questions?

7 COMMISSIONER MCGAFFIGAN: Let me just
8 start where we finished on these statistically
9 significant adverse trends. In the paper, SECY-01-
10 0111, I'm a little concerned and I took just enough
11 statistics and advanced statistics to be dangerous and
12 what I needed to do to be a physicist, probably the
13 Chairman had the same experience and you fitted a
14 bunch of exponential curves here, indicating
15 exponential curves and if the industry and that
16 reflects this tremendous improvement in safety
17 performance over the last decade, but the way you've
18 set the industry up, if they flatten out, rather than
19 continue to decay exponentially, they will have a
20 statistically significant adverse trend even under
21 your definition, even though all they will have done
22 is flatten out at truly excellent level, but they
23 won't continue to proceed to zero.

24 Is that a flaw in the statistics or would
25 you fit a curve? If I faced this, curves can be

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1 exponential a point and then it doesn't have to be a
2 single function. You can have a flat line function.
3 You could reevaluate the curve, but there is a little
4 bit, I look at these curves in the appendix here and
5 you know everything has been nicely decaying
6 exponentially to zero, but if they flatten out -- if,
7 for example, in significant events per plant year they
8 bop up to where they were in 1997, you guys would be
9 raising red flags and saying oh my gosh they are way
10 outside their 95 percent confidence band, even though
11 they would be doing historically pretty darn well.
12 They just wouldn't have continued to decay
13 exponentially, so as I say, is there a definitional
14 issue there?

15 MR. MICHAEL JOHNSON: Let me just try to
16 answer that and then I'll get help from folks who
17 perhaps have more of a statistical background than I
18 do.

19 We actually talked about this issue at the
20 Agency Action Review Meeting a little bit. And it is
21 important, as you say, to fit the right curve, the
22 function to the data that we're trying to analyze. We
23 recognize that there is, as we go further, an inherent
24 flaw with respect to the approach that we're taking
25 and that's why in that last line when I talked about

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1 future development, we think really the salvation for
2 this process in the long run is to identify
3 risk-informed thresholds so that we're not talking
4 about focusing in on trends and what the curve and
5 what the data is doing, but we're talking about
6 thresholds that we would look to be crossed for the
7 Agency to take action. That's the long-term solution.

8 We are, in fact, looking at the data.
9 We've been, in fact, carefully fitting the curves to
10 make sure that as the functions shift over, if it's no
11 longer exponential, if it's a linear function that we
12 do that in a way that --

13 COMMISSIONER MCGAFFIGAN: Just watch that
14 because it looks like you've been trending exponential
15 to K curves so far.

16 The other issue in this paper, I just want
17 to bring up, you talked about the ASP program results
18 through 1999. In 2000, it looks like we had four
19 events from figure 2 on page 20; four events, at least
20 preliminarily, between 1 and $9.9 \times E^{-4}$ range which is
21 high compared to previous years and if I'm reading the
22 table right, so do you have any comment on whether we
23 in 2000, we were doing pretty well in the 1993 to 1999
24 time period, but is there any significance to this one
25 blip up where we seem to have four events?

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1 MR. MICHAEL JOHNSON: Unfortunately,
2 Commissioner, I'm probably not the best person to
3 answer that question. The way we developed this input
4 to the industry trends process is we take this
5 directly from the analysis that the Office of Research
6 does and those are the results that we are presenting.
7 And in fact, in a report just issued by the Office of
8 Research where they considered that particular year,
9 their analysis of that data was that there weren't any
10 statistical --

11 COMMISSIONER MCGAFFIGAN: Somebody has
12 popped up to the microphone, so perhaps --

13 DR. BARANOWSKI: Dr. Baranowski, Chief of
14 the Operating Experience and Risk Analysis Branch and
15 we do the accident sequence precursor program and
16 we've looked at the preliminary data and although it's
17 up a little bit and we looked at the statistical
18 significance and it doesn't come above the 95 percent
19 line, nor does it change the trend line at this point,
20 but we haven't completed the data either. And the
21 issue that you raised earlier about the exponential
22 fit is correctly described by Commissioner McGaffigan.
23 We are looking at developing pure thresholds as
24 opposed to fitting exponential curves out into the
25 future when things do flatten out into the tails.

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1 COMMISSIONER McGAFFIGAN: Okay. Let me
2 switch to a different line of questioning and Luis may
3 need to head to the microphone. I'm a little
4 concerned about the Farley Unit 2 situation. We sent
5 a letter in June and to the licensee saying that we
6 made a preliminary determination of a yellow finding
7 in the OSRE conducted has September. And that is
8 still preliminary, but if it turns out to be sustained
9 through the process that you'll go through in the next
10 month, they will have had for several quarters during
11 this past assessment period multiple degraded
12 cornerstones and be a Column 4 plant.

13 I'm a little concerned about the speed
14 with which we -- on what is a pretty important SDP
15 finding. I know that's a generic issue we'll talk
16 about tomorrow, the lack of speed in getting there.
17 And just a delay oftentimes is justice denied, but as
18 I understand the process, next year Farley is firmly
19 in Column 1 at the moment. In the latest quarter, if
20 I click on the webpage, Farley is a Column 1 plant.
21 That will not change perhaps this year. They have
22 another OSRE in September. If they do well on that,
23 they may well remain a Column 1 plant all the way
24 through the three quarters of this assessment period
25 and next year never be discussed. And it's a very

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1 peculiar situation we're in where they could have for
2 several quarters last -- I guess the first, second and
3 third quarters of this past assessment period, we're
4 doing -- the second, third and fourth quarters of this
5 past assessment period, they may have belonged and
6 either multiple degraded or single degraded
7 cornerstone situation, so what do we -- what do we do
8 with Farley? I know you had a meeting with them.

9 MR. REYES: Luis Reyes, Regional
10 Administrator for the NRC Center in Atlanta.

11 Commissioner, let me try to answer it
12 first from a programmatic point of view and then go
13 back to a specific example.

14 The Revised Oversight Program requires us
15 to analyze and assign a risk value to any finding that
16 the staff may have on any subject matter, so the
17 program, as presently structured, if you have a
18 finding and you assign a risk value to it that gets to
19 the white, yellow or red, then requires to go back to
20 when it existed, so you could have a situation on a
21 plant, any plant and you have a finding today. It may
22 have been risk significance and it goes back in
23 history several years. It's the time it existed. If
24 you're in that period of time the plant had other
25 issues which would put that plant in a multiple or a

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1 degraded cornerstone, then it will get into a
2 situation, it could get into a situation you're
3 talking about which it puts it in the fourth column.

4 We're taking a hard look at the ROP on how
5 to address that because it may be, it may not be the
6 best way to do, four or five years later, go and do
7 all the actions that the matrix require when all the
8 issues, all the previous issues have been resolved to
9 the satisfaction, to the staff and you only have one
10 remaining issue.

11 COMMISSIONER MCGAFFIGAN: In the case of
12 Farley, they had some white indicators and a
13 mitigating systems column. They got them into that
14 degraded cornerstone. Those have turned green.

15 MR. REYES: Correct.

16 COMMISSIONER MCGAFFIGAN: So that's
17 largely behind you. They have this OSRE from last
18 September where they have a preliminary yellow, may be
19 final yellow and there's another OSRE plan for
20 September, but under the Action Matrix, some time this
21 fall, long after they were in the multiple degraded
22 area, we will do a 95003 inspection unless we deviate
23 from the Action Matrix and that may not make a lot of
24 sense or it may make sense, depending on what your
25 judgment is to what the situation at Farley really is.

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1 MR. REYES: Yes. The key thing is that
2 when -- first of all, immediately when a situation
3 comes up in this case, the safeguards issue, we look
4 into making sure they're taken care and the licensee
5 has been in the process of doing that. The resolution
6 in this case is in OSRE because it happens to be the
7 kind of finding and we scheduled that way ahead of
8 time. That's in process.

9 Now the question is when we finish
10 assigning the risk to that finding in the next few
11 weeks, if indeed it gets you into the fourth column,
12 then we have a decision to make. If we don't follow
13 the matrix verbatim, we will have to go to the program
14 office and the EDO and recommend a deviation for the
15 particular situation you have and we haven't got to
16 that point, but those are the options under the
17 program and in the next few weeks we'll finalize a
18 meeting with the licensee. We'll finalize the risk
19 assignment to the finding and we'll come to that cross
20 in the road where we either do what's required by the
21 Action Matrix or we'll have to come to the EDO and
22 explain why we think something else makes sense.

23 COMMISSIONER McGAFFIGAN: So the EDO seems
24 -- well?

25 DR. TRAVERS: You are exactly right.

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1 There's a temporal disconnection between the actual
2 classification and the actions that may be either
3 underway already or completed already, including our
4 actions to oversee from our perspective what we think
5 needs to be done.

6 So the process has a little issue within
7 it that we're looking at, but it also has, we think,
8 the flexibility for us to address it in a way that we
9 can come to you and say it makes sense.

10 COMMISSIONER McGAFFIGAN: Do we need the
11 timeliness goal for SDP determinations? If I'm in NRR
12 and Mr. Johnson is the Deputy Director, I've got
13 timeliness goals for licensing actions. I've got
14 timeliness goals for enforcement actions in which I
15 have to concur. Timeliness goals here, timeliness
16 goals there. And rulemakings, the Commission is
17 demanding rulemaking X or rulemaking Y, get placed
18 before it in a finite period of time. And I used to
19 work for Senator Bingaman. The thing he wasn't
20 monitoring is probably this thing I didn't do, so if
21 -- we honestly knew that this was a likely yellow
22 finding, I believe last October, under the revised SDP
23 for the system protection area, but it took us from
24 October of last year when I was told this orally to
25 June or July before -- June, I guess, before we hit

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1 them with a letter and I understand that that group of
2 people who worked on security have been writing
3 security papers to us, preparing rule makings, doing
4 all sorts of things, so I'm not -- I think they had
5 more to say grace over than probably any other part of
6 this Agency. They also have KI and other interesting
7 issues to work on.

8 So but I wonder whether we shouldn't have
9 something that drives, especially an SDP that could
10 move somebody in the Action Matrix two columns to the
11 right or something, whether we shouldn't have a
12 timeliness goal in that area.

13 MR. JON JOHNSON: We agree. We can do a
14 lot better in timeliness and we have a lot of actions
15 that were taken to improve the timeliness, including
16 training inspectors and how to implement the SDP
17 evaluation process, but we agree, we can do much
18 better.

19 We also have nonsecurity issues. We have
20 some difficult fire protection issues that we're
21 struggling with that are getting old and we need to
22 get on those and resolve them from a risk standpoint
23 and they're very difficult. We agree we need some
24 timeliness goals. We do track timeliness from
25 enforcement. If we're taking enforcement actions, we

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1 have some specific timeliness goals for those. We are
2 considering a tracking system, but we agree. We need
3 to track the timeliness and what Luis did say is in
4 our program this could happen even with an item that
5 is not untimely. We could identify an old design
6 issue of some kind that was in existence in the
7 previous year or years before and we have to go back
8 and look and say what would we have done differently
9 and what Luis described is in our program and the
10 decision would have to be made. Do we want to do a
11 large team inspection or not and if not, and we didn't
12 want to implement the Action Matrix. We would have to
13 go back to the EDO.

14 COMMISSIONER MCGAFFIGAN: That's not
15 unique to this program, of course. That's always been
16 a --

17 MR. MICHAEL JOHNSON: And if I could just
18 add --

19 MR. KANE: I don't it inhibits us from
20 doing the right thing, but I agree that we do need to
21 establish these timeliness goals and certainly as we
22 said, the program is one we're just into. We're
23 learning some of the nuances about it and that's
24 obviously one of them.

25 MR. MICHAEL JOHNSON: I was just going to

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1 add, again, not to say for the third time what's
2 already been said, we have timeliness goals and we
3 need to do a better job at meeting those and we're
4 going to talk more tomorrow about the complications
5 with respect to the SDP and some of the challenges
6 ahead for us to meet those goals. Notwithstanding
7 that, I did want to leave you with the prospective
8 that even if we had an SDP, to get to a very timely
9 result, we're always going to have this temporal
10 disconnect, if you will, between -- that's going to
11 cause us to go back and relook at the actions that we
12 took, for example, with respect to performance
13 indicators, if we get a resubmitted performance
14 indicator result as does happen on occasion. We have
15 to go back and look at what actions we took and
16 readjust those. You're always going to be looking
17 back at the previous quarter with what you thought you
18 know and the findings that you had to make sure you
19 ended up in the right place.

20 We think it's important that the program
21 not have us react to preliminary findings. We really
22 do want to make sure that we've reached the final
23 determination with respect to our significance before
24 we take action, but we recognize that we need to do
25 that in a timely way so that we're not looking at

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1 these extended periods where we've had this issue
2 linger.

3 COMMISSIONER MCGAFFIGAN: Thank you, Mr.
4 Chairman.

5 DR. TRAVERS: If I could just add 30
6 seconds. I just want to add that we don't, in this
7 process, we think it's flexible enough it doesn't
8 constrain us, even though everything that everyone
9 here has said is operative and that is we ought to
10 have timeliness goals and we're certainly learning
11 through doing, but it's also noteworthy, I think, to
12 suggest that where we were at Farley is in a position
13 to take the actions that we thought were deemed
14 appropriate and we didn't feel constrained within the
15 process that would in the action matrix cause us to
16 look at some additional special inspections.

17 CHAIRMAN MESERVE: Commissioner
18 Merrifield.

19 COMMISSIONER MERRIFIELD: Thank you, Mr.
20 Chairman. In the July 17th memo on page 1, you
21 reiterated that plants, only the plants with
22 significant performance problems discussed in the
23 AARM, and you define those as whose performance has
24 resulted from them being placed in either the
25 multiple/repetitive degraded cornerstone or in the

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1 unacceptable performance columns, Columns 4 and 5.

2 Now Commissioner McGaffigan has gone into
3 this in some detail, but I'm wondering are there any
4 other, having gone through this process in the AARM,
5 do we have sufficient focus on Column 3, those in
6 which we have a degraded cornerstone column and
7 obviously that wasn't discussed in the AARM. Do you
8 think it should have been and are you comfortable that
9 it wasn't? Are we looking in the right places in that
10 grouping?

11 DR. TRAVERS: I think we're still rolling
12 up experience, but I think our view is that we had the
13 right focus for the AARM. When we talk about
14 discussion plants we sort of focused on the ones in
15 that column. We don't necessarily feel constrained to
16 discuss amongst ourselves other issues as we've
17 indicated. It turns out that at this meeting we
18 didn't get into a discussion of Column 3 plants, but
19 in the main that's because we have had discussions
20 previous at end-of-cycle meetings and roll-ups between
21 the Regional Administrators and the Office of New
22 Director Regulation and Research. And so we were
23 comfortable going into this meeting that where we were
24 was the appropriate focus.

25 COMMISSIONER MERRIFIELD: So there were

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1 other opportunities, it's not as if it's a one shot
2 deal. There are other opportunities to discuss not
3 only Column 3, but also obviously other plants, in
4 Column 1 and Column 2 --

5 DR. TRAVERS: You're exactly right. I
6 call them opportunities and you're correct to use that
7 word. But if you look at the process, in fact,
8 there's a required point along the course of any given
9 year where plants that have performance issues are
10 discussed among senior management. We think that's a
11 good --

12 MR. MILLER: If you look at Millstone Unit
13 2, for example, as a degraded cornerstone, we followed
14 the process, did a 95002 inspection which is a level
15 above the baseline and there was the end-of-cycle
16 discussions within the region and then at the end of
17 that there's a discussion with Sam and Jon and others
18 at NRR of selected plants like that and so it has
19 worked quite well in terms of focusing on plants that
20 have something that's beyond the base line and so I
21 think we can say that we have had appropriate focus
22 and discussion.

23 COMMISSIONER MERRIFIELD: I think it's
24 important to put that in context only because one
25 might take from the discussions that the AARM is

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1 really, on the outside that's the only time in a year
2 we're going to be taking a look at where these plants
3 stand and in fact, what you're doing in the AARM is
4 you're looking, obviously, at those which would have
5 the greatest degree of significance, but there are
6 other period -- there is other periodicity through the
7 year in which we're reviewing all the plants in our
8 satisfaction or dissatisfaction of their performance.

9 MR. DYER: Commissioner, I think also and
10 to sort of address Commissioner McGaffigan's order of
11 concern too, at the end of cycle roll-up meeting where
12 the Regional Administrator discusses with Sam and
13 certainly in the case of Region 3, we talked about the
14 degraded cornerstone plants and was there any work in
15 progress or any indication that by the time we got to
16 the Agency Action Review Meeting or downstream, that
17 we may be in the Column 4, Column 5 areas. Do we have
18 any work in progress? So we briefed him on those
19 plants as well as the other.

20 COMMISSIONER MERRIFIELD: But just for
21 information sake, those roll-up meetings, in fact,
22 discuss all of the plants in your region, when you
23 meet with Sam and Jon. It's an opportunity.

24 MR. DYER: It's an opportunity, yes sir.

25 COMMISSIONER MERRIFIELD: In the memo, in

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1 the narrative relative to Indian Point 2, it states
2 that the senior managers discussed the means to ensure
3 that established licensee performance improvement
4 plants would be continued following a potential,
5 underline, potential operating license transfer to
6 Entergy.

7 Could you share a little bit more about
8 the outcome of that discussion and in fact, are
9 comfortable with the direction in which things are
10 going right now?

11 DR. TRAVERS: We did discuss that and I'll
12 let Hub address your question, Commissioner.

13 MR. MILLER: This is a question that has
14 come up a lot at public meetings and other places and
15 we've been pretty consistent in our answer and that is
16 that our process, it does us focus on the performance
17 issues independent of who the owner is. Having said
18 that, it is significant that a number of the issues
19 that ConEd has identified and a number of the
20 initiatives in improvement programs are going to span
21 out over several years and the area of design, for
22 example, and so it does become a concern about what
23 the future owner would do. And so for that reason we
24 have identified this as something we would meet with
25 Entergy on. If there's a transfer following the

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1 transfer, we have already had Entergy at regulatory
2 performance meetings, one in April, for example, on
3 design. Remarked that they are committed to
4 addressing those issues. We do not expect Entergy to
5 have the same processes exactly that ConEd has, but in
6 terms of fundamentally are the programs designed to
7 address the broad issues. We will continue through
8 the periodic management meetings that I talked about,
9 through our inspections, to determine whether or not
10 there is a significant change and so we will -- I
11 think the bottom line is we -- I think the program is
12 structured such that we will through our inspections
13 and oversight activities have a good handle on the
14 direction.

15 COMMISSIONER MERRIFIELD: I know and
16 appreciate that Tom and that you and I have discussed
17 in a variety of circumstances the situation in Indian
18 Point 2. And although I have not visited there, I was
19 there in the last Fiscal Year. What is the -- let me
20 ask the question here. Do you think the Commission as
21 a whole is providing you and your staff with the
22 resources necessary to do the type of oversight you
23 think is appropriate at Indian Point 2?

24 MR. MILLER: Yes. It's been tight this
25 past year. We've gotten help from the other regions.

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1 I think we've learned a lot. We fed that back to Jon,
2 Mike Johnson and others on what to expect if there is
3 a multiple degraded cornerstone. A plant like Indian
4 Point -- Indian Point was unique also in that we had
5 the steam generator replacement project placed on top
6 of it and we have this intense public interest that
7 existed which had a very large impact on us from a
8 management point of view. And so the short answer is
9 yes. We got the help we needed. We had to defer one
10 inspection at one other plant. That was the only
11 casualty of it. So I would say we were able to do it
12 and we're going to learn from this and factor it into
13 future budgeting and the like.

14 COMMISSIONER MERRIFIELD: In the June 22nd
15 paper to the Commission on development of an industry
16 trends program, you indicate on page 6 that the staff
17 is mindful that trends, individual indicators may be
18 considered in the larger context of their overall risk
19 significance. And then it goes on to provide on page
20 7 a hypothetical example in which there may be an
21 increase in automatic scrams, but an overall risk may
22 decline because of an improved performance in other
23 areas such as safety system availability. I've got
24 sort of two reactions to that and I'm interested in
25 any comments you may have. First one is when we make

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1 that kind of comparison, we say well, an increase in
2 scrams may be okay because there's other mitigating
3 factors that may be of lesser risk significance and
4 that gets us into that sort of trade off between where
5 we are risk-informed and we are risk-based in our
6 thinking. We don't worry about scrams because we did
7 a risk comparison and it's not so concerning. That's
8 issue number one.

9 Issue number two is I think for me where
10 we see a trend, I think we've got an obligation
11 because of our public confidence concerns to engage
12 with the industry to communicate with our stakeholders
13 and then make it transparent that where we see a
14 trend, we're going to share it with people in that
15 regard.

16 I didn't know if you had any reaction to
17 those two particular thoughts.

18 MR. MICHAEL JOHNSON: Those are good
19 points, Commissioner. I really don't. In fact, the
20 way that we built the process today is to say we're
21 going to call it a statistically significant adverse
22 trend if we see that increase in scrams, for example.
23 It's just that in the evaluation of what we're going
24 to do, what actions that we may take, we'll look in
25 the broader context to be risk-informed, to make our

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1 decision about is this something that we -- at what
2 level should we engage and how shall we engage to
3 correct that particular problem.

4 This is another example of why we think
5 it's important for us to develop risk-informed
6 thresholds to the extent we're able to agree to the
7 individual indicators to get out of that uncomfortable
8 situation that you point out.

9 COMMISSIONER MERRIFIELD: Okay, thank you.
10 Last question in this regard, there were a variety of
11 other issues that were discussed at the Senior
12 Managers meeting, one of which on the list was the
13 SES candidate report on communication. I know this is
14 an issue that the EDO had tasked our SES candidates to
15 conduct. I'm wondering if you could comment at all on
16 the report. I know you're going to be making some
17 more formalized comments on that, but perhaps share
18 the flavor of the discussions about that particular,
19 those particular recommendations.

20 DR. TRAVERS: I'd be glad to, thanks for
21 the question. In fact, the whole team recognizes
22 going forward the importance, continuing importance of
23 internal communications. At the outset, I'd have to
24 say that the effort that the candidates put in is
25 probably the hallmark, from my standpoint, of maybe

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1 sets the standard for future SES candidate classes
2 because of the scope and depth of what they did and
3 the insights that in my view transcend the specific
4 recommendations that you can glean from this report.

5 Just a few days ago I participated with
6 Mike Johnson and the rest of his class in a roll-out
7 of this report and its recommendations to the entire
8 NRC staff. It was broadcast to all the regions, to
9 all the sites, Technical Training Center, and so
10 forth. And what I told the group assembled about our
11 consideration of the recommendations and report going
12 forward is that fundamentally we certainly accept the
13 spirit in which all of these recommendations and the
14 insights were gathered. The management team, in fact,
15 is in the process of seeing what more we can do. We
16 think we're doing more than we have been in the past
17 in the area of internal communications and some of the
18 discussion we had at AARM was a recap of some of what
19 we're doing today and perhaps have instituted
20 relatively recently, but things we're doing and some
21 ideas that we have for going forward.

22 I explained my own view to the staff that
23 I think we're doing a lot, but that we can do more.
24 And frankly, we're reviewing the report to see both in
25 the near term and perhaps in the longer term what we

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1 can do to enhance our internal communications.

2 Specific to some of the recommendations,
3 whether or not you develop a champion for the Agency
4 or whether you distribute that function among the
5 management team, we'll have to see because there are
6 implications for budget and resources and so forth
7 that are attendant to some of the recommendations in
8 there, but generally, the report and the insights you
9 can glean from the report, I think, put us in a much
10 better place, puts the management team in a much
11 better place for understanding and reacting
12 appropriately to what is a legitimate continuing
13 concern of our staff regarding internal
14 communications.

15 I did emphasize in my discourse with the
16 staff something the candidates emphasize and that is
17 the shared responsibility that we all have, staff and
18 the management team, for internal communications, to
19 make it work in a way that optimizes the situation
20 internally.

21 So we are looking, as I said, in the
22 short-term and I expect to come out with something
23 that would propose some near term actions that we can
24 do. I personally am looking to be doing some things
25 that I'm not doing today and so I expect to announce

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1 some of those. But in the longer term, we'll work in
2 to some further discussions with the senior management
3 team and certainly the Commission as to what we ought
4 to do.

5 COMMISSIONER MERRIFIELD: Thank you, Mr.
6 Chairman.

7 CHAIRMAN MESERVE: Thank you, Bob. I
8 have a few questions for Hub Miller about Indian Point
9 2. Both in your annual assessment letter and then in
10 your briefing this morning, you indicated that from
11 your perspective that progress had been slow. I think
12 we all have to live with the circumstances that have
13 existed in the past and obviously we hope that they
14 had not occurred and we would have to learn from them,
15 but perhaps for me the most troubling aspect of what
16 you said was that you're not seeing the improvement
17 occurring at the rate at which you would hope to see
18 it.

19 I wonder if you'd share with us your views
20 on whether, in fact, things are getting better,
21 whether the rate of improvement is getting better or
22 not, what the causes of the difficulty are.

23 MR. MILLER: We did not say that it was
24 not at the level that we would want to see it. I say
25 that because in some respects it's almost predictable

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1 that given the nature of the issues that existed at
2 the site, and given what was on the plate of the
3 licensee last year regarding steam generator
4 replacement which was something that was undertaken on
5 very, very short notice, that there would be slow
6 progress.

7 Now it depends upon what time frame you're
8 looking at. If I look back over the last several
9 years, I would say it isn't and has not been what it
10 should have been. If I look back over the last year,
11 I would say it's slow. That's just telling it the way
12 it is. Somewhat understandable, given the challenges
13 that have been placed on the plant.

14 I think one of the significant things and
15 I highlighted this in my remarks, was the alignment
16 with the business plan and what that means is is that
17 not only are these plans on paper, but there's funding
18 associated with it and I think that gets to one of the
19 past significant problems at the station. It led to
20 what I think was the failure to follow through in a
21 number of the performance efforts, because if you look
22 at the issues that exist, that were documented in the
23 9503 report, look at the issues as they were described
24 here two years ago, they're very, very similar. I
25 think that commitment to funding these things, putting

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1 them on a solid foundation, you can track it to the
2 budget, has made a big impact.

3 So we'll see. One of the areas where the
4 progress was very limited was in the area of design.
5 And dealing with design related issues, the company
6 laid out in a meeting, it was the first meeting that
7 we asked for following the 9503 inspection. The
8 company laid out a quite comprehensive program of
9 reconstituting a number of calculations, developing
10 road maps for the designers to use to calculations.
11 So I hope that answers your question. I mean I think
12 it's been slow, but much of at least the last year or
13 so is somewhat understandable, given what they've been
14 addressing.

15 CHAIRMAN MESERVE: Is it your expectation
16 that with the alignment of the business plan with need
17 for action that that removes the barrier that has
18 caused the difficulty in having corrective actions to
19 proceed efficiently?

20 MR. MILLER: It removed one of the major
21 barriers. One of the other things that was talked
22 about in the 9503 inspection was the importance of the
23 plans that underlie the broad things talked about in
24 the business plan.

25 The company has set priorities. I mean

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1 they have identified a number of things that we really
2 simply must do first and put less emphasis on other
3 things that need to be done, but not immediately. The
4 implementing plans are very important. In our
5 end-of-cycle meeting we talked about or end-of-cycle
6 letter we focused on that, in fact, in the 9503
7 inspection report as well, as an important area for us
8 to be focused on in our inspections and in these
9 meetings that I talked about.

10 I'll give you an example. Again, in the
11 area of design control, I mentioned targeted
12 inspections. We've got two inspections that we are
13 conducting, an initial inspection that is looking at
14 the scoping in detail of what they plan in that area
15 and that's something that is, I believe, happening
16 some time within the month and one later in the year
17 where we will have looked at actual implementation in
18 detail of the efforts in that area.

19 CHAIRMAN MESERVE: Good. Thank you. This
20 is a question for Mr. Dyer. I know that you're
21 performing supplemental inspections in certain areas
22 where you're unable to do the performance indicators
23 yet and I'm curious as to when you expect that you
24 will be able to move to the full performance indicator
25 suite for D.C. Cook.

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1 MR. DYER: Chairman, there was five
2 performance indicators which we were doing this for.
3 One of the performance indicators at the next quarter
4 will be for the emergency plan drilling and that will
5 be fully reported. So there's four in the area of
6 mitigating systems and they actually require 12
7 quarters of historical data. So if we fully time out,
8 it will be quite a while. One of the things I alluded
9 to in my presentation was that we're looking, working
10 with the licensee to figure out how do we recapture
11 that time. Conceivably we could go all the way back
12 when they were operating prior to 1997 or is it more
13 appropriate to capture and reduce the -- we have a
14 minimal amount of time for the 12 quarters to review
15 it, so that's currently in progress right now. I'm --
16 we should have an answer as to where it's going to
17 happen by the next quarter's data reports.

18 CHAIRMAN MESERVE: Are you learning things
19 from our augmented inspections because you don't have
20 performance indicators to rely on that you would not
21 have learned from the performance indicator?

22 MR. DYER: No. I believe, well, we are
23 having findings. They've all been green findings in
24 that we refer to the licensee. The insights -- it's
25 a level of assurance. We're doing increased walk

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1 downs of systems. We don't have reliability
2 information on the safety systems, so the inspection
3 program is complementing the performance indicators,
4 the missing performance indicators data. We're just
5 looking at ensuring on a greater frequency that the
6 systems are operating the way they should be.

7 CHAIRMAN MESERVE: This is a question for
8 Mike Johnson. I think you ended with a slide that
9 would suggest that the performance trend data is on
10 the web, but I think you indicated when you talk that
11 you plan to put it on the web.

12 MR. MICHAEL JOHNSON: That's correct.

13 CHAIRMAN MESERVE: When do you expect to
14 be able to do that? I think this is the kind of
15 information in which there will be great public
16 interest and this ought to be sped along and I'm
17 curious as to where we are in that.

18 MR. MICHAEL JOHNSON: We are near ready.
19 We anticipate putting them on the external web in
20 August. We wanted to wait until the Commission paper
21 had gotten up and the fact that we had this briefing
22 on the process to put that up. So in August, we will
23 be putting a quarterly trend, the industry trend
24 information on the external web.

25

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1 CHAIRMAN MESERVE: Let me just make a
2 comment that -- take whatever value it has. I've been
3 struck on visiting some plants to see that at least
4 some of the licensees have huge number of things that
5 they're trending and evaluating that far exceed
6 anything that we're doing. And some of it is for
7 their internal purposes and we ought to be encouraged.
8 But it does seem to me that there may be some value in
9 probing into the industry and things that for their
10 reasons, they're trending that might be of value to us
11 as well and that's another source of information on
12 trend information that may have thought of some things
13 that we haven't thought of and there may be some,
14 there may be a source of data there or a source of
15 ideas that we maybe should be universally trending
16 that we might learn from.

17 MR. MICHAEL JOHNSON: Thank you. We are
18 working at and continue to work very closely with the
19 industry as a part of the NRC OP working, industry
20 working group. And we have briefed them on the
21 process and gotten their insights. We've looked at
22 the INPO WANO indicators, for example, in picking the
23 suite of indicators that we've chosen. We did the
24 same thing for the ROP indicators. But your point is
25 well taken and we'll continue to work on that.

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1 CHAIRMAN MESERVE: Thank you.
2 Commissioner Dicus?

3 COMMISSIONER DICUS: Thank you. Some of
4 the questions seems like they'd be more appropriate to
5 ask tomorrow when we get into talking about the ROP,
6 but these two are so linked, let me get into a couple
7 of things.

8 As I understand what we're doing with
9 industry trends, we're fundamentally dealing with if
10 I can use the term averaging. We're looking at -- our
11 plants, our fleet of plants and we're looking at
12 things that we're considering important with it, as I
13 understand the trending.

14 But have we considered whether and do we
15 consider and you can educate me on this point, that
16 our trending should be design specific or should we
17 separate BWRs from PWRs and are we doing that? Are
18 our trends more fleet-wide in averaging?

19 MR. JON JOHNSON: Well, I think your point
20 is a good one. One of the things that we trend
21 industry, we want to trend industry performance for is
22 to not just look at an individual plant's performance,
23 but also look at our programs. As an example, the
24 grid stability or losses of off-site power, if an
25 individual plant is still in a low risk situation that

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1 would be fine, but if we stand back and look at a
2 large number of these, do we need to do something
3 different? Do we need to make some rule making or
4 something like that?

5 On a plant-specific basis, one area where
6 we have taken into account some plant-specific
7 information is on the radiation exposure data,
8 recognizing that some of the boiling water reactors
9 have a larger challenge, let's say, and so in the
10 assessment of their performance we've taken that into
11 account. But we continue to look at these indicators
12 and we're not done and we don't feel like we have the
13 perfect set yet, so we need to continue to look at
14 that.

15 COMMISSIONER DICUS: So it's a work in
16 progress.

17 MR. JON JOHNSON: Yes.

18 COMMISSIONER DICUS: Fair enough. Just
19 reassure me on a point. When we talk about
20 statistically significant adverse trend, by definition
21 we're saying something that does have regulatory
22 concern or significance. Do we get into a trend that
23 we may have identified, we may be calling it this, but
24 fundamentally doesn't have a safety or significant
25 regulatory impact?

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1 MR. JON JOHNSON: I might be able to
2 answer some of that detail, but we don't want to trend
3 things unless they really relate to safety in the
4 first place. There are, like the Chairman indicated,
5 the utilities trend many things, economics and so
6 forth and we want to focus on things that are safety
7 significant.

8 COMMISSIONER DICUS: That's the
9 reassurance that I wanted from it.

10 On trending, are we basing it more on
11 indicative findings, rather than predictive findings?
12 Do we have any trending that would be predictive?

13 MR. JON JOHNSON: We haven't been able to
14 come up with very good predictive indicators. We've
15 been looking at indicators for a number of years and
16 we're very good at looking at the past, I guess, and
17 coming up with some and we continue to look for those,
18 but as the ones we have now are still looking at the
19 past.

20 I know that we have some requests into the
21 Office of Research to help us look at the possibility
22 of more risk-based indicators and they're still
23 evaluating that. We want to get some indicators for
24 some areas. We don't have them such as shutdown
25 operations, containment, but we would like to get some

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1 predictive indicators, but I don't think we've really
2 been really successful in doing that yet.

3 COMMISSIONER DICUS: But you are looking
4 at it?

5 MR. MICHAEL JOHNSON: And if I can add to
6 that, just to remind us, one of the things that when
7 we start the ROP and we're trying to figure out what
8 indicators we would use, we came across a couple of
9 indicators, one was safety system functional failures
10 in today's ROP PIs and the transience performance
11 indicators and when we did the benchmarking back,
12 compared them to the plants that we actually put on
13 the watch list and the industry agreed to those as
14 plants that had performance issues, those two
15 indicators tended to have a good correlation with
16 those. And so, Jon is right, we don't have, we don't
17 really have a suite of indicators that we would point
18 to as being predictive, but those seem to have a
19 strong correlation to if you had a plant that was
20 having problems with respect to those indicators, you
21 had a plant that you needed to look at and that's why
22 we captured those in the ROP PIs and they exist.

23 COMMISSIONER DICUS: One final question.
24 Obviously, our trending is for our industry and the
25 people that we have the responsibility to regulate.

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1 Have you looked at international trending and
2 international programs and made any comparisons?

3 MR. JON JOHNSON: We have requested that
4 information. We specifically -- we have a lot of
5 interface with international programs on specific
6 component problems. As an example, the recent
7 concerns we have with control rod drive cracking,
8 we've been working with our international folks,
9 especially the French to see their experience with
10 that cracking.

11 We have had some initial discussions about
12 grid. When we meet with them we ask questions about
13 that, but I think we can do a lot more in that area.

14 COMMISSIONER DICUS: Thank you.

15 CHAIRMAN MESERVE: Commissioner Merrifield
16 has just indicated to me he has a quick question.

17 COMMISSIONER MERRIFIELD: Yes. Thank you,
18 Mr. Chairman. I just wanted to get an answer for the
19 record.

20 In public meetings I've had over the
21 course over the last six months I've been frequently
22 asked the impact of the situation in California
23 relative to the San Onofre and Diablo Canyon plants
24 and while I knew that wasn't specifically an issue for
25 the Agency Action Review Meeting, my yes or no

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1 question is and this is directed to Dr. Travers, are
2 we comfortable with the activities undertaken by the
3 licensees at those two facilities, that they are doing
4 what is necessary to maintain the safety of those
5 reactors?

6 DR. TRAVERS: The short answer is yes, we
7 are and we've been taking a number of additional
8 opportunities to scrutinize the level of performance
9 at those facilities, including efforts by Ellis and
10 other senior management.

11 COMMISSIONER MERRIFIELD: Thank you, Mr.
12 Chairman.

13 CHAIRMAN MESERVE: Good. I'd like to
14 thank the staff very much for a very helpful
15 presentation. The inspection activities, as I
16 indicated, at the outside are central to the Agency.
17 This is a very important meeting as sort of the
18 culmination of what I know reflects an enormous amount
19 of work and very important work by the staff.

20 I'd like to thank you very much. With
21 that, we're adjourned.

22 (Whereupon, at 10:46 a.m., the meeting was
23 concluded.)

24

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