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Initial Implementation

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UNITED STATES OF AMERICA

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NUCLEAR REGULATORY COMMISSION

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BRIEFING ON

RESULTS OF REACTOR OVERSIGHT PROCESS

INITIAL IMPLEMENTATION

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FRIDAY,

JULY 20, 2001

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ROCKVILLE, MARYLAND

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The briefing was held at the Nuclear
Regulatory Commission, One White Flint North,
Room 1F16, 11555 Rockville Pike, 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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C-O-N-T-E-N-T-S

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P-R-O-C-E-E-D-I-N-G-S

(9:29 a.m.)

CHAIRMAN MESERVE: Good morning. On behalf of the Commission, I'd like to welcome you all to today's briefing on the results of the Reactor Oversight Process Initial Implementation.

As I think you are all aware, the implementation of the ROP occurred in April 2000, after the completion of a six-month pilot. We undertook -- we use the word "initial implementation" I think with the clear intent that this would be a work in progress. In fact, I think the first year's effort has suggested that the revised oversight process has been implemented in a fashion that went much more smoothly than I think any of us would have anticipated.

Nonetheless, there clearly are things that need to be examined and recommitted at the outset, that we would do so. And there are clearly some things that we need to consider changing.

This morning's briefing is a follow-on, obviously, from our briefing yesterday about the outcomes with regard to plants arising from the first year's implementation. Today's meeting is a focused examination on the process itself and what

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1 the evaluation of it has been and what changes we
2 ought to consider.

3 With that, why don't we -- let me see if
4 any of my colleagues have an opening statement.

5 COMMISSIONER MERRIFIELD: Yes. Mr.
6 Chairman, I just want to make a comment. I know
7 obviously we are pleased with the success that we've
8 had so far in our efforts to implement this new
9 process. There's a lot of people who have taken a
10 large part in making that happen. Obviously, our
11 staff are very notable in that respect.

12 We have others today from the industry,
13 individuals who have been very active, and also Ray
14 Shadis has made a significant time commitment on his
15 part. A lot of people are providing a lot of help,
16 and I just wanted to recognize that.

17 Thank you, Mr. Chairman.

18 CHAIRMAN MESERVE: Dr. Travers, would
19 you like to proceed?

20 DR. TRAVERS: Thank you, Chairman. I
21 think you've set the stage for our presentation
22 today. I'll just note quickly that we have been
23 involved in a number of important initiatives the
24 last several years, and certainly the new reactor

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1 oversight program has been one of the most
2 significant efforts.

3 From its inception through the first
4 year of initial implementation, the program really
5 has benefitted from significant and extensive
6 internal and external involvement. Today we will
7 provide a summary of our experience over the past
8 year and highlight some of the most significant
9 issues that have been identified, and, accordingly,
10 the challenges we face going forward.

11 As you have pointed out, Mr. Chairman,
12 an element or a hallmark of the program really is
13 this idea of continual self-assessment and
14 improvement, and certainly we expect that to
15 continue as we move on in the program. And there
16 are a number of processes that we expect will act to
17 help to facilitate that.

18 Today's briefing represents the
19 culmination of a tremendous amount of staff effort
20 that has been recognized by you, and, as I
21 indicated, in no small means been affected by the
22 frequent and numerous interactions we've had with
23 external stakeholders throughout the development and
24 this first year of implementation. And you're going

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1 to be hearing directly from some of those
2 stakeholders in just a moment.

3 At the table with me today are Bill
4 Kane, my Deputy for Reactor Programs; Jon Johnson
5 and Mike Johnson from the Office of Nuclear Reactor
6 Regulation; Ellis is here, Ellis Merschoff from
7 Region IV. I should also point out that in your
8 second panel, Loren Plisco, who is the Chair of the
9 Initial Implementation Evaluation Panel, is going to
10 be with you and giving you some information on that
11 panel.

12 Lastly, let me just briefly note that
13 Tony McMurtray, a senior resident who is one of
14 those on the staff who is responsible for
15 implementing this new reactor oversight process on a
16 day-to-day basis onsite is here in the audience as
17 well, in the gallery, and available to answer
18 questions if you have them.

19 And with that, let me turn the briefing
20 over to Jon.

21 MR. JON JOHNSON: Thanks, Bill.

22 Good morning, Chairman, Commissioners.
23 The purpose of today's briefing is to discuss the
24 results of the initial implementation of the
25 oversight process. There's been a tremendous amount

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1 of effort and coordination by the NRR Inspection
2 Program Branch staff to get here. This staff was
3 formerly led by Bill Dean and now by Michael
4 Johnson, and both the NRR executive team and the
5 regional management team have had confidence in this
6 transition. It has gone smoothly.

7 I'd be remiss if I didn't recognize the
8 regional office staff and management. They have
9 worked hand in hand with NRR in this process to make
10 it work.

11 I'd also like to point out the efforts
12 in support of the Office of Research. They have
13 provided some of the fundamental bases for the
14 performance indicator work and the risk
15 determination process, and these efforts are
16 continuing.

17 The reactor oversight process is a
18 living program. It's not static. We've learned a
19 lot, but we can continue to make improvements. Some
20 of the issues we've identified are problems with
21 timeliness in the SDP process. We also have some
22 issues with the guidance for what to document in
23 inspection reports.

24 This has provided a dilemma. We focus
25 on risk-significant issues in the inspection

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1 reports, but it raises a question as to what types
2 of cross-cutting issues that we -- and other minor
3 issues that we could put in inspection reports.

4 Michael Johnson will discuss the major
5 topics in the Commission paper. These include --
6 could I have slide 2, please? These include
7 feedback from internal and external stakeholders,
8 the overall results and lessons learned, and a
9 discussion about resources, what kind of resources
10 it took to implement this program.

11 Michael?

12 MR. MICHAEL JOHNSON: Thank you, Jon.

13 Good morning, Chairman, Commissioners.

14 Can I have the next slide, please?

15 First, by way of background, let me just
16 remind us that we have traveled a tremendous
17 distance in the last two or three years from the
18 concept development, through a pilot test, and
19 through successful completion of the first year of
20 initial implementation.

21 Next slide, please.

22 In addition to taking on the substantial
23 task of implementing the ROP at all of our operating
24 reactors, we conducted numerous activities to
25 interface with both internal and external

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1 stakeholders and to evaluate our activities through
2 a self-assessment process, to identify out-of-
3 tolerance conditions, and to be able to take action
4 based on those conditions.

5 Through activities such as weekly
6 conference calls with the division directors, visits
7 to sites, monthly NRC industry working group
8 meetings, and the Federal Register notice, we
9 collected feedback from our internal and external
10 stakeholders. In addition, from early in the
11 concept development, in the pilot, we established a
12 set of criteria, measures and criteria, and we used
13 those measures and criteria to evaluate the
14 effectiveness of the pilot program.

15 We continued those -- that concept. We
16 developed measures and criteria for initial
17 implementation, and we used those in the self-
18 assessment process.

19 We, at the direction of the Commission,
20 established a FACA panel, the IIEP, to provide
21 oversight. And, in addition, we briefed the ACRS in
22 a number of briefings to provide them the
23 opportunity to be aware of where we were with
24 respect to the oversight process.

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1 And so I'll discuss the results from the
2 feedback on self-assessment activities in a few
3 minutes, but first let me highlight the overall
4 results.

5 Next slide, please.

6 At the start of initial implementation,
7 we had had the opportunity to pilot -- pilot test
8 several aspects of the program, although we hadn't
9 had an opportunity test all of the aspects of that
10 program. And, in fact, there were still a number of
11 the staff who had not had an opportunity to directly
12 implement the program at the start of initial
13 implementation.

14 Since then, we've come a great ways.
15 We've exercised almost a full range of the process,
16 and in doing that we've learned valuable lessons
17 about the process. For example, with respect to IP-
18 2, we exercised for the first time the action matrix
19 for a plant that was in the multiple repetitive
20 degraded cornerstone column. We conducted the 95003
21 inspection procedure and learned lessons.

22 IP-2 taught us what we knew, what we
23 already knew, and that is no matter what oversight
24 process you have, if you have a plant that has
25 significant performance problems, it's going to take

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1 extensive resources, direct inspection resources, to
2 follow up those issues. It's going to take
3 extensive other direct resources, such as
4 inspection-related travel and interface with
5 external stakeholders. So we learned lessons based
6 on IP-2.

7 With respect to Kewaunee, for example,
8 Kewaunee taught us valuable lessons about what the
9 program provides with respect to what we will do if
10 we do a supplemental inspection and find that the
11 licensee hasn't taken actions that are appropriate
12 in our view to address significant performance
13 issues. And so we went back and looked at the
14 procedures that we had in place, and we strengthened
15 those procedures.

16 So, and I could give you other examples,
17 but the point I'm trying to make is in each case, in
18 every case, we didn't wait. We fixed the program,
19 and we went forward. Most of us believe the program
20 represents a significant improvement over the
21 previous process and that the program will achieve
22 and has achieved the goals that -- the Commission's
23 goals with respect to the ROP.

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1 And so we're not at a point where we're
2 asking, can the process work? But we're asking, how
3 can we make the process work better?

4 Next slide, please.

5 The next slide -- and, in fact, the next
6 three slides -- I won't spend much time on them at
7 all. They simply convey the results, first of all,
8 of the inspection findings across thresholds. You
9 can see that we had findings across the -- of
10 varying significance across thresholds.

11 Next slide, please.

12 Also, with respect to the performance
13 indicators, we have performance indicators that
14 obviously cross thresholds.

15 Next slide.

16 And, finally, with respect to the action
17 matrix, there were concerns at the beginning of the
18 program that the program wouldn't be responsive to
19 differing levels of performance. And you can see,
20 based on the action matrix results, that, in fact,
21 we did have performance in plants that crossed not
22 just in the licensee response column but also in
23 other columns of the action matrix. So the program,
24 in fact, was responsive to differing levels of
25 performance.

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1 Next slide, please.

2 I'd like to shift gears slightly to
3 focus briefly on the feedback that we got from
4 stakeholders and the self-assessment metrics. First
5 of all, with respect to internal stakeholders and
6 what they told us about the oversight process, as I
7 indicated, we conducted a variety of activities to
8 get their insights. We got consistent results based
9 on those activities.

10 So let me just focus in on the survey,
11 because it provides sort of an illustration of what
12 we found. The survey was generally positive and
13 dramatically so. For example, 68 percent of the
14 staff agreed, and an additional 20 percent strongly
15 agreed, that the program provides assurance of
16 plants who operated safely. We had similar results
17 with respect to whether the program was objective
18 and risk-informed and an improvement of the previous
19 process, and many other areas.

20 In addition, the survey demonstrates
21 that we made progress in many areas from the
22 previous survey that was conducted in 1999. One of
23 the things that concerned us following that 1999
24 survey was that only 24 percent of the staff
25 believed that the program had the ability to provide

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1 an indication of declining performance before there
2 were significant degradations in performance.

3 That has doubled based on the
4 percentages that came back in this most recent
5 survey, and we made significant gains in other
6 areas. For example, in 1999, 41 percent of the
7 staff believed that the program provided appropriate
8 attention on performance issues. That's up to 74
9 percent based on this most recent survey. So,
10 again, we believe that the survey demonstrates that
11 we made significant progress.

12 Finally, despite the positive view from
13 the survey, the survey really did point to areas
14 that we need to improve on. We'll talk about them
15 more in a minute. They talk to ease of use of the
16 SDP and the timely handling of feedback -- internal
17 feedback basically and how we were -- how timely we
18 were in dealing with that particular feedback.

19 Next slide, please.

20 Again, I won't spend much time on this
21 next slide. You'll hear firsthand from external
22 stakeholders regarding their views. From our
23 perspective, the majority of the feedback was
24 positive. However, as would be expected, external
25 stakeholders identified areas that we know we need

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1 to work on, specifically the performance indicator
2 refinement and the SDP. And I'll talk, again, more
3 about that in a few minutes.

4 Next slide, please.

5 As I indicated earlier, we established a
6 systematic approach to objectively measure the ROP
7 through a process, a metric process if you will. We
8 looked at the NRC's four performance goals. But in
9 addition to that we looked for goals that we had
10 established for the process with respect to, is it
11 understandable and objective, risk-informed and
12 predictable.

13 We used agency data, data from RPS, data
14 as a result of audits conducted by NRR, but also by
15 Research's operating experience, Risk Analysis
16 Branch, and we folded in feedback from external and
17 internal stakeholders into the metrics to be able to
18 populate those metrics to provide insights to us
19 regarding the effectiveness of the program and
20 meeting those goals.

21 The current results were factored into
22 the ROP assessment, and we continued to refine that
23 self-assessment metrics process to make it better.

24 Next slide, please.

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1 We used the feedback and the insights
2 from the metrics to identify improvements in each of
3 the major areas of the ROP. I will discuss those --
4 each of those areas very briefly hopefully. I'm
5 going to focus in on successes, and then I'll talk
6 about the improvement areas.

7 With respect to the inspection program,
8 although we recognize that we need to continue to
9 evaluate the quality of inspections that are done,
10 we believe that the inspection program has
11 identified significant safety issues and provides an
12 improved focus on risk-significant areas.

13 In addition, we think it's a significant
14 accomplishment that despite all of the challenges
15 that we have with respect to startup that we were,
16 with very few minor exceptions, able to complete the
17 inspection program this first year.

18 Having said that, there are improvement
19 areas. During initial implementation, we changed
20 the guidance to clarify the thresholds for
21 documentation and our expectations for documentation
22 of the significance of findings in inspection
23 reports. Having said that, we still find areas
24 where we know we need to continue to improve with

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1 respect to how well we document our rationale for
2 the significance of findings in inspection reports.

3 In addition to that, we've identified
4 several inspection procedures that we know we need
5 to make changes to. For example, with respect to
6 the maintenance rule inspection procedure, we've
7 been told and recognize that the maintenance rule
8 inspection procedure is too frequent.

9 It causes us to focus in programmatic
10 areas that are not risk-informed, and it focuses us
11 on licensee implementation of the maintenance rule
12 and not necessarily on the effectiveness of
13 maintenance activities. And so we will take that
14 issue on, and I'll talk about how.

15 Next slide, please.

16 Among the actions that we're going to
17 take based on those improvement areas, we plan to
18 continue evaluating and revising Inspection Manual
19 Chapter 0610, the guidance for inspection report
20 documentation. In addition, we're issuing a
21 newsletter shortly to provide examples of findings
22 that are correctly documented to help the staff
23 understand the expectations with respect to
24 documentation.

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1 As I indicated, we are making
2 significant changes to some procedures. For
3 example, we're revising the ISI procedure based on
4 lessons learned from the IP-2 steam generator tube
5 rupture. In addition, we are revising the PIR
6 inspection procedure, the problem identification and
7 resolution inspection procedure, to make it more
8 effective.

9 Next slide, please.

10 With respect to the performance
11 indicators, as an interesting success, some new
12 concerns that the performance indicators would
13 result in potential unintended consequences, we
14 found an area, at least one area in the performance
15 indicators, that, in fact, we believe resulted in
16 improving -- licensees improving their performance
17 in an important area.

18 And I'm speaking specifically of the
19 area of EP. If you look at the EP performance
20 indicators, we've got an EP drill performance
21 indicator, an EP drill participation performance
22 indicator. If a licensee wants to improve their
23 performance in those areas, they have to run more
24 drills, and they have to do a better job at those
25 particular drills.

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1 And we found cases where licensees have,
2 in fact, gone after those improvements, and we think
3 that benefits the performance in this area that is
4 particularly important.

5 In addition, you no doubt remember that
6 at the start of initial implementation there were
7 concerns, we had concerns, the external stakeholders
8 had concerns regarding the accuracy of PI reporting.
9 I'm happy to report that those concerns regarding
10 reporting accuracy were less than anticipated. In
11 fact, in only two instances did we find that PIs
12 were initially reported. We had a subsequent report
13 and those reports caused those PIs to cross the
14 threshold. That's a success.

15 With respect to improvement areas, we
16 recognized -- in fact, the industry pointed out
17 prior to the start of initial implementation their
18 concerns regarding the SCRAM performance indicator.
19 We had concerns regarding the unplanned power
20 changes performance indicator -- again, both with
21 respect to potential for unintended consequences.

22 Lastly, if you look at the safety system
23 unavailability performance indicator and the
24 frequently asked questions, those frequently asked
25 questions are questions raised by licensees but also

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1 by internal stakeholders regarding interpretation of
2 those issues. The single biggest by far area of
3 frequently asked questions deal with the safety
4 system unavailability indicator.

5 The definition is complex. There are
6 differing applications between INPO, WANO, the ROP
7 PIs, the PRA application, and the maintenance rule,
8 and that causes some confusion and inefficiency. So
9 those are areas that we need to work on.

10 Next slide, please.

11 To address those concerns, we piloted a
12 replacement, SCRAM performance indicator. That
13 pilot has been completed. We've had a number -- I
14 guess two meetings with the NRC initial working
15 group to evaluate the results of that pilot against
16 preestablished criteria. We're finalizing where we
17 think we ought to come out on that particular SCRAM
18 indicator, and we'll be making progress and
19 resolving that as we go forward.

20 With respect to the potential
21 replacement for the unplanned transients PI, we are
22 making good progress on that. I'm happy to report
23 we hope to have something that we can pilot in the
24 near future. And we've had a number of meetings on
25 the safety system unavailability performance

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1 indicator. And, again, we're making good progress I
2 think in addressing the concerns associated with
3 that to identify a standard definition of
4 unavailability.

5 Next slide, please.

6 We considered the significance
7 determination process really to be one of the ROP's
8 most important achievements. We believe it has
9 enabled us to separate those issues that are truly
10 important from those that are not. The SDP has
11 improved inspectors' awareness of plant-specific
12 risk and enabled licensees and us to focus on areas
13 that are most -- of greatest significance.

14 I should note that, as has been pointed
15 out earlier, we have received valuable assistance
16 from the senior reactor analysis, from NRR's
17 Probabilistic Safety Assessment Branch, and also
18 from Research's Operating Experience Risk Analysis
19 Branch, in implementing the SDP process.

20 Despite the successes, we truly do have
21 a concern with the timeliness of the SDP. In
22 addition to that --

23 Next slide, please.

24 -- we recognize that there are several
25 SDPs that we need to improve. For example, the fire

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1 protection -- with respect to the fire protection
2 SDP, the lack of written guidance for fire scenario
3 development requires extensive time by the SRAs and
4 fire protection engineers to enable us to be able to
5 resolve those significance determination process
6 issues.

7 In addition, we're conducting
8 benchmarking to ensure the accuracy of the
9 worksheets that are used in the SDP process. We
10 found some instances where improvements are
11 warranted.

12 Next slide, please.

13 To address those concerns, with respect
14 to timeliness, we truly do expect to do fewer Phase
15 III evaluations because of the availability of Phase
16 II worksheets. You'll remember the last time we
17 talked we had a significant number of those Phase II
18 worksheets that we needed to get out. We are near
19 complete with those Phase II worksheets.

20 We are looking to improve the
21 significance -- significance and enforcement review
22 panel process, the process that enables us to review
23 and arrive at the significance of the SDP issues.
24 And in addition to that, we are working to put
25 issues that potentially require some elevated

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1 attention into the NRR process, the TIA process,
2 task interface agreement process, to make sure that
3 we provide the visibility and the tracking to be
4 able to resolve those issues in a timely manner.

5 However, I should point out that as we
6 become more risk-informed the SDP causes us to focus
7 in on uncertainties. There are influential
8 assumptions, and arriving at convergence on those
9 important assumptions is important to openness and
10 defensibility of the process. And so we really do
11 need to look at the goals that we have and make sure
12 that those goals are realistic and adjust them as
13 appropriate.

14 We are improving tools for assessing
15 fire scenarios, as I mentioned. And we will
16 continue to upgrade the Phase II notebooks as we go
17 forward.

18 Next slide.

19 I won't mention -- I won't spend time on
20 this slide, except -- because many of the points on
21 this slide are very similar to the SDP because those
22 processes are coordinated, are in sync if you will.
23 I will point out, however, that as we -- when we
24 went to implementation on the maintenance rule we

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1 established maintenance rule effectiveness review
2 panels to help ensure consistency.

3 We believe that we have been able to
4 ensure that consistency, and that the SDP process
5 provides for appropriate consistency as we go
6 forward. And so the Office of Enforcement plans to
7 suspend maintenance rule panels.

8 Next slide, please.

9 With respect to the assessment program,
10 the assessment program we believe truly is more
11 predictable. That's a major achievement. It's more
12 objective. Subjectivity is not a central part of
13 that process, and that was one thing that we were
14 really trying to go after.

15 However, having said that, we did find
16 we do have some concerns. A question has been
17 raised regarding how should we deal with historical
18 issues that have significance but they are not
19 reflective of current performance.

20 We have an issue with respect to no
21 color findings. No color findings are those
22 findings that are greater than minor, but that you
23 can't run through an SDP and get a colorized result,
24 and that aren't subject to traditional enforcement.
25 And so they get documented as no color findings. In

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1 a process that is colorized, that potentially causes
2 a concern because it doesn't communicate the
3 significance of those findings.

4 Lastly, we have -- there is an issue
5 that was raised by external stakeholders and also by
6 the IIEP that deals with the dwell time for
7 inspection findings. We talked yesterday about
8 inspection findings lasting four quarters. There is
9 a question for us to consider. Do we want to phase
10 that dwell time for inspection findings based on the
11 significance? Where a red finding would last
12 longer, for example, than a white finding
13 potentially.

14 Next slide, please.

15 And so we are improving guidance
16 regarding the treatment of historical issues. We
17 want to reflect the significance of those historical
18 issues, but we also do not want to create a
19 disincentive for the licensees to go out and
20 aggressively find those issues.

21 We're working on -- we're evaluating a
22 graded reset for inspection findings, and we're
23 developing program modifications to address no color
24 findings.

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1 Next slide, please. Resource slide,
2 please.

3 We provided considerable attention to
4 the area of resources during the year of initial
5 implementation. We developed estimates based on
6 expert judgment in meetings that we had in
7 headquarters and in the regions with the regional
8 division directors.

9 We think we did a good job. The actual
10 expenditures compare favorably with those estimates,
11 and we believe they are generally appropriate.

12 Expenditures -- and I should caveat my
13 -- this next statement with the statement that we --
14 it's problematic to compare the 52 weeks prior to
15 initial implementation from a resource perspective
16 with the 52 weeks after initial implementation.
17 Neither of those periods were standard or typical.
18 And, in fact, the programs vary differently from the
19 old program to the new program.

20 But when you make that comparison,
21 expenditures were slightly greater with respect to
22 -- that we used for initial implementation than they
23 were for the prior program.

24 Next slide, please.

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1 Although we believe it's premature to
2 implement further reductions in the program, as I've
3 indicated, there are areas that we believe can be
4 targeted for future efficiencies in the ROP. For
5 example, we believe that there are efficiencies with
6 respect to the documentation that could be achieved,
7 for example, through implementation of quarterly
8 inspection reports.

9 I've talked about the SDP and our focus
10 in those areas. The ability of Phase II worksheets
11 we believe will result in some efficiencies.

12 We are establishing a focus group to
13 identify efficiencies, and we'll modify the program
14 to implement those efficiencies, balanced, of
15 course, with future challenges for the reactor
16 oversight process.

17 Jon?

18 MR. JON JOHNSON: Thank you, Michael.

19 Slide 24, please.

20 About a year and a half ago, the
21 Commission approved the transition from a resident
22 inspector staffing from what we call N+1 to N. The
23 staff has evaluated this change and its affect or
24 ability to implement and complete the baseline
25 inspection program.

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1 We believe that the baseline program can
2 be done with some assistance from the region. If
3 there's a vacancy in a resident inspector at a site,
4 we're definitely going to need to support that
5 vacancy with assistance from the region-based
6 inspectors and project engineers. What that means
7 is there's more travel time than we assumed in the
8 planning -- planning for inspections, the travel
9 that it takes to go out to the site, and also is an
10 added burden on the supervisors to keep track of
11 making sure that there's a qualified inspector on-
12 site.

13 The early indications are that this also
14 will challenge the training and rotations and
15 professional development of the resident inspectors.
16 And there's not quite as much flexibility that we
17 thought the regional administrators would have when
18 the transition from N+1 to N -- there resources
19 would presumably go back to the regional office and
20 provide the regional administrator with more
21 flexibility on inspection resources.

22 But what we found was that the
23 transition when we did transition some of these were
24 due to promotions or attrition, and so the result
25 was not always having a greater number of qualified

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1 inspectors in the region but that the region would
2 have to hire some new people. And so then they
3 would have to go through a two-year training program
4 to train up and qualify these inspectors.

5 The staff -- our staff plans to
6 establish some criteria to look at the allocation of
7 resources, to take into account this conversion from
8 N+1 to N, and also to look at some unique
9 assignments where we would have different types of
10 technology at a site such as a PWR and a BWR. It
11 does take some extra amount of resources to provide
12 the training and requalification for the staff.

13 We're also going to monitor parametrics,
14 metrics such as overtime, the amount of training
15 opportunities that the resident inspectors have, to
16 make sure that they have the same opportunities that
17 the other inspectors have.

18 Could I have Slide 26, please?

19 In conclusion, we believe that the
20 reactor oversight process has met the goals that the
21 Commission established. We believe that the process
22 is more objective, that it's predictable, more
23 understandable, and definitely more risk-informed.

24 We continue to learn and improve. We
25 are in transition now from primarily developing the

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1 program to refining it and making improvements, and
2 we're going to continue to try to identify resource
3 efficiencies.

4 DR. TRAVERS: Chairman, that completes
5 the staff's presentation, and we'll be happy to take
6 your questions.

7 CHAIRMAN MESERVE: Thank you very much
8 for a very helpful presentation. There's obviously
9 an enormous amount of work that you have undertaken
10 in not only implementing the program but also in
11 evaluating it. And as Commissioner Merrifield
12 indicated, we appreciate the assistance of the
13 industry and of others -- Mr. Shadis -- for their
14 participation in that effort.

15 Let me turn to Commissioner Dicus to
16 start the questioning.

17 COMMISSIONER DICUS: Okay. Thank you.

18 Let's go to Slide 9. And refresh my
19 memory on, when you're talking about generally
20 positive feedback -- and I appreciate the fact that
21 you've done this -- and I do agree, I think the
22 program is successful and it -- but it is a work in
23 progress.

24 What percentage did you say was
25 generally positive?

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1 MR. MICHAEL JOHNSON: I gave an example,
2 Commissioner, of providing assurance that plants are
3 operated safely; 68 percent of the staff agreed. An
4 additional 20 percent strongly agreed. And my
5 statement was that for those --

6 COMMISSIONER DICUS: An additional over
7 the 68?

8 MR. MICHAEL JOHNSON: Yes.

9 COMMISSIONER DICUS: So it's 88 --

10 MR. MICHAEL JOHNSON: Yes.

11 COMMISSIONER DICUS: -- agreeing.

12 MR. MICHAEL JOHNSON: Absolutely.

13 COMMISSIONER DICUS: That's the number
14 I'm trying to get to.

15 MR. MICHAEL JOHNSON: That's right. And
16 similar percentages for the next two bullets and
17 then some other areas.

18 COMMISSIONER DICUS: Okay. Of the ones
19 who disagree, other than the SDP -- well, I
20 shouldn't say SDP process -- but the SDP and the
21 timely handling of feedback, what were some of the
22 other concerns? And were these resident inspectors?
23 I mean, what staff are we talking about?

24 MR. MICHAEL JOHNSON: Let me answer the
25 second part of your question first.

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1 COMMISSIONER DICUS: Okay.

2 MR. MICHAEL JOHNSON: We sampled
3 resident inspectors, region-based inspectors. We
4 sampled folks who were involved in the regions and
5 in headquarters with implementation of the ROPs. So
6 there was a cross-section of respondents.

7 The reason why I highlight these points,
8 the use of the SDP and timely handling of feedback,
9 is -- and I want to make this clear -- the majority
10 of respondents believe that the SDP was not easy to
11 use, and the percentages were 49 percent disagreed.
12 An additional 11 percent strongly disagreed that the
13 SDPs were easy to use, and that was not just the
14 reactor SDPs. Those were also the non-reactor SDPs.

15 So what I've done is highlight the most
16 two prevalent areas of concern. The second area,
17 this timely handling of feedback, we also had a
18 majority of respondents who believed that even
19 though we solicited input from them we did not do a
20 good enough job in either turning that feedback
21 around in a timely manner or getting back to the
22 staff on the results of that feedback.

23 Those are the two most prevalent. There
24 were other areas, but these were the ones that were
25 -- that the majority disagreed with the program.

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1 COMMISSIONER DICUS: Okay. I've heard
2 some concerns raised -- and it's the background of
3 my question -- about -- and it may be in the timely
4 handling of feedback. But that some concern raised
5 at the regional level in management, not necessarily
6 RAs but in management, that we're somewhat more
7 limited in enforcement. Did that feedback come back
8 through, that maybe there are issues that we find
9 but we don't have an enforcement tool to deal with
10 them?

11 MR. MERSCHOFF: I can address that. I
12 wouldn't agree with that statement, in that nothing
13 in the new program has changed the regulations or
14 our approach in decisions on whether or not to
15 enforce an issue. So anything that was a violation
16 before this new program is a violation in the
17 program.

18 What has changed, of course, is how
19 escalated enforcement is dealt with, fines versus
20 the colors, but we certainly don't feel that we're
21 limited in our ability to enforce issues.

22 COMMISSIONER DICUS: That has surfaced
23 in some discussions, and so that's good feedback
24 that I have because that did concern me. So you
25 feel that --

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1 MR. JON JOHNSON: One thing,
2 Commissioner, in terms of evaluating the risk, we
3 have -- even though the SDP process is more complex
4 in a lot of cases, we still have a tremendous amount
5 of information that we're using now. And so we are
6 able to look in some cases and look at the actual
7 risk significance of it.

8 So in the past where we may have had
9 maybe a more severe type of enforcement action, now
10 for a similar case if using the PRA it actually
11 shows that this is not quite as risk significant,
12 then the actual enforcement may not seem as severe.
13 But Ellis is correct in terms of this. This has not
14 changed any of our regulations.

15 COMMISSIONER DICUS: Okay. Let me ask
16 you, then, another question. For the -- some 12
17 percent who still have concerns, are you comfortable
18 that we have the framework in place to continue to
19 address these concerns and to evaluate any
20 additional concerns that might be raised, other than
21 surveys? What are -- I'm not -- I think this is
22 good. But what kind of framework do we have in
23 place?

24 MR. JON JOHNSON: Well, as I indicated,
25 the development -- the program office now is in a

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1 transition from primarily creating the program to
2 improving it and monitoring its implementation. And
3 we've also -- I know Bill Borchardt and Bruce Boger
4 are starting an initiative to have Bruce be more of
5 a -- I guess a coordinator and communicator with the
6 regional offices. He has already set up a visit to
7 Region IV.

8 So we intend to continue the dialogue
9 and feedback with the inspectors. And we've always
10 had a system to be able to comment on our inspection
11 procedures, and we expect that to continue.

12 MR. MICHAEL JOHNSON: Also,
13 Commissioner, if I could add, we -- I talked about
14 that self-assessment metrics very quickly as I went
15 through that slide, because I wanted to get through
16 all of the slides. But we don't just rely on the
17 internal feedback that we can gain through surveys
18 and those kinds of things, although that is
19 certainly a major part of what we do to see if we
20 need to make -- continue to make improvements.

21 As a part of those metrics, we look at
22 each aspect of the program, the inspection program,
23 the assessment, the SDP. For example, one of the
24 things that we do is we audit findings that are
25 greater than green and compare them against the ASP

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1 result to make sure that we came out in the right
2 spot.

3 We have a number of metrics that enable
4 us to reach conclusions regarding whether we need to
5 make changes on the program or not.

6 MR. KANE: From a more general
7 standpoint, we are expecting to increase our
8 sensitivity to internal communications and make sure
9 that we're communicating well to everybody and
10 addressing and understanding those kinds of
11 findings. And that effort will continue and grow.

12 DR. TRAVERS: Not to pile on, but --

13 COMMISSIONER DICUS: But you are piling
14 on, though.

15 DR. TRAVERS: -- I mentioned an element
16 of the program which I think is an important one,
17 and that's the process for self-assessment. We've
18 actually got a Manual Chapter 0307 which addresses
19 this in the most formal sense. And it envisions --
20 in fact, it specifies that on a periodic basis the
21 self-assessment program would collect information,
22 including -- and there's a whole host of things that
23 are listed, but including stakeholder surveys, which
24 I assume includes information from our internal
25 stakeholders as well as we proceed to --

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1 COMMISSIONER DICUS: Internal and --

2 DR. TRAVERS: And external. We would
3 expect to continue to refine the program with the
4 benefit of a host of inputs. This is just one.

5 COMMISSIONER DICUS: Okay. Yes, I know
6 the SDP is an issue I think with everyone and
7 working toward improving it.

8 I want to bring up a -- go back to a
9 question that I asked yesterday and see if we can
10 continue to refine what our response is. And the
11 question that I asked had to do with the
12 statistically significant adverse trends, and
13 whether or not they are always a regulatory concern
14 together with maybe less of a regulatory concern.

15 And as we discussed it further, there is
16 some uncertainty when we report these things to
17 Congress that we do maybe prioritize, or whatever,
18 to the significance of what that really is. So
19 would you care to address that?

20 DR. TRAVERS: Yes. Thanks for the
21 opportunity to add something to that discussion. We
22 are developing a system where we would identify at
23 this early stage statistically significant adverse
24 trends. And I think your question goes to the heart

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1 of a concern I have about the perspective and
2 characterization you might get to that.

3 Later, this program may, in fact, have
4 thresholds that will be risk-informed, or
5 potentially risk-based, that would define when you
6 might actually have a regulatory concern. At the
7 moment, I think this program envisions that you
8 could identify a statistically significant adverse
9 trend, i.e. in the wrong direction. But what would
10 occur at that point would be further consideration
11 of what this trend is and what it's telling you or
12 what it's not telling you.

13 Presumably, there would be no regulatory
14 concern associated with certain potentially
15 statistically significant adverse trends. But I
16 think the important element here is that what it
17 would trigger is a further evaluation to determine
18 its significance in the absence of good or further
19 enhanced risk-informed or risk-based thinking.

20 COMMISSIONER DICUS: Okay. I appreciate
21 that clarification.

22 Mr. Chairman, I have no further
23 questions.

24 CHAIRMAN MESERVE: Thank you.

25 Commissioner McGaffigan?

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1 COMMISSIONER McGAFFIGAN: Thank you, Mr.
2 Chairman.

3 Let me run through several things. We
4 talked about the timeliness of the SDPs yesterday in
5 the context of the Farley potentially yellow
6 physical protection standard. Have you considered a
7 timeliness goal? I will throw this out. Since the
8 Commission has created timeliness goals for you in
9 the past and licensing actions, of something like 90
10 percent of SDPs will be done within 90 days and 100
11 percent within 150 days, is that a possible -- is
12 that a possible goal that you could, you know, with
13 relatively few exceptions meet?

14 MR. MICHAEL JOHNSON: We actually have
15 timeliness goals. The timeliness goals are 90
16 percent within 90 days, 100 percent within I believe
17 --

18 COMMISSIONER McGAFFIGAN: So you
19 actually have goals.

20 MR. MICHAEL JOHNSON: We actually have
21 goals, timeliness goals.

22 COMMISSIONER McGAFFIGAN: I just made
23 these up, so --

24 MR. MICHAEL JOHNSON: Well, you came
25 incredibly close to what they are.

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1 And we try to manage to those goals.
2 And, in fact, I was looking at an audit that was
3 done by the Office of Enforcement in looking at
4 timeliness, and on average I think they would say
5 that, because they're involved in the significance
6 -- enforcement review panel and keeping track of
7 those kinds of things, about 90 days is the average
8 for an issue that gets into the process.

9 And that's -- there are some cases where
10 we do turn these around very quickly. There are
11 also some cases where it takes us an incredibly long
12 time. There are some areas that are --

13 COMMISSIONER McGAFFIGAN: Fire
14 protection.

15 MR. MICHAEL JOHNSON: -- fire protection
16 issues, it takes a long time.

17 Ellis, do you want to --

18 MR. MERSCHOFF: The issues that tend to
19 take a long time are the ones that involve policy
20 issues or particularly difficult -- EQ is an
21 example, where EQ is a common mode failure, doesn't
22 fit well into a PRA. Security issues have taken us
23 a while, and fire protection was mentioned.

24 On the other hand, we are seeing some
25 that are relatively straightforward and that

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1 licensees have declined to have a regulatory
2 conference to discuss, where it was well enough
3 known at the exit of the inspection to allow us to
4 proceed promptly. And I've had two of those cases
5 in Region IV. So I think there is some hope as we
6 work through these first-of-a-kind efforts.

7 COMMISSIONER MCGAFFIGAN: I just hope we
8 can meet some of these timeliness goals more
9 frequently as we move forward.

10 On the Phase II notebooks, you mentioned
11 in one of the slides that you are working on them.
12 In the paper itself -- and I understand anecdotally
13 when we do these Phase II notebooks and we go out at
14 two sites visits per month, we try to benchmark them
15 against what the licensee has, we find problems.
16 And those problems have to be fixed.

17 MR. MERSCHOFF: Right.

18 COMMISSIONER MCGAFFIGAN: And at two a
19 month, where we have 60-odd sites, that's going to
20 take 30 months. You've been working on it a while.
21 But I just wonder, do we have enough resources going
22 into fixing these notebooks, getting them properly
23 benchmarked?

24 This also relates, as I understand it,
25 to the SPAR models that may well feed into these

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1 notebooks, whether when those get benchmarked
2 whether everything that Dr. Apostolakis was talking
3 about some -- some problems we are running into
4 there as well in terms of matching up with the
5 licensee's latest PRA.

6 MR. JON JOHNSON: I think we're pretty
7 well along, aren't we?

8 MR. MICHAEL JOHNSON: Actually -- well,
9 let me -- with respect to this benchmarking effort,
10 let me just talk about that for a second. We had --
11 we periodically have counterpart meetings with the
12 division -- DRS and DRP regional division directors,
13 and this was an issue that we talked about.

14 We have -- as you are well aware, we've
15 done five or six of these benchmarkings now. And
16 you're right, we have found in one or two cases
17 where we needed to go back and revise the Phase II
18 worksheets to strengthen them. In one case, in
19 fact, the Phase II worksheet was probably overly
20 conservative. In the other case it wasn't
21 conservative enough.

22 We think that we can do a smart sample.
23 That is, when we went out and we did the original
24 Phase II worksheets and we went and visited the
25 sites, some sites gave us a lot of feedback with

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1 respect to the accuracy of the Phase II worksheets.
2 We tend to have a greater degree of comfort with
3 respect to those.

4 Some sites gave us very little feedback
5 with respect to the accuracy of the Phase II
6 worksheets and additional input, what systems we
7 were missing and those kinds of things. And so our
8 smart sample would be to start with those.

9 We've got them programmed, and we'll
10 look -- our commitment is that we'll finish this
11 fiscal year at the current rate that we have. We're
12 going to look at what we find, and we'll make
13 decisions based on whether we need additional
14 resources to strengthen that.

15 MR. JON JOHNSON: We have alternatives
16 if we need some assistance. NRR, Rich Barrett, Risk
17 Assessment Branch, and also the Office of Research
18 can provide assistance to the region.

19 COMMISSIONER MCGAFFIGAN: Is the area
20 that you're describing less than 50 percent and with
21 -- I mean, I'm just kidding, but that's one of the
22 areas you're trying to also improve.

23 MR. JON JOHNSON: Right. But it does
24 take longer because these are typically the complex
25 problems.

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1 I also want to mention that our staff
2 worked with our training group in Chattanooga and
3 put together an instructional guide to assist the
4 resident inspectors in some examples that we have
5 gone through and we have done, so they don't have to
6 reinvent the wheel. And it's web-based, and they
7 can go through the process and basically learn how
8 someone else has gone through and evaluated the risk
9 in real typical situations. And that's been an
10 assistance.

11 COMMISSIONER MCGAFFIGAN: I've got
12 several questions, so I'm going to leave that one
13 and go on to the next. The web page -- one of the
14 -- it relates to this issue of how long a shadow do
15 inspection findings have. I honestly thought -- and
16 it's only recently when I was looking at a Region II
17 press release did I understand that we only have the
18 latest quarter on the web page.

19 If I go to majorleaguebaseball.com, I
20 can get for the entire 20th century, any season, how
21 somebody batted, and, you know, what their ERA was,
22 or whatever. I did that recently for my son -- with
23 my son. He was doing it more for me.

24 Are we at some point going to have
25 essentially every quarter ever under the revised

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1 oversight process available on the web page, so that
2 you can just look and see?

3 MR. MICHAEL JOHNSON: Yes is the answer.

4 COMMISSIONER MCGAFFIGAN: Good answer.

5 Good answer.

6 (Laughter.)

7 MR. MICHAEL JOHNSON: I would just say
8 that what you see when you look at the web page now
9 is not just the recent quarter. It's the current
10 performance that looks back a year. But what you
11 don't have is previous views and that --

12 COMMISSIONER MCGAFFIGAN: But for the
13 PIs it's only the performance for the quarter. You
14 can click on it. But isn't it just the quarter?
15 There's somebody shaking his head at the back.

16 MR. MICHAEL JOHNSON: Well, what you
17 have, for example, is SCRAMs for 7,000 critical
18 hours. And so that 7,000 critical hours is all --

19 COMMISSIONER MCGAFFIGAN: Last year.

20 Okay.

21 MR. MICHAEL JOHNSON: That's right.

22 COMMISSIONER MCGAFFIGAN: But they can
23 rotate off. I mean, like Farley rotated out of
24 its --

25 MR. MICHAEL JOHNSON: That's right.

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1 COMMISSIONER MCGAFFIGAN: -- system and
2 into green, and it's now a column one plant because
3 they rotate off. And when you -- when I clicked,
4 there was Luis Reyes' press release where he was
5 going to go down and conduct the meeting at Farley,
6 referenced four performance and performance
7 indicators, mitigating systems, or something to that
8 effect.

9 I clicked on the page and it was green.
10 I said, you know, so why is he going to Farley? You
11 know, if I'd been smart enough to have the previous
12 quarters there, I would have been able to figure
13 that out. But I was able to figure it out after
14 some conversation.

15 So you are going to -- the web page will
16 look back at previous quarters --

17 MR. MICHAEL JOHNSON: Yes.

18 COMMISSIONER MCGAFFIGAN: -- at some
19 point.

20 MR. MICHAEL JOHNSON: Yes.

21 COMMISSIONER MCGAFFIGAN: That's the
22 goal.

23 MR. MICHAEL JOHNSON: It's just a
24 question of time and effort in doing it, time and
25 resources.

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1 COMMISSIONER MCGAFFIGAN: The fatigue --
2 the paper that we have currently before us, and
3 that's been released for -- while we're voting on it
4 -- has a sentence in it on page 2 that says, "The
5 control of working hours in accordance with these
6 technical specifications was monitored through
7 routine, periodic inspections, but was discontinued
8 with the implementation of the revised reactor
9 oversight process.

10 "The change continues to be considered
11 appropriate and consistent with the general design
12 of the revised reactor oversight process, which is
13 to identify indications of plant performance
14 problems," etcetera.

15 Give that you are in this paper
16 essentially suggesting that we go about a
17 rulemaking, it's a rulemaking planned to do one of
18 -- several options, this recommended option for a
19 rulemaking on fatigue, basically, I read this to say
20 we once inspected in this area. I mean, the paper
21 also says there is lots and lots of exceptions made.
22 I mean, the tech spec allows it, and in some cases
23 thousands of exceptions are made per year.

24 But is this an area that we should be
25 looking at in the revised oversight process?

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1 Because we are essentially not enforcing -- although
2 it may not be enforceable, this goal that we have
3 for hours worked.

4 MR. MERSCHOFF: Can I address that, Jon?

5 We do look at that in the revised
6 reactor oversight process, but it's on a
7 performance-based approach, and that is when an
8 event occurs, when an incident occurs, we'll look at
9 the causative factors to that. And if excessive
10 over time, if fatigue is a causative factor, then
11 we'll address it and deal with it, but we don't have
12 a routine inspection module that looks at it on a
13 fixed periodicity.

14 MR. JON JOHNSON: I think when we worked
15 on this fatigue paper, we realized that fatigue is
16 just one element of being fit for duty and being
17 alert and knowledgeable as a worker in the safety-
18 related activities. And we see a tie to access
19 authorization and security, and we see a tie to
20 risk, as Ellis mentioned. But I think the --

21 COMMISSIONER MCGAFFIGAN: Do we inspect
22 those areas? Do we inspect fitness for duty as part
23 of the revised oversight process?

24 MR. JON JOHNSON: Well, what we do is we
25 concentrate on the results of workers' efforts. And

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1 if there's an event in the plant, we'll look at that
2 event and follow up, if it's a risk-significant
3 event, and try to follow what the root cause of that
4 was.

5 And one of the reasons that the
6 transition -- instead of looking at it from a
7 procedure standpoint, or a prescriptive standpoint
8 in terms of working hours, we are more looking at it
9 from a standpoint of, what is the result of that
10 effort? So it is an indirect way of inspecting
11 that.

12 COMMISSIONER MCGAFFIGAN: I have some
13 more questions. Do you want me to ask now or
14 continue? Whichever way you --

15 CHAIRMAN MESERVE: We have another
16 panel, so --

17 COMMISSIONER MCGAFFIGAN: Let me try to
18 run through. There's a PI for -- that Bruce -- that
19 Ontario Power uses. There's a couple PIs that
20 Ontario Power uses that we don't use at the moment.
21 One is radiation exposure to the public. They have
22 a goal -- I've got their latest quarterly report
23 that Ontario Power puts out, and they have a goal in
24 the first quarter at Darlington of 1.9
25 microsieveverts, which would be two-tenths of a

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1 millirem, or, no, two-hundredths of a millirem.

2 Sorry.

3 I'm not doing that well enough. It
4 would be -- one microsievert is a tenth of a
5 millirem, so it would be about two-tenths of a
6 millirem. And they overachieved that by a factor of
7 10, so they had about two-hundredths of a millirem
8 in the first quarter there.

9 I understand -- and I went back -- when
10 I saw this I went back and discovered that up
11 through '92 or so we used to do NUREGs on that
12 commitments due to radioactive releases from
13 powerplants, and we still get annual reports. Here
14 is Fitzpatrick's in '99, and San Onofre's in 2000.
15 So it sounds like we have the data with which we
16 could do something like this.

17 And I know it's -- you probably -- I
18 mean, from a safety perspective, telling the public
19 they're getting less than a tenth or a hundredth of
20 a millirem per quarter, if -- and I'll read the
21 figures. This figure is an estimate, so it's an
22 estimate of the radiation dose people would receive
23 if they live just outside the station boundary at
24 their residences, 24 hours a day, drank local water
25 and milk, and ate local fish and produce.

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1 The only reason I raise it is Lochbaum
2 -- David Lochbaum always used to tell us in a
3 license renewal context one of the things he wanted
4 us to look at was, what are the doses people are
5 getting? And we have the Tooth Fairy Project
6 running around doing bad science, trying to convince
7 people that there is a dose effect from the plants.

8 Is there -- was there ever any
9 discussion about having an indicator like this, if
10 not quarterly, annually, consistent with these
11 reports, and have somebody rack it up and say,
12 although Ontario does it quarterly, that, you know,
13 this is what we believe the dose is at the site
14 boundary?

15 MR. MICHAEL JOHNSON: I understand the
16 question. I honestly can't -- I can't recall.

17 MR. JON JOHNSON: Well, one of the --
18 public radiation exposure is one of our
19 cornerstones, one of our key cornerstones, and we do
20 have a performance indicator in that area. But it
21 may be related to release rates as opposed to actual
22 dose.

23 COMMISSIONER McGAFFIGAN: Well, it's an
24 estimated dose. So it would actually -- I'm sure
25 what they do is they take the effluent reports and

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1 just try to guesstimate what one would get if one
2 were at the site boundary. But it's data that we
3 apparently do collect.

4 MR. JON JOHNSON: We'll have to get that
5 information and get back to you.

6 MR. MICHAEL JOHNSON: Yes. As Jon
7 indicates, we do have performance indicators that
8 look at occurrences, you know, effluent release
9 occurrences, and those kinds of things. But I just
10 don't remember what --

11 COMMISSIONER MCGAFFIGAN: The last issue
12 I'll just mention, the N+1 to N. I was the
13 Commissioner that wasn't very enthusiastic about
14 that at the time. I do hope that you are trying to
15 keep a qualified resident at these sites, and then
16 we don't get -- stay at N-1 very long. But a lot of
17 these issues are the ones that I was very fearful
18 of, especially during summers when people are taking
19 vacations, both at the regions and at headquarters.

20 I was told last year the flexibility was
21 going to be that everybody was going to be in the
22 region and we'd be able to dispatch people out, and
23 that everything would be fine.

24 Now you're discovering that flexibility
25 isn't there, so I hope there's a mechanism to -- so

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1 we always have at least one qualified, and I'm
2 underlining "qualified" -- not in training --
3 resident. And I am disappointed that it's hurting
4 the training of new residents that -- because we've
5 lost flexibility that we used to have under N+1.

6 MR. KANE: Well, we certainly will, and
7 that's obviously -- we have that sensitivity. It's
8 an issue that has to be managed. We've explained
9 some of the issues with -- the difficulties perhaps
10 in managing that, but I have every confidence that
11 the regional administrators will be able to manage
12 that.

13 MR. MERSCHOFF: The program office has
14 guidance that a site will not be uncovered, without
15 at least one qualified resident, for more than 72
16 hours, three days in a row. We're able to meet
17 that.

18 If you look at the N+1 change, while
19 we're at N+1, that really only helped us in that
20 aspect for two-unit sites. The single-unit sites
21 always had the challenge that you currently
22 described in terms of having coverage at the site.
23 So where we have a lot of experience and we're
24 skilled at backing up the residents with inspectors
25 from the region, occasionally we get help from

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1 project managers from NRR, to assure that we have a
2 presence and that we don't go more than 72 hours
3 without a qualified person there.

4 CHAIRMAN MESERVE: Commissioner
5 Merrifield?

6 COMMISSIONER MERRIFIELD: The first
7 question I have is you talked earlier about issues
8 associated with the SDP process in terms of its
9 timeliness, its simplicity, the quality of how we're
10 engaged in that. And, clearly, I think from the
11 presentation today that remains a significant issue
12 for us.

13 Do you think we have, at this point, an
14 action plan that captures the issues in this area
15 and has a methodology and appropriate metrics for
16 making the determination down the road as to resolve
17 it?

18 MR. MICHAEL JOHNSON: I'm only pausing
19 because you asked about an action plan. We have a
20 number of actions that are going -- that we've taken
21 to address this issue. Now, whether they're
22 documented in a single plan, I don't believe that's
23 the case.

24 But, yes, I believe that we are making
25 progress. We've identified the kinds of things that

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1 we need to fix. For example, we will be issuing
2 shortly a draft revision to the SDP manual chapter
3 that clearly defines roles to the way we conduct
4 that SERP panel that make it more efficient.

5 For example, we've mentioned the fact
6 that we're making the SDP instructional guide
7 available to -- have made it available, and that
8 will provide -- address the concerns with respect to
9 some of the ease of use of the SDP. So we've got a
10 number of actions that we've taken to address the
11 concerns.

12 MR. JON JOHNSON: But I would like to
13 add also that we -- we coordinated with the regions
14 and set up a program to provide additional training,
15 backup -- they're called kind of backup senior
16 reactor analysts.

17 And these positions worked with Human
18 Resources to make a fair solicitation and selection
19 and provided additional courses, training courses,
20 so that if we lose a senior reactor analyst in a
21 regional slot that there are a number of people that
22 are right behind them that have already had some of
23 the training, so they would be able to more quickly
24 fill into that slot and be able to perform some of

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1 these analyses and assessments for the regional
2 administrator.

3 COMMISSIONER MERRIFIELD: Well,
4 obviously, there are some generic concerns, one of
5 them being the resources it takes for us to deal
6 with these issues, the transparency with which we
7 are making our determinations, and the
8 predictability and consistency that we're making
9 those determinations.

10 And since a lot of things revolve around
11 the SDP, obviously it is important. And so I
12 encourage the staff to put the appropriate resources
13 to that to make -- to resolve those issues moving
14 forward.

15 On Slide 15, the staff speaks to the
16 issues associated with the standard definition for
17 safety system unavailability. And in the paper that
18 came up on June 25th, page 7, you make references
19 about that as well. Can you give me a little better
20 understanding of specifically how you are planning
21 on responding to the stakeholder concerns associated
22 with the SSU indicators?

23 MR. MICHAEL JOHNSON: Yes, I can. We
24 established -- we have established for some time a
25 focus group specifically to deal with the SSU PI,

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1 performance indicator, and arriving at a standard
2 definition. That group has already had a couple of
3 meetings. We met earlier this month. We have an
4 additional meeting in August, and we'll -- and a
5 plan to get to a pilot for, for example, replacement
6 performance indicators for those unable to PI.

7 So we've got a well-orchestrated
8 approach that involves the NRC, folks from the
9 various communities, maintenance rule folks, PRA
10 folks, regional folks who understand what it means
11 to implement the inspection program, but, in
12 addition, external stakeholders, and some healthy
13 involvement to try to come to a standard definition
14 on these issues.

15 I should have mentioned INPO also. INPO
16 was involved in that, because INPO and WANO is one
17 of the areas that we know we need to get in line
18 with.

19 COMMISSIONER MERRIFIELD: Okay. The
20 last area I want to get into is the issue of no
21 color findings. That's referenced on page 11 of the
22 paper and page 7 of Attachment 5. You discuss a
23 little bit about what some of the concerns are
24 relative to no color findings in the oversight
25 process.

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1 You know, for my own part, I do have --
2 you know, I share some of the concerns out there
3 about those color findings, and, again, the
4 inconsistencies relative to their use, and a
5 perception that it would demonstrate some
6 instability in terms of a regulatory process. And
7 so I'm interested in getting your views in terms of
8 how we're going to resolve those concerns going down
9 the line and what plan we have for that.

10 MR. MICHAEL JOHNSON: Okay. We actually
11 got feedback on this issue. We had -- we engaged
12 external stakeholders on the discussion -- on the
13 issue of no color findings at the External Lessons
14 Learned Workshop that we had in March. Coming out
15 of that workshop, we have had a number of internal
16 meetings to discuss the issue of no color findings
17 and to propose a resolution to that.

18 At our last NRC industry working group
19 meeting, we raised the issue of no color findings
20 and put on the table at that time for discussion
21 with the external stakeholders the resolution of
22 that issue.

23 We really believe that we need to do
24 something with respect to no color findings, but the
25 way that -- something that we do has to recognize

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1 that once you get past minor, unless we're willing
2 to develop SDPs that are -- multiple SDPs that can
3 cover all eventuality, we're always going to be
4 faced with those issues that get around the SDP.
5 And so how do we deal with those in a way that is
6 scrutable and understandable?

7 COMMISSIONER MERRIFIELD: Okay. Just
8 one other thing I do want to raise. Mr. Shadis, in
9 the testimony he is going to be providing to us in
10 the next panel, raises a number of concerns about
11 design issues and where those fit in our inspection
12 process. I just was wondering if, having reviewed
13 that, whether you had any comments on Mr. Shadis'
14 assessment and whether we are comfortable with the
15 level of oversight that we have in the design area.

16 MR. MICHAEL JOHNSON: I have had a
17 chance to read Mr. Shadis' paper, and I look forward
18 to his comments. You know, when we did the
19 framework, we looked at what we should look at in
20 terms of inspectable areas and what we should do in
21 terms of performance indicators. The mitigating
22 system cornerstone has placed in prominent view the
23 recognition that we need to look at design mods, and
24 we need to look at additional design.

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1 And so we've got -- and from that we
2 developed inspectable areas. We have inspection
3 procedures. We looked at permanent mods. We looked
4 at temporary mods. We have a biennial inspection
5 that looks at safety system design and performance.
6 And so we've got specific areas built into the
7 baseline to try to address those inspectable areas
8 related to giving us insights with respect to
9 design.

10 And so it's not something that we left
11 out of the baseline. It very much is a part of the
12 baseline. I was looking at Ellis to see if he had
13 something to add.

14 MR. MERSCHOFF: And I agree, Mike. In
15 terms of the inspection procedures and the oversight
16 of design, the levels are appropriate and are
17 working. There are some areas still under
18 consideration like units with diverse NSSS systems,
19 and should there be more engineering there or not.

20 But by and large, the engineering
21 procedures and programs in place give us a good
22 look. The question on the table is a good one, and
23 that is, when you find a design problem that was
24 from the very initial construction and design, can
25 you or should you recognize a licensee's self-

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1 assessment program that identified that problem, or,
2 rather, deal with it as a mature industry, that it's
3 a problem that's found today and work in the action
4 matrix. That's a good question, and it's one that
5 we need to look at further.

6 MR. JON JOHNSON: I would like just to
7 add also that one issue that we've been basically
8 putting on hold for a while is to take credit for a
9 licensee's own audits and self-assessments. And we
10 weren't willing to address that, or we didn't feel
11 it was appropriate to in the first year of
12 implementation.

13 But we do want to encourage utilities to
14 continue their own audits and design reviews and to
15 keep conducting those. And as Ellis indicated, and
16 Mike did, we do have an inspection procedure that
17 causes us to go through this in a significant amount
18 of effort.

19 And so in the future, we are going to be
20 looking at the efforts the utilities are taking
21 themselves and looking at the impact on our
22 inspection program. That might be one area for
23 efficiency in the future, but we didn't feel that in
24 this first year that we wanted to go into that in
25 detail.

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1 COMMISSIONER MERRIFIELD: That's a fair
2 point. I think we should have -- at the end of the
3 day we should have a program that does allow for an
4 inspection of what may be latent issues, and not
5 allow ourselves or our licensees to be lured into
6 the belief that we've got a program that's working
7 now and everything going forward is fine. There may
8 be things out there lurking from the days of early
9 operation, and we should encourage them to continue
10 to find those.

11 Thank you, Mr. Chairman.

12 CHAIRMAN MESERVE: Thank you.

13 I'd like to ask you a little bit about
14 Slides 6 and 7, which is your summary of the
15 inspection results. And sort of ask what your
16 analysis of this is in terms of its implications for
17 the program. I mean, it's quite striking when one
18 examines that slide, that the hits are in -- very
19 significantly with regard to both inspection
20 findings and performance indicators on mitigating
21 systems.

22 And a surprising -- to me, a surprising
23 number of hits are on emergency preparedness. And
24 it raises a question, I guess, for this context
25 whether -- maybe this belonged in yesterday's

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1 discussion, whether there's a trend issue or -- of
2 course, it maybe is not a trend, but an issue that
3 we ought to be worried out that's reflected there,
4 or whether it says something about the thresholds.

5 And I just don't know what the
6 philosophy is that has guided the staff on this. I
7 mean, the slide is here. The information is here.
8 We've defined these cornerstones, and we're seeing a
9 great disparity in the results from one cornerstone
10 to the next. And maybe the thresholds are too high.
11 Maybe in some areas they're too low.

12 It depends on what the philosophy is.
13 Is it driven by risk? Is it driven by challenging
14 the industry from where they are? I mean, I'd just
15 sort of be interested in how you -- how you
16 interpret this slide, and what implications it has
17 for the oversight program.

18 MR. MICHAEL JOHNSON: I guess I'll just
19 start off and say I -- that was a question that
20 actually we got also from the ACRS when we last
21 briefed them. And we are deciding what we think the
22 results tell us based on how they're spread out
23 across the cornerstones.

24 Obviously, when we looked at the
25 emergency preparedness area, we had a different

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1 metric, if you will, for setting up those thresholds
2 through the SDP. We looked at planning standards,
3 we looked at risk-significant planning standards, to
4 decide the significance of an emergency preparedness
5 issue. And you're right, we have a high number -- a
6 relatively high number of issues that came back in
7 the emergency preparedness area.

8 CHAIRMAN MESERVE: Well, and also
9 mitigating systems. I mean, there's a huge number
10 there as compared to the others.

11 MR. MICHAEL JOHNSON: Yes. I think the
12 actual -- the mitigating systems area is more
13 explainable. We do actually a large portion of our
14 inspection in the initiating events, but primarily
15 the mitigating systems inspection. So there's a lot
16 of effort that would cause you to have a finding
17 that you would link primarily to the mitigating
18 systems cornerstone.

19 So I think that probably is more of the
20 rationale for why that area is as high as it is.
21 Emergency preparedness is one that I think we need
22 to think about.

23 MR. JON JOHNSON: One thing that I think
24 we all learned was that we have found some things by
25 focusing on our risk. In the PRAs, we found some

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1 things that were not in the old inspection program.
2 Some of those have showed up in some flooding issues
3 -- the emergency preparedness, but also radiation
4 protection, occupational radiation protection, some
5 of the findings on the ALARA programs. I think in
6 one of the sites in Region IV, Ellis probably could
7 speak of in detail.

8 But there are some things that we
9 weren't focusing on that I think we've learned, and
10 part of the program shows us that there are some
11 things we can learn about inspecting, and so forth.

12 In the mitigating systems, we have --
13 the PRAs point out that auxiliary feedwater and
14 diesel generators are some important equipment, and
15 we have a number of findings in those areas. Also,
16 the performance indicators have pointed out some of
17 the initial -- I believe some of the initial
18 indicators in terms of out-of-service times.

19 The calculations for the performance
20 indicators require you to go into, how long was this
21 piece of equipment out of service? And there's a
22 standard of calculating that fault exposure time,
23 and it's basically a judgment in terms of how long
24 we're going to assume in this calculation this
25 equipment was out of service.

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1 And basically, on average, it uses the
2 -- half the time between when you last tested it and
3 can demonstrate it. So in some cases the equipment
4 may not have been out of service as long as the
5 calculation shows, but our concern is to get it
6 fixed and find out why, and make sure it doesn't
7 happen again.

8 But there are some things we've learned
9 in terms of calculating these risks that we're
10 working with Office of Research. They do a study on
11 accident sequence precursors, and a fairly in-depth
12 study of those, and we've learned that our initial
13 risk assessments that go with our inspection
14 findings need to be coordinated with their more in-
15 depth long-term studies, because we don't want to
16 have two assessments of the same event basically
17 coming out in different areas. So we're working
18 with Research to basically strengthen our risk
19 assessments.

20 MR. KANE: Just to add a comment. It's
21 hard to provide a comparison to what preceded this,
22 of course, but I think one of the opportunities here
23 over time is to take a look at this information and
24 potentially make adjustments of resources within
25 your baseline inspection program that we're trying

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1 to -- based on what this is telling you, whether you
2 have a low number -- continue to have a very low
3 number of findings in an area perhaps that would
4 suggest that maybe you can scale back there, and
5 other areas perhaps you need to --

6 CHAIRMAN MESERVE: Well, you took away
7 the low number of --

8 MR. KANE: Well, and then -- you know,
9 but I think it is useful from that perspective.

10 MR. MERSCHOFF: If I can add just a
11 thought on this. We hire our staff and train them
12 for a healthy skepticism and questioning attitude.
13 And going into this process, the general feeling in
14 the region that I shared was that these thresholds
15 were too high, and that we wouldn't be able to
16 engage the licensees when we needed to when problems
17 were identified.

18 I think one of the reasons that we're
19 seeing the improvement from the survey in this
20 program is the fact that it has allowed us to
21 engage, as you can see in this spectrum of findings,
22 where we needed to engage. We have certainly found
23 in Region IV, in the areas of ALARA, in the areas of
24 EP, this has given us a tool and a visibility to

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1 correct long-standing problems that were difficult
2 to get to in the old program.

3 So I find these number of findings and
4 thresholds crossed to be very encouraging and proof
5 in helping convince the staff that the program
6 works.

7 CHAIRMAN MESERVE: I wasn't suggesting
8 otherwise. It was the differences among the various
9 cornerstones which was interesting.

10 MR. MERSCHOFF: Neither have we come
11 across a cornerstone where we had a problem that
12 really bothers us, but we didn't have a tool to
13 address it in. So I don't have a great concern
14 personally of the ones that don't have numbers in
15 them.

16 CHAIRMAN MESERVE: When we first went
17 into this process, there was a fair amount of public
18 questioning about resources that were going to be
19 spent on this project, and we responded that it was
20 our intention to apply the resources -- exactly the
21 same resources that we had before but to deploy them
22 in a different fashion, but that we -- we would
23 reexamine the resource issue at the end of the first
24 year.

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1 In fact, as it turned out, we employed
2 slightly more resources to do this than we had in
3 the previous years. So it has ended up increasing
4 the resources slightly.

5 Your recommendation on Slide 23 is to
6 basically defer, again, the resource question. This
7 comes to mind because we are now, as you know,
8 putting together the fiscal year 2003 budget. And
9 you do see the opportunity for some -- perhaps some
10 future efficiencies. And I'd just sort of try to
11 get some sense of whether you have a better feel now
12 of what the right size of this activity is a year
13 out from now.

14 MR. KANE: I'd like to address that,
15 although I'm not sure I can answer that question
16 directly. I think we have to be cautious here in
17 terms of -- and target the areas that we can look
18 at, and we've identified, of course, some of the
19 areas. In the area of preparation and
20 documentation, I think there are opportunities there
21 that we will look at.

22 But we've noted there's also the need to
23 increase the work in the significance determination
24 process, make sure that we can meet timeliness goals
25 there, which perhaps have resource implications. So

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1 I think -- for this next period I think we'll just
2 be targeting our efficiencies or looking for
3 efficiencies at these limited areas that we've
4 discussed in the paper.

5 DR. TRAVERS: But I think as a baseline
6 answer to that, and it's a little bit predictive, is
7 I think we've felt for some time that we wouldn't
8 expect significant changes even with the experience
9 and even with some of the nominalization of what
10 we're doing at the front end.

11 But as Bill mentioned, we have, in fact,
12 identified specific areas where we would expect some
13 efficiencies to be obtained. We just don't feel
14 we're in a good position right now to give you --
15 especially since we don't expect them to be very
16 large relative to the overall -- we don't expect to
17 be able to give you, with precision, any estimate of
18 where that is, without some additional experience.

19 CHAIRMAN MESERVE: One area in which we
20 have -- there has been very favorable public
21 response to this program has been the fact that we
22 have performance indicators that are available, that
23 the public has access to on the web, the financial
24 community has access to. Where are we in terms of
25 the development of new performance indicators?

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1 I don't mean as replacements but for
2 what we have. We have some of those that we're
3 worrying about fine-tuning things. But are there
4 some other types of performance indicators that
5 we're pursuing? One that would be very attractive
6 -- I don't know if this is feasible -- I mean, the
7 core of this program really is the Corrective Action
8 Program and being comfortable that for the plants
9 that are green that there is a process in place with
10 the -- at the -- among our licensees.

11 Is there an indicator we could develop
12 for that? I mean, I'm just sort of curious where we
13 are and what kind of process you have underway to
14 think about and develop and pilot other performance
15 indicators?

16 MR. MICHAEL JOHNSON: The example that
17 you use is actually one that we're taking on as a
18 part of the PI&R focus group. We're looking, for
19 example, at the possibility of establishing an
20 objective way to be able to measure licensees'
21 effectiveness in the correction action or PI&R area.
22 So that's one example. That's an example that we're
23 actually working on.

24 We are, in fact, working to develop --
25 continuing to develop new PIs. Of course, we have a

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1 formal process to make changes in the PI program.
2 One of the things that I know you're aware of is the
3 work that Research has done with respect to risk-
4 based performance indicators.

5 An important potential area that we're
6 looking at that could come out of that is
7 reliability indicators. We recognize and very much
8 want a suite of reliability indicators to complement
9 the unavailability indicators that we have now.

10 And that -- so we are working on that
11 process to -- continually working to develop new
12 performance indicators. Of course, when we add
13 those, we need to look at what we have in place to
14 make sure that we're doing something that is
15 effective and efficient and it adds additional
16 information, does what we intend to do with respect
17 to the overall framework.

18 CHAIRMAN MESERVE: Good.

19 COMMISSIONER MERRIFIELD: Mr. Chairman,
20 if I may make a suggestion. I know Commissioner
21 McGaffigan brought up an indicator that Ontario
22 Power had. I know in times past I've asked about --
23 Finland has some new performance indicators that our
24 counterparts there are using for their plants.

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1 It may be worthwhile to task the staff
2 at some point to come back to us and document to us
3 some of the different areas that they've taken a
4 look at, just so we can get a sense of the breadth
5 in which we're trying to do peer reviews of others
6 who are using performance indicators.

7 CHAIRMAN MESERVE: Good idea.

8 COMMISSIONER DICUS: That follows up on
9 the question that I asked yesterday about -- it was
10 with the industry trends, but I suggested
11 internationally what are you looking at. I think
12 your response was positive, so I think that backs
13 that up.

14 MR. MICHAEL JOHNSON: If I can add one
15 last thing on performance indicators. The agency
16 person on performance indicators, this guy named Don
17 Hickman who is -- who is really recognized as a
18 world expert on performance indicators -- and, in
19 fact, we interact -- he interacts on international
20 -- in international areas with respect to
21 performance indicators with respect to Finland,
22 exchanges with Finland, and those kinds of things.

23 So we'd be happy to get back to the
24 Commission with what we've done and what we've

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1 considered and what we ought to consider as we go
2 forward.

3 CHAIRMAN MESERVE: Let me close with
4 just one final comment. That the tone of the
5 presentation on N+N might leave some of us with the
6 impression that, gee, we made a mistake, and it has
7 created a big problem, or maybe not a big problem.

8 I think that if the resources we've
9 applied are the same, and the effect of it was to
10 increase -- therefore, is to increase the
11 flexibility, and if you're having difficulties
12 within you'd have them even more I think if they
13 were N+1, because you'd have the same work to be
14 done, but you'd have people deployed maybe in the
15 wrong places.

16 Have I misunderstood what your
17 presentation --

18 MR. JON JOHNSON: Oh, it's not that
19 bleak. We wanted to just point out that it does
20 cause more careful managing, as Bill Kane indicated,
21 of the travel, the planning and scheduling of
22 inspections, and the training. And it requires our
23 supervisors and branch chiefs in the regions to look
24 ahead and plan and hire staff ahead of time, so that

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1 they are -- they've gone through the training and
2 they're qualified ahead of time.

3 And, you know, I think --

4 MR. MERSCHOFF: Let me address this.
5 You're exactly right, Chairman. No resources were
6 lost. The decision was made that that N+1 resource
7 would be put in the region where it was more easily
8 fungible and usable. The work wasn't at the site,
9 so that person would have to travel from the site.

10 Now, the fact that many of the N+1
11 residents were lost to the inspection program wasn't
12 really, in my mind, a function of the change to N+1.
13 Since we achieved N+1 through attrition, every one
14 of those that --

15 CHAIRMAN MESERVE: Achieves N, you mean.

16 MR. MERSCHOFF: Achieved N, yes, sir.
17 Through attrition. Each one of those inspectors was
18 scheduled to leave anyway and would have left to the
19 place that he or she ended up going. So it has
20 given us an opportunity to bring more people into
21 the program to achieve some EEO goals in the
22 process. So the net effect from my personal point
23 of view has been positive in moving from N+1 to N.

24 DR. TRAVERS: One thing we were trying
25 to highlight I think is an expectation that we'd

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1 have experienced people available to the regional
2 administrators in the region. And to some extent
3 that hasn't materialized, because of some other good
4 things that have happened -- promotions, movement
5 into the program office, and headquarters, and other
6 things.

7 And so the challenge was to develop new
8 people as the same resource in terms -- and that's a
9 bigger challenge than having experienced people
10 available to the RAs as a function of this change.

11 CHAIRMAN MESERVE: It sounds to me like
12 you have an even greater challenge if we had not
13 made that move, because you now have -- you'd have
14 to do that anyway. These people are going to leave
15 or move on. And you at least have the flexibility
16 to now move people around to where there's the work
17 and where there's the need.

18 MR. JON JOHNSON: Yes, sir. I agree
19 with that.

20 COMMISSIONER MERRIFIELD: Mr. Chairman,
21 unlike Commissioner McGaffigan, I have been a
22 supporter of our change in that area. I had not
23 inferred from the Commission -- from the staff's
24 presentation that particular view, but it's a fair

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1 point one could -- given Commissioner McGaffigan's
2 comments, I guess one could have gone either way.

3 COMMISSIONER MCGAFFIGAN: Could I get a
4 word in edgewise?

5 (Laughter.)

6 COMMISSIONER MERRIFIELD: You already
7 did. I was really responding to you when I --

8 (Laughter.)

9 COMMISSIONER MCGAFFIGAN: It strikes me
10 that maybe the only problem is we don't have enough
11 qualified residents as a total at the moment in the
12 sites and in the headquarters, in which case we did
13 what some of our licensees do at times with senior
14 reactor operators and reactor operators.

15 We didn't have enough classes and we
16 weren't anticipating -- although you -- the staff
17 had been asking to go from N+1 to N really for some
18 period of time, I don't think they had fully thought
19 through the implications. I think you're a little
20 short on qualified residents at the moment. You're
21 going to try to make it up, and in doing so you'll
22 meet some EEO goals, and that's great. But I'm not
23 sure that this was as easy a transition as it was
24 predicted to be.

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1 CHAIRMAN MESERVE: I'd like to thank the
2 staff. This is obviously an enormously important
3 program to the agency, and it's been a very
4 thoughtful presentation. We very much appreciate
5 your work.

6 We now have a second panel that is -- of
7 people who have been involved in the evaluation of
8 the reactor oversight process. Let's give them time
9 to come to the table.

10 We have a second panel that has spawned
11 from the Initial Implementation Evaluation Panel,
12 which was a FACA panel, that was created to
13 systematically evaluate the program. And from that
14 panel we have four individuals who is Loren Plisco,
15 who is the Chairman of the IIEP, who is the Director
16 of the Division of Reactor Projects in Region II;
17 Steve Floyd, who is Director of Regulatory Reform
18 and Strategy for the Nuclear Energy Institute;
19 Richard Hill, General Manager, Support, for the
20 Farley Project, Southern Nuclear Operating Company;
21 and Raymond Shadis, from the New England Coalition
22 on Nuclear Pollution.

23 Welcome, and we very much appreciate
24 your joining us today. Mr. Plisco, why don't you
25 proceed.

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1 MR. PLISCO: Thank you. Good morning.
2 I'm here today with three other members of the
3 Initial Implementation Evaluation Panel to discuss
4 to discuss our conclusions regarding the first
5 year's implementation of the reactor oversight
6 process.

7 This was the second Federal Advisory
8 Committee Act panel to review the reactor oversight
9 process. The pilot plan evaluation panel reviewed
10 the results of the six-month pilot program at eight
11 sites in 1999. But we had the advantage of
12 evaluating experiences from the year-long nationwide
13 implementation, where we exercised many more
14 elements of the process.

15 The makeup of this second panel was very
16 similar to the first panel. We had 16 members,
17 including NRC managers from each regional office, a
18 director in the Office of Enforcement, four utility
19 managers, two state representatives -- California
20 and Georgia -- the Nuclear Energy Institute, two
21 public stakeholders, and an NRC senior resident
22 inspector and senior reactor analyst. Three of
23 these panel members were members of the previous
24 panel and provided some continuity for us.

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1 The panel had six meetings from November
2 of 2000 to April of 2001. The panel members brought
3 their own experiences with the oversight process
4 through the first year's implementation. They
5 brought the experiences of their organizations that
6 they represented.

7 But we also invited other groups to
8 present their views about the process to the panel.
9 For example, we heard from the Union of Concerned
10 Scientists, the states of Illinois, Pennsylvania,
11 New Jersey, Vermont, the Nuclear Energy Institute,
12 and we had a panel of public affairs officials and
13 union representatives, and panel of senior reactor
14 analysts, and a panel of senior resident inspectors.

15 We also had many discussions with the
16 NRR staff regarding the status of the oversight
17 process and a self-assessment program. I did want
18 to note in the senior resident inspector panel we
19 made sure we had some of the 12 percent in that
20 group that we talked about earlier.

21 We had three objectives. The first was
22 to determine whether the reactor oversight process
23 is achieving the agency's goals. The second is
24 whether the more significant problem areas have been
25 identified. And, third, was whether the NRC has

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1 developed a sound self-assessment program to look at
2 the program in the future.

3 Overall, the panel concluded that the
4 new program is a notable improvement over the
5 previous licensee performance assessment program and
6 that it should be continued. We also found that the
7 program has made progress toward achieving the
8 agency's four performance goals, and that the
9 process is more objective, risk-informed,
10 predictable, and understandable.

11 As you would expect by the members that
12 were on the panel, we focused our efforts really on
13 how the staff could improve the program. We
14 provided 25 recommendations to improve the reactor
15 oversight process in our report.

16 Although the panel reached consensus on
17 the recommendations in our report, I must say that
18 the reasons for each individual's agreement may be
19 quite different from another individual. In most
20 cases, these same problem areas had also been
21 identified by the staff through the self-assessment
22 process and stakeholder feedback that was received.

23 We concluded that the self-assessment
24 program has the necessary elements to evaluate the
25 oversight process in the future. However, we

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1 couldn't evaluate the effectiveness of the program
2 given that much of the assessment data wasn't
3 available to us by the time we were concluding our
4 review.

5 As we evaluated all of the issues raised
6 by the panel members and the presenters, we noted
7 three common themes which the panel termed
8 "tensions" that contributed to many of the issues
9 regarding the process. And I want to take a minute
10 to discuss those.

11 The first was maintaining safety rather
12 than improving safety. The staff designed a process
13 to maintain safety as specified in the NRC strategic
14 plan. However, some public stakeholders stated that
15 they did not believe current nuclear industry
16 performance is sufficient, and others stated that
17 the NRC should continue to strive for more
18 improvements, and some even recommended we strive
19 for excellence in industry performance.

20 This disagreement with the agency's goal
21 could limit the confidence of some members of the
22 public in that process and really led to some of
23 what I call "rubs" between the views of the public
24 stakeholders and where the program is going.

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1 The second area is applying risk-
2 informed regulation rather than a deterministic
3 regulation process. The reactor oversight process
4 is ahead of many other regulatory processes in the
5 use of risk insights. The licensees and inspectors
6 have had practical difficulties in carrying out the
7 risk-informed reactor oversight process in a
8 deterministic regulatory framework. Over the long
9 term, the staff efforts to risk-inform the
10 regulations should close this gap.

11 The third area was using indicative
12 measures of performance rather than predictive
13 measures of performance. The reactor oversight
14 process is structured on the premise that a
15 licensee's corrective action program can address
16 low-level issues without NRC involvement, and that
17 performance degradations will progress across the
18 action matrix, allowing NRC involvement, rather than
19 jump from the licensee response column to the
20 unacceptable performance column.

21 Many of the internal and external
22 concerns regarding the cross-cutting issues and
23 inspection report thresholds that you heard about
24 come from skepticism about these assumptions from
25 some stakeholders.

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1 These tensions, since they are created
2 by the fundamental unknowns of the oversight
3 process, are likely to limit what some may consider
4 complete success with regard to achieving all of the
5 agency goals across the board, in some people's
6 eyes. On the other hand, the panel discussed that
7 in some respects this tension is beneficial because
8 it really is a forcing function for continued
9 questioning and evaluation of the oversight process
10 and the premises behind the process.

11 In closing, I'd like to recognize the
12 dedicated effort by the panel members, the NRC staff
13 who supported the panel, and the many stakeholders
14 who presented their views to the panel.

15 CHAIRMAN MESERVE: Unless there are
16 specific questions for me, I will turn the
17 discussion over to Stephen Floyd, and when we finish
18 the statements, then we will have a round of
19 questions directed at all of you.

20 Mr. Floyd.

21 MR. FLOYD: Good morning, Mr. Chairman,
22 and Commissioners. I will give you my bottom line
23 first. The industry does believe that the new
24 reactor oversight process is a significant
25 improvement over the previous process.

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1 We find it to be far more repeatable,
2 and far more predictable, with the objective
3 evaluation tools that are impeded in it, and it is
4 much more risk informed, which we think is probably
5 one of the most important aspects of the new
6 process.

7 With respect -- if I could have slide
8 two. With respect to the initial implementation
9 evaluation process, while it was painful to sit
10 through the length of some of the meetings that we
11 had, and the number of meetings that we had, I did
12 find overall that it was a very effective vehicle
13 for addressing divergent views.

14 And we did have a lot of divergent views
15 and a lot of divergent opinions about the various
16 topics that we discussed in the meeting. But
17 nonetheless I thought -- I was very impressed with
18 the professionalism of all of the members on the
19 panel, and I think that everybody on the panel had a
20 more than ample opportunity to raise their opinions.

21 And I thought the rest of the members of
22 the panel were very willing to listen and try to
23 understand the opposing views, and to try and come
24 up with a final report, with a set of

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1 recommendations that addressed everybody's views,
2 and I think overall that objective was met.

3 For slide number three, I would like to
4 switch now to some of the key areas for improvement.
5 As has been mentioned several times, this is a work
6 in progress, and while it is much improved, it
7 certainly is not perfect, and never will be.

8 But we are very pleased to see in SECY
9 paper that the staff recognizes the need for
10 continued periodic assessments of the effectiveness
11 of the process, and to constantly look for
12 improvements in it. We think that is a key element
13 in this.

14 One of the issues that we think is
15 important to look at is the parity of the
16 significance of thresholds that are used in both
17 performance indicators and the significance of
18 termination process.

19 While a lot of effort went into the
20 early construct of this program, it still is not --
21 I don't think there is a complete parity obviously
22 between a yellow in some of the more qualitative
23 significance processes, and what a yellow means, and
24 perhaps the risk reactor or safety performance

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1 indicator results, which can be much more
2 quantified.

3 There is some disconnects there which we
4 ought to continue to work on so that we don't send
5 mixed messages out. With respect to performance
6 indicators for Corrective Action Programs, we really
7 believe that there are a number of performance
8 indicators already imbedded in the program for a
9 corrective action program.

10 The combination of the 18 performance
11 indicators, and the 28, 4 times 7, cornerstone
12 areas, gives a good sense for what is going on in
13 the Corrective Action Program.

14 We took a look at the data from the
15 first year of implementation of the program, and
16 what we looked for were negative comments in
17 inspection reports regarding deficiencies in
18 licensee's correction action programs.

19 We looked at those by action matrix
20 columns, and what we are finding is that for the
21 plants that are in the Licensee Response column,
22 there is about one-and-a-half negative comments in
23 the inspection reports regarding corrective action
24 programs.

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1 And if you move over to the next column,
2 the regulator response column, that jumps to about
3 an average of about three comments. If you go to
4 the next column over, it jumps up to about six
5 comments per plant.

6 And we only had one plant that was in
7 the multiple degraded cornerstone, but they had 10
8 negative comments over the course of the inspection
9 year regarding the corrective action program.

10 Most of those negative comments by the
11 way were not on the subject which caused them to
12 trip the threshold. They were on green finding
13 areas, which where the corrective action program was
14 found to be a contributing factor to that condition.

15 So we actually think imbedded in the
16 program and in the construct of the program, the
17 performance indicator results, and the inspection
18 finding results serve as a performance indicator for
19 the corrective action program.

20 And we are not sure how you would
21 develop a metric that would actually do a much
22 better job than actually looking at what the purpose
23 of the correction action program is in the first
24 place, and that is trying to find problems early on,

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1 and address them, and take care of them before they
2 become significant.

3 The next issue we have is resolving
4 consistencies amongst the unavailability
5 definitions. This really has been a topic
6 throughout the entire program, and it has come up at
7 every workshop, and every NRC public workshop.

8 We have had three meetings so far this
9 year devoted just to this topic, three public
10 meetings. We think that all of the issues are not
11 on the table that need to be factored into a
12 decision, and we really encourage the need to get on
13 with making a decision.

14 We think that a decision one way or the
15 other could be made in relatively short order, and
16 if one could be made favorably to try to come up
17 with a common definition, we would like to shoot for
18 a pilot beginning January of next year to start
19 piloting that effort, and we think that is
20 achievable.

21 I won't comment on the next point as
22 that has already been discussed by the staff. The
23 next slide is the consideration of licensee self-
24 assessments.

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1 We think that this is an area where
2 there could be some efficiency improvements put into
3 the program. This was an element that was part of
4 the previous oversight program that the staff had,
5 where under certain limited conditions, with a set
6 of criterion, and where the staff looked at the
7 qualifications of the licensees' staff that was
8 going to do the self-assessment, the cope of the
9 inspection, and the likely conduct of the
10 inspection, as well as overiewing the results, the
11 staff made a determination whether or not they
12 needed to come in a do an investigation that would
13 have largely looked at the same areas that the
14 licensee had just done.

15 And we think that there is a number of
16 opportunities where the staff could use a similar
17 process in the new oversight process. We understand
18 the logic for the first year in not doing this, and
19 that you wanted to establish a base line, and treat
20 everybody very uniformly during the first year to
21 see what the program was telling you with regards to
22 the effectiveness of the new program.

23 But we think now that you could
24 introduce some efficiencies to credit for licensee

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1 self-assessment under a well-defined set of
2 circumstances.

3 On the significance determination
4 process area, the fire protection one does in our
5 view need to be simplified even further. There have
6 been some recent changes made to the fire protection
7 SDP, and the fire protection and PRA people in the
8 industry tell us that it is significantly improved
9 and much easier to use than the previous one.

10

11 The area of biggest improvement that
12 probably still needs to be made is a better
13 determination of what is the fire initiating event
14 frequency which needs to be factored in and how do
15 you measure that.

16 The security one, as we all know, that
17 one was broken from the get-go with the original one
18 that was tied to the reactor safety one. The
19 interim SDP that has been recently promulgated
20 provides some near term stability to the process,
21 but we are looking forward to a final SDP that
22 mirrors the resolution of the rule making which is
23 ongoing in that area.

24 And in the ALARA area, the biggest
25 concern there for the industry -- and I think we are

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1 on a path to come up with an improvement in this
2 area as well -- is that the current SDP treats a
3 plant differently if they happen to be in the fourth
4 quartile with respect to total dose exposure at the
5 site.

6 And what we are really seeing is that
7 unlike in the past history, today there is not a
8 significant difference between the plants that are
9 in the first and third quartile, and never mind the
10 third and fourth quartile, in terms of total dose
11 exposure.

12 And a single leaking fuel assembly
13 unexpected can easily put a plant from the second
14 quartile to fourth quartile. And we don't think
15 that ought to be an influencing factor on how good
16 of ALARA program they should be doing.

17 We think that people who are in all
18 quartiles, in terms of total dose exposure, ought to
19 have an effective ALARA program, and be assessing
20 that, and looking for improvements in it, and
21 correcting deficiencies.

22 So I think the thrust of the new ALARA
23 SDP should really focus on how well a job is a
24 licensee doing in carrying out their program, and
25 when deficiencies are found how effective is

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1 management oversight in getting those deficiencies
2 resolved and corrected, and less focused on what is
3 the total exposure at the plant.

4 I think just a word about the Phase Two
5 work sheets if I could. The initial round of those
6 Phase Two work sheets that came out did have some
7 significant deficiencies.

8 The feedback that we are getting now is
9 that on the enhanced Phase Two work sheets that are
10 being promulgated now -- and in fact most of them
11 are out -- the licensee thinks they are
12 significantly improved and seeing far less
13 disconnects between their PRAs at the site and the
14 enhanced Phase Two work sheets

15 And in our industry workshops and in our
16 meetings with our chief nuclear offices, we have
17 urged the licensees to take a good hard look at
18 those enhanced Phase Two work sheets as they get
19 promulgated, and to please flag very early to the
20 SRAs at the regions any disconnects that they see so
21 that they can get resolved and addressed before they
22 have to be applied. It is kind of hard once you
23 reach that stage.

24 The last slide, our overall conclusions.
25 We agree with the comments that were made at the

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1 outset that the first year of implementation
2 exceeded expectations, and it really did exceed
3 industry expectations as well.

4 We think that a tremendous amount of
5 credit needs to go to the staff and the management
6 of the staff are putting in place as expansive a
7 program as this.

8 It was done very professionally. I
9 think it was done with the interest of genuinely
10 trying to get as much stakeholder involvement as
11 possible, and to try and get a fair hearing of
12 everybody's views on that.

13 We think overall that the program is
14 meeting the agency objectives. The industry is very
15 committed to making the process work. One of the
16 key elements in the new process is the importance of
17 a corrective action program and self-assessment
18 capability at the site.

19 And we have taken a number of measures
20 within the industry to bolster that activity and put
21 more attention on that, and I think that is starting
22 to pay dividends as well.

23 As I mentioned, it is a work in
24 progress. There is further refinements to go, but I
25 think the defined process that is in Manual Chapter

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1 0608 for evaluating future changes to the program,
2 and that is a very disciplined instruction process,
3 will ensure again the same give and take, and the
4 same consideration of diversity of views that set
5 the original program in place.

6 And that will also be addressed through
7 any changes that are put in place, and that
8 concludes my remarks. Thank you.

9 CHAIRMAN MESERVE: Thank you very much.
10 Mr. Hill.

11 MR. HILL: Good morning, Mr. Chairman,
12 and Commissioners. I agree with Mr. Floyd's
13 comments that the reactor oversight process is a
14 notable improvement over the previous licensee
15 performance assessment program.

16 I also agree that the initial
17 implementation evaluation panel that I was on was an
18 effective vehicle for addressing divergent views,
19 and that there are some areas of improvement as
20 identified by Mr. Floyd.

21 However, there are two areas of concern
22 that I would like to take this opportunity to
23 address. Southern Nuclear opposes the use of the
24 current unplanned power change performance

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1 indicator, as well as replacement, that is under
2 consideration.

3 In the past the industry would postpone
4 corrective maintenance on certain equipment
5 deficiencies, and continue an acceptable operation
6 based on risk.

7 However, in today's competitive
8 generation involvement, the industry places more
9 emphasis than ever before on improved reliability of
10 the plant for optimum performance at peak electrical
11 periods, utilizing a performance indicator to
12 monitor decisions based on its competitive market
13 reason seems to be an inappropriate use of assessing
14 performance within a regulatory framework.

15 The second area of concern is that
16 Southern Nuclear agrees with the industry position
17 taken in the May 19th, 2000 letter from Messrs.
18 Pate, Rhodes and Collins to the Chairman, which
19 states, "There is a significant level of concern
20 within the industry over the possibility of
21 unintended consequences that may result from the use
22 of the performance indicators that counts SCRAMs.
23 We continue to oppose the counting of annual SCRAMs
24 due to the possibility unintended consequences."

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1 I appreciate the opportunity to
2 participate on the panel, as well as the opportunity
3 to address these two specific concerns that Southern
4 Nuclear has with the reactor oversight process.

5 Thank you.

6 CHAIRMAN MESERVE: Thank you. Mr.
7 Shadis.

8 MR. SHADIS: Thank you. Good morning,
9 Mr. Chairman and Commissioners. As you know, I
10 replaced or at least took the seat of David Lochbaum
11 on the panel. Mr. Lochbaum left feeling -- I think
12 something like a minority of one with respect to the
13 orientation of the panel as regards pro-safety or in
14 getting on with the program.

15 I don't have a problem serving as a
16 minority of one. I serve as a minority of one on
17 our local citizens advisory panel in
18 decommissioning. I am the only person of anti-
19 nuclear persuasion there, and I am kind of getting
20 used to it.

21 The panel was something of a surprise to
22 me, in that it was a departure from my previous
23 experience with various NRC activities. In that,
24 panel members, including the NRC support staff, were
25 quite solicitous of getting my input.

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1 They were quite tolerant of my opposing
2 view comments, and that was much appreciated. In
3 addition to that -- and this is maybe the most
4 outstanding difference, but in the past in many NRC
5 activities, we submitted comments, and then we
6 failed to see them reflected anywhere in any
7 subsequent documents.

8 The report of the panel, upon my reading
9 of it, reflects not only my own input in various
10 areas, but the input of other stakeholders, external
11 stakeholders; the State people that came in, Mr.
12 Lochbaum.

13 So I was really pleased to see that
14 reflected in the document. The reactor oversight
15 process itself is problematic for us, and a part of
16 this may be just the cultural shift.

17 We are asked to compare the previous
18 process, the SALP process, with the reactor
19 oversight process, and everyone agrees that the
20 reactor oversight process is an improvement.

21 The question is, is that the damnation
22 with faint praise, because many of had almost zero
23 respect for the previous process. Now, we may be on
24 the road to somewhere, but even making those
25 comparisons is difficult.

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1 And that was illustrated in yesterday's
2 meeting, in that we have a previous assessment
3 process using specific terminology, and specific
4 methodology to see where we were with reactor
5 oversight.

6 And we shift to a new process and now we
7 have a new way of measuring. We have a new set of
8 terminology, and the comparisons are difficult to
9 make.

10 And one specific example of that that
11 interested me was that in reading NUREG 1275 on
12 design basis issues, that document drew a fairly
13 tight correlation between the number of engineering
14 and design inspection hours expended, and the number
15 of design basis issues that emerged.

16 It makes sense. If you look, you are
17 going to find stuff, and if you don't look, you
18 definitely are not going to find stuff. So one of
19 the inquiries we made toward the close of the IIEB
20 process was whether or not in the current round, the
21 first year of experience, we had increased or
22 decreased the number of engineering inspection
23 hours.

24 And that information was not readily
25 available. For one thing, the group that put

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1 together NUREG 1275 had their set of criteria for
2 how you define engineering inspection hours and
3 design inspection hours.

4 That set of criteria was not being used
5 in any case, and couldn't be found in the review
6 process for the reactor oversight process, and as of
7 3 or 4 days ago, we still had not combed out enough
8 information to make a comparison, or at least I
9 didn't.

10 I had been asking for it, and the NRC
11 support staff had been looking for it, and it had
12 not come into our hands. So the elemental question
13 with respect to these design basis issues are then
14 are we looking, and are we looking as hard as we
15 ever used to, or should we be looking harder.

16 And that is hard to get a grip on
17 because of the change in methodology and terminology,
18 and not to be too facetious about it, but I was
19 going to suggest perhaps the inauguration of an
20 Office of Policy Terminology HDR verification
21 reconciliation.

22 COMMISSIONER MCGAFFIGAN: What's the --

23 MR. SHADIS: Well, if you shifted those
24 around, you could probably come up with new some
25 vulgar acronym for it

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1 COMMISSIONER DICUS: Not ESP?

2 MR. SHADIS: Well, if you were
3 interested in convincing the public that you are
4 doing a good job on reactor oversight process, your
5 activities have to be translatable to a public kind
6 of common sense.

7 And I ran into a definition of science,
8 and I heard some laudatory things about science.
9 But I ran into a definition of science the other day
10 from Mr. Einstein, and he said it was an extension
11 of every day thinking, a refinement of every day
12 thinking.

13 And people out there should not assume
14 that things have to be explained in simplistic
15 terms, or that people need to be talked down to in
16 order to get an explanation to them.

17 It may be that in their own way that the
18 general run of public, as disinterested as they are
19 on this issue, they may have a better handle on the
20 language than what happens to the language when we
21 try to bring in every little single consideration,
22 and we build a technical nomenclature.

23 Dealing with the PRAs, and the SDPs, and
24 the kind of reasoning that gets wrapped in it, and

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1 it reminds me of an attorney that we had, who said
2 that this area of the law is vague and murky.

3 It is not as crystal and clear from the
4 outside as you might guess, and so in trying to get
5 these various initiatives, going back to our own
6 experience in Maine with the Independent Safety
7 Assessment Team, and stepping forward to the reactor
8 oversight process, what I ran into was a continual
9 set of hurdles in changing vocabulary, in changing
10 designations for various activities, of augmented
11 inspection teams, of diagnostic evaluation teams and
12 so on and shifting policy also.

13 It was all very difficult to track, and
14 I am suggesting to you, and I don't know the real
15 answer to this, but I think something really needs
16 to be done seriously, in terms of reconciling what
17 has gone on in the past, and what is going on now,
18 in order to make the transitions understandable and
19 scrutable. It is not happening.

20 One of the things that we tried to get
21 to in our written comments was the notion that a
22 little experience can replace an awful lot of
23 theory, and also an awful lot of theoretical
24 analysis can be replaced by just a little bit of
25 experience.

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1 And if that were not the case, there
2 would be no problems with the Osprey vertical take-
3 off aircraft. There would be probably no problems
4 with the Firestone tire/Ford Explorer controversy,
5 because someone at some point pushed a button on
6 their computer and came up with an analysis that
7 said that those problems wouldn't happen.

8 And I think ultimately there is nothing
9 like taking a look and finding what is actually
10 physically in front of us. The example was brought
11 up yesterday when the question was raised that if
12 there was interaction between the NRC staff and
13 foreign nuclear operators with respect to certain
14 experiences.

15 And the example that was brought up here
16 was about interaction with the France on control rod
17 drive mechanisms, and the cracking around vessel
18 head penetration.

19 I get accused of digging up ancient
20 history, but that is ancient history. That was
21 first brought to our attention as activists by
22 Greenpeace in 1995, I think.

23 Shortly thereafter, we saw an NRC paper
24 pop up on it, and that issue has been kicking
25 around. The interesting thing for me in that is

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1 that the French -- and you may know the history of
2 this, and bear with me if I am repeating stuff you
3 know.

4 But the French found the first
5 indications of cracking in the reactor head
6 penetrations by pressure testing. Not doing an
7 ASME-approved code -- you know, computer
8 examination, but actually physically pressure
9 testing to in excess of operating pressures.

10 And I don't know if they went up by -- I
11 think they went up by a factor of two if I recall
12 correctly, and then they discovered the cracks. In
13 fact, some elements within the French reactor
14 community were complaining that that pressure
15 testing in excess of anything that they could expect
16 in operating pressure had caused the cracks, and
17 that operating pressure they had not defined.

18 Our sense was that -- and we had pushed
19 by the way, and this is also ancient history, but it
20 sets an example. We had pushed in the Maine Yankee
21 experience when they did their tubes leaving steam
22 generators.

23 We had pushed that before restart that
24 they ought to physically do a hydrostatic pressure

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1 test, and it was roundly refused not only by the
2 utility, but by the NRC.

3 Our sense is that there is a reason that
4 we need on occasion to check physically as to
5 whether or not our calculations and our theories are
6 correct.

7 And it is more than just record keeping.
8 We have a very nice set of numbers now, and even
9 though the curves -- I noticed that they were drawn
10 with a certain amount of artistic liberty, and this
11 downhill run of curves that indicates that the
12 industry is doing a much better job.

13 But this is reporting, and the question
14 is what are the parameters of reporting, and what
15 are the categories. Are they set up so as to give
16 us predictable results.

17 And to our sense, the only way to really
18 prove this is to take a long hard look. In our
19 written comment -- and I am done, but in our written
20 comment we raised the question of the Maine Yankee
21 ISAT, which is somewhere back at the beginning of
22 the history of this long trail of evolution.

23 It was one of those watershed events, a
24 nd that particular inspection took 17,000 man-hours,

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1 and 4,500 hours were expended on-site physically
2 examining the plant.

3 It was confined to two systems in their
4 entirety. Let's see. What were those. Yes,
5 service water and the HPSI systems were done in
6 their entirety, and partial examinations on two more
7 systems, the auxiliary feed water, and emergency
8 diesel generators.

9 And a raft of stuff that came out was
10 simply overwhelming on four systems out of roughly
11 30. So when you are talking now about doing
12 whatever the new word for augmented inspections is
13 -- the inspection, for example, at IP-2.

14 You are not even in the same ballpark as
15 what was done there, and it comes down to the very
16 simple argument that if you want to find stuff,
17 which ought to be one of the principal -- or at
18 least I think, one of the principal occupations of
19 regulators, if you want to find stuff, you have to
20 look hard.

21 And if we are not going to look hard,
22 physically look hard and examine, we can condense
23 ourselves that we are moving right along, and making
24 great improvements every day.

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1 Commissioner Peter Bradford recently
2 spoke in Vermont, and his comment was that the
3 current atmosphere in the agency was deja vu, and it
4 reminded him very much of the pre-1979 era.

5 So with that cautionary note, I am going
6 to close. Thank you.

7 CHAIRMAN MESERVE: Thank you.
8 Commissioner McGaffigan.

9 COMMISSIONER MCGAFFIGAN: I always get a
10 touch time to start. Mr. Shadis, why don't I start
11 where you left off. I obviously disagree with
12 former Commissioner Bradford.

13 And the other comment I would make is
14 that we do have these curves and that most of them
15 are flatlined, and we were talking yesterday about
16 exponential decay curves, which we had some
17 discussion about.

18 But licensees fall though far more
19 performance indicators than that. I mean -- and I
20 think their own experience is that they are
21 striving, and in many cases achieving, and in their
22 own performance indicators you have better
23 performance.

24 They do have an economic interest in
25 these plants. Almost all of them are seeking

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1 license renewal, and perhaps all of the existing
2 plants.

3 So if they plan to operate them for 60
4 years and do it well and economically, there is a
5 nexus between safety and economics. So I couldn't
6 see -- I mean, this is by no means a situation of
7 pre-1979.

8 So why I don't ask you to flush out -- I
9 mean, you say we could do more. We could require
10 massive inspections of these plants, and that would
11 require massive dollars and massive resources. I
12 don't know that we have a basis.

13 I mean, we had a pretty good basis back
14 in '79 after TMI. I mean, the industry itself would
15 say that their performance indicated things were
16 pretty miserable at that point. But what would be
17 the basis for massive inspections today?

18 MR. SHADIS: The direct answer to your
19 question is that we are not suggesting massive
20 numbers of inspections, although it certainly would
21 go a long way to proving what you have in hand if
22 you were to do a few random inspections.

23 And there was that interim independent
24 safety assessment done in 1996, and not so far back,

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1 and that was done I believe under political
2 motivation, which is a good reason to do things.

3 COMMISSIONER MCGAFFIGAN: The interim
4 what?

5 MR. SHADIS: The interim period between
6 1979 and the present.

7 COMMISSIONER MCGAFFIGAN: Right. We did
8 what?

9 MR. SHADIS: You did an independent
10 safety assessment at Maine Yankee.

11 COMMISSIONER MCGAFFIGAN: Right.

12 MR. SHADIS: And that is the massive, or
13 single massive --

14 COMMISSIONER MCGAFFIGAN: Well, we did
15 other massive inspections at D.C. Cook, and at --

16 MR. SHADIS: Millstone.

17 COMMISSIONER MCGAFFIGAN: At Millstone,
18 et cetera, where we thought there were significant
19 problems that had self-identified themselves, or
20 that our inspectors found.

21 I mean, if we do find -- and we went
22 through a 54.F process, licensees invested massive
23 resources in the 1996/1997 time frame, you are
24 questioning all of that.

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1 But we have to follow, I think, the
2 indicators where they lead us, and if we are -- I
3 mean, I just don't know that we are in anything like
4 the situation we were with Maine Yankee, or
5 Millstone, or in fact we did do as the staff would
6 say, but we did do -- and not in every plant, but we
7 did some additional design basis inspections.

8 The only place we found significant
9 problems was D.C. Cook. I forget now many there
10 were in addition to the ones that got on the pages
11 of the paper, and not in the depth. I mean, we
12 weren't looking at every system.

13 But we did design basis inspections, and
14 we weren't finding anything except D.C. Cook, and we
15 as a Commission, I think before the Chairman's time,
16 decided to terminate the effort and roll it back
17 into the normal inspection process, because we
18 thought we had turned -- you know, we had made a
19 judgment that we had turned up what we were going to
20 turn up.

21 And that those are judgments that we
22 have to make with finite resources. Why don't I go
23 on to Mr. Floyd. In terms of -- well, this look-
24 back issue that you talked about, and the staff was

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1 talking about, what is your proposal with regard to
2 look-back?

3 If you get what I want, which is every
4 quarter on the webpage, just like every year of
5 major league baseball on the webpage, the public is
6 going to be able to look back at the previous
7 quarter anyways.

8 So would you just carry -- I guess the
9 issue is for Pis, but it is for inspection findings.
10 Would you carry still the inspection findings?

11 I mean, the red one would carry forward
12 how many quarters, and the yellow how many, and the
13 white how many, and the green how many. Do you have
14 a proposal?

15 MR. FLOYD: No, we don't have a concrete
16 proposal. I know that some folks in the industry
17 think that maybe the red ought to stay on there for
18 four quarters, and maybe the yellow would stay on
19 there for three quarters, and the white would stay
20 on for two quarters. I think we would have to talk
21 a look at that, and see.

22 COMMISSIONER MCGAFFIGAN: Okay. There
23 is a -- it is almost like a -- well, I sense a
24 little bit of deja vu since it would be the old SALP

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1 process in some sense, because people are anxious to
2 get these things off the page.

3 In fact, Calloway, I believe, helped --
4 you know, they wanted the world to know that their
5 ALARA white, three white findings, were going to
6 rotate as of August 8th when the next indicators go
7 up, and they will have a green board at that point,
8 at least on the inspection findings.

9 So I think people are pointing to it.
10 As I said, I think it is a fairly moot issue if we
11 can in fact get all the quarters on the webpage, and
12 then people can just look back and see when the
13 event occurred, and see what we graded it at the
14 time.

15 MR. FLOYD: I think one of the
16 challenges in trying to decide when to roll off the
17 inspection findings is the fact that not every
18 inspection module gets examined every quarter,
19 unlike the Pis, where every quarter you do update
20 the PI information.

21 So in some cases it is very appropriate
22 to keep it on for four quarters because it may be
23 the only time during the year that that area was
24 looked at and inspected.

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1 On the performance indicators, you are
2 certainly right that on the top block of the very
3 first page, you are only seeing the most recent
4 outcome of that performance indicator.

5 But if you click on it, you can see at
6 least a 12, and in some cases at least a 36 month
7 look at what the indicator result would have been in
8 previous quarters. But it does require drilling
9 down one level.

10 COMMISSIONER MCGAFFIGAN: It requires
11 drilling down and as a former busy Congressional
12 staffer or whatever, I would prefer to just be able
13 to click back on quarters, or I think that is
14 probably the way the public is.

15 They just want to see what it was like
16 for a previous quarter without having to do the
17 information themselves. In light of the time, Mr.
18 Chairman, I think I will just leave it like that.

19 CHAIRMAN MESERVE: Commissioner
20 Merrifield.

21 COMMISSIONER MERRIFIELD: Yes. Mr.
22 Shadis, I appreciate your comments regarding the
23 language we use and the way in which we use it
24 around here.

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1 I think there is a balance that we try
2 to achieve, and we obviously are a very technical
3 agency, with highly skilled people, who can talk at
4 an extremely high level.

5 I think the Commission has encouraged
6 our staff through our plain English initiative to
7 try to capture those in a way which is
8 understandable to an average member of the public.

9 Now, obviously one has to be careful
10 about not overreaching that in that respect, and
11 talking down, or using language that's too base in
12 that respect. But I just wanted to comment on that,
13 and I appreciate your comments, sir, and I think it
14 is a continuing evolution we have to make sure that
15 we are getting it right.

16 I do appreciate -- and I know before of
17 the time that you spent on the IEP. You made some
18 very positive comments about the process itself, and
19 similarly we received very positive comments about
20 the activities of all the participants, including
21 you.

22 Looking forward, one of the decisions
23 that we are going to have to make is what is the
24 appropriate nexus for having a continuing ability to
25 sample and judge our process going forward.

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1 One way is to do it using a FACA panel,
2 such as this, and which can be quite expensive, and
3 time consuming for our staff. There are obviously
4 other ways of doing that which would engage
5 stakeholders, including yourself, and/or others.

6 Any sense of whether it has got to be
7 FACA-like going forward, or whether there are some
8 other ways we can achieve the same results without
9 the duplicity of complexity and costs.

10 MR. SHADIS: Well, I think that a loose
11 poll of our panel members would tell you that it
12 would be pretty hard to get them to serve again.

13 (Laughter.)

14 MR. PLISCO: We did take a vote on who
15 would be in the next panel.

16 MR. SHADIS: We all had a good time,
17 thank you very much, but it is time consuming and
18 extreme, and I have two banker boxes full of paper
19 at home as a result of involvement with this panel.

20 So it is burdensome and it may not be
21 the most efficient way either of doing things, and I
22 am not sure what the answer is, but we can do better
23 with our electronic communications certainly.

24 And we ought to think about doing some
25 of these meetings with some sort of live electronic

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1 hookup so that people don't have to travel and can
2 still comment.

3 And the other thing that would help,
4 too, would be trying to apply those plain language
5 initiatives to the documentation as it moves forward
6 so that it is a little easier to follow.

7 And those issues that are high profile
8 things, we would like to be able to get a handle on
9 them a little quicker and a little better.
10 Monticello, for example, and the recent bellows
11 compression thing. And we would be interested to
12 see how that is rated in the new program.

13 COMMISSIONER MERRIFIELD: That's a fair
14 comment. As you go back to Maine and enjoy the
15 summer, which is much more pleasant than those that
16 we have here in D.C., if you have heard the
17 reflections on how we may improve our process,
18 either as it relates to these panels, and the
19 stakeholder involvement, or the way in which we
20 communicate, this would be helpful to receive
21 further comment from you.

22 Mr. Floyd, we had some specific comments
23 from Mr. Hill that were indicative of supporting
24 where NEI was on the testimony that you made, but
25 some refinements and some concerns that Southern

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1 Nuclear had in particular about a couple of the
2 performance indicators.

3 And in both of those cases, those are
4 areas where I think the Commission has engaged quite
5 rigorously previously, and the staff has engaged
6 with NEI to try to see if we can revolve that
7 through pilots and through delving in some other
8 issues.

9 I guess I would turn the question back
10 around since Mr. Hill thought it was important to
11 characterize those as an opinion of Southern, and
12 distinguish it from NEI.

13 And I am wondering on the flip side what
14 is the official NEI position regarding some of the
15 issues that Mr. Hill as raised?

16 MR. FLOYD: Well, I would say that where
17 we are right today is that there is a process that
18 has been establish, the pilot process. It had
19 established evaluation criteria for it.

20 What needs to be done now is to step
21 back and take a look at what the evaluation against
22 the criteria tells us about the replacement
23 indicators.

24 Both the replacement for the SCRAM on an
25 in-plant power change one, which has yet to be

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1 piloted, but nonetheless is in an effort to try to
2 initiate a pilot.

3 As I mentioned the Manual Chapter 0608,
4 which the staff has developed, I think provides a
5 very disciplined process, and requires the
6 establishment of performance criteria against which
7 to evaluate changes to the program.

8 And our encouragement is the staff needs
9 to follow the process and let the answer come up to
10 what they think the answer is when you do follow the
11 process.

12 COMMISSIONER MERRIFIELD: Do you think
13 our staff is being prejudgmental in terms of its
14 analysis in that area, or is it really trying to see
15 if we can identify different ways of solving this --

16 MR. FLOYD: Oh, I think they are being
17 very open to looking at alternatives, and I don't
18 think there is any prejudice on their part or any
19 indicators.

20 We have had some very frank discussions
21 on both of those indicators, and an extensive give
22 and take over the last year on both of those, and I
23 haven't seen any reluctance to consider alternatives
24 at all.

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1 CHAIRMAN MERRIFIELD: I don't know if I
2 am going to have the last word on this particular
3 one, but I do have to say that we had a discourse
4 about resident inspectors early, and I do want to
5 see party shot, and that is that I have had the
6 pleasure of meeting at this point over a hundred of
7 our resident inspectors.

8 And I think we all recognize the value
9 for which they serve, in terms of being the
10 sentinels of safety in this agency. I want to
11 compliment our regional administrators, in terms
12 that they have brought a -- you know, in terms of
13 the changeover that we have had -- and obviously
14 those are areas where we do get some new people.

15 But the high quality of those
16 individuals and the degree of increasing diversity
17 we have among those individuals is I think
18 reflective of a significant effort on the part of
19 our regional administrators to make sure that those
20 people are of the highest quality.

21 And I think that they may have to try
22 harder to make sure that we fill those slots is what
23 Commissioner McGaffigan has asserted. But in terms
24 of the people that we are actually getting, I think
25 they are terrific.

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1 MR. FLOYD: Thank you, Mr. Chairman.

2 CHAIRMAN MESERVE: The SECY paper
3 associated with this meeting, of course, attach not
4 only your report, but as Attachment 5 included the
5 staff's response to your report.

6 And I would be interested in whether you
7 have any reactions to the staff's response, and is
8 there anything in there that disappoints you, or
9 suggests that the staff had not understood what you
10 said, or intended to say, or do you have any
11 comments on what the staff's reaction to all the
12 work that you have done?

13 MR. PLISCO: I can say that I have read
14 through the response, and my reading of their
15 response is that they understood clearly what the
16 issues are, and their response is reflective of our
17 comments.

18 And as I said earlier, we worked closely
19 with the staff all through our meetings because they
20 were at most of our meetings, and I think we spent a
21 lot of time explaining to them the perspectives of
22 the panel members of what our issues are.

23 So I think they had a very good
24 understanding of what our concerns and issues were,

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1 and the different perspectives of the panel members
2 were.

3 CHAIRMAN MESERVE: Well, the response
4 not only indicates whether they understood what you
5 said, but what they intend to do about it. Are you
6 all comfortable with that?

7 MR. PLISCO: I can say that they were
8 responsive, and as an example, there are a number of
9 recommendations that you didn't see because the
10 staff responded to them long before we wrote our
11 report.

12 And as a panel, we elected not to
13 include those in our report, and that they were
14 taken care of. So many of our recommendations
15 through our six months were handled, and we were
16 happy with the resolution of those, and so we didn't
17 include those in our report. So I think they have
18 been very responsive, and that those comments are
19 responsive.

20 CHAIRMAN MESERVE: Any of the others, if
21 you want to react to that?

22 MR. FLOYD: I think there is good
23 alignment between again the issues that were
24 identified and what the industry thinks is
25 important. You can't prejudge what the resolution

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1 of them will be, but I think the actions that they
2 have laid out to address each one of those are the
3 right actions to be taken, and we have no
4 disagreement with those.

5 CHAIRMAN MESERVE: Okay.

6 MR. SHADIS: I would like to comment on
7 that if I may. I think the input, especially the
8 critical input of external stakeholders, went
9 through a kind of filter process. It had to in
10 composing the panel report.

11 And in general it was not reduced to
12 single objective statements; subject, predicate,
13 object analysis. A lot of it was qualitated in its
14 view, and that does not appear to me to be dealt
15 with in full in the staff response.

16 And I realize that it would be
17 difficult, because the staff was looking for
18 specific chores to do, and they detailed out what
19 they were going to do.

20 But I think it bears, and it would
21 probably be fruitful actually to go back through
22 some of the transcripts of the meetings, and so of
23 the comments that were submitted by those external
24 stakeholders -- and the States in particular -- and
25 see if the staff can't wrestle through the creative

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1 language, and get down to something that they can
2 attack point by point.

3 CHAIRMAN MESERVE: Good. Thank you.
4 Mr. Floyd, I want to pursue one thing that you
5 raised that was not on your slides, and it was very
6 interesting.

7 You indicated that when you went back
8 through inspection reports that you saw a
9 correlation between the number of comments relating
10 to the Corrective Action Program and the allocation
11 that played into the columns and the action matrix,
12 and that the more comments that were correlated with
13 the position on the action matrix.

14 And which you drew the conclusion and
15 were getting at the corrective action program
16 adequately through the existing mechanism. It seems
17 to me that there is another conclusion that one
18 could draw, which is that maybe we have stumbled on
19 a predictive indicator.

20 That we look at the corrective action
21 program, and we are finding something that
22 correlates with risk, and you indicated that in fact
23 you saw some of the comments didn't relate to the
24 areas that were the ones that caused the plant to be
25 in a given column.

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1 And I am just curious. It seems to me
2 that one could draw an entirely different conclusion
3 from the data that you provided than you did.

4 MR. FLOYD: I don't think that is
5 inconsistent, and in fact we think the entire
6 construct of the oversight process is in and of
7 itself a predictive indicator, because I was a
8 little bit struck by yesterday's conversation at the
9 meeting about the need for a predictive indicator.

10 And the first question you have to ask
11 yourself is predictive to what, and if you are
12 looking for an indicator that is predictive to when
13 you are going to have a SCRAM, and when you are
14 going to have an unavailability situation on a
15 system, that is probably very difficult.

16 But if you are looking for an indicator
17 of when do we have a significantly increased
18 likelihood that we are going to have an increased
19 likelihood that we are going to have a significant
20 exposure to the public as a result of the problem at
21 a nuclear power plant, the entire construct of the
22 oversight process is set up to look for the erosion
23 of margins to providing that level of protection,
24 and trying to predict when that event might happen.

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1 So I think that is highly consistent
2 that if you take a look at the outcomes of the
3 action matrix, and look at the importance of the
4 corrective action program, it is indeed a predictive
5 indicator in that respect.

6 CHAIRMAN MESERVE: Let me ask this. All
7 of you spent an enormous amount of time dealing with
8 the program, and one of the issues that -- and as I
9 think I indicated with the earlier panel -- that we
10 are worried about, and not right now, is resources.

11 And I would like to get your impressions
12 of whether or allocation -- if you think our
13 allocation of resources to this effort is
14 appropriate; to great, too little, and I think we
15 have heard from Mr. Shadis on this point already.

16 And, Mr. Merschhoff, your comment was
17 that perhaps we ought to dig deeper in certain
18 places. But I would like to get your views.

19 MR. PLISCO: I'll start --

20 CHAIRMAN MESERVE: It is a little unfair
21 to ask you.

22 MR. PLISCO: Well, yes. Well, I'll talk
23 as the Chairman with the Chairman's hat, first, of
24 the panel; and as a panel, we really didn't spend a
25 lot of time looking at resources, because a lot of

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1 that information was not available to us until the
2 very end.

3 We did have some discussions in specific
4 areas. We had some stakeholders that raised issues
5 about resources specifically in the ALARA area that
6 we heard from some of the stakeholders, and the
7 concern had to do with -- well, if you look at the
8 performance indicators, and if you look at exposure
9 clear across the industry over the last 10 years,
10 there have been significant improvement.

11 Yet, if you compare how many resources
12 we are spending in the new program compared to the
13 old one, we are actually spending more in that area,
14 and that didn't seem to make sense.

15 We heard those comments from some
16 stakeholders, but overall we really didn't spend a
17 lot of time looking at that. Now, my regional hat,
18 I think the resources are about right.

19 We are making some minor changes here
20 and there with experience, with specific procedures
21 -- and I am talking about a low level of detailed
22 minor changes, but overall I think right now the
23 resources are right.

24 CHAIRMAN MESERVE: Mr. Floyd.

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1 MR. FLOYD: We think that the way the
2 program was developed the resources are probably
3 pretty close to be correct. There was a lot of
4 effort made in trying to look at what are the areas
5 that were risk significant in each of the seven
6 cornerstones, and whether or not the elements in the
7 inspection module are necessary to satisfy whether
8 or not the objectives of the cornerstone could be
9 measured, and you could draw a conclusion as to
10 whether or not they are being met or not.

11 We think that there are some
12 efficiencies certainly that can come into the
13 program, and we are hopeful, and I hope not
14 optimistically hopeful, that the Phase Two work
15 sheets will reduce some of the resources that have
16 been expended in the reactor safety findings area.

17 As I mentioned in my remarks, I think we
18 could take more advantage of licensee self-
19 assessments for those licensees who the NRC has good
20 confidence in that they do have a good self-
21 assessment and corrective action program capability,
22 and there could be some efficiencies there.

23 I would comment that if you look at the
24 results that have been achieved in the program, it
25 seems to me that we are looking at pretty well even.

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1 If you look at slide seven on the staff, where I
2 believe it was you, Mr. Chairman, that made the
3 comment about the number of thresholds that have
4 been crossed in the Pis, and in what areas.

5 You have to remember, I think that the
6 white threshold being crossed is a departure from
7 the norms of industry performance, and not
8 necessarily a risk-significant departure. So there
9 is a difference between crossing the green and white
10 threshold, and crossing the white and yellow
11 threshold in terms of risk significance.

12 So what we are really seeing, I think,
13 in the green and white threshold column, where a
14 preponderance of the indicators are, is where some
15 plants are just starting to deviate from where the
16 rest of the industry currently is.

17 So it is identifying the smaller set of
18 plants that have specific problems in some focused
19 areas.

20 CHAIRMAN MESERVE: Good. Mr. Shadis, do
21 you have any further comments?

22 MR. SHADIS: Well, I think I know where
23 you can get more resources. But I am just going to
24 suggest that I believe you have to look at the

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1 allocation of resources, and you have to look at all
2 the programs.

3 It is a puzzle to the public why the
4 agency spent resources to put three generic reactor
5 designs on the approval shelf, and with maybe nobody
6 ever using them.

7 It is a puzzle the way that we do reach
8 out for some of these things when we have operating
9 plants, and we are concerned about recruiting
10 inspectors, and the number that we have available
11 and trained, and so on, and it seems to us to
12 misplace the focus.

13 CHAIRMAN MESERVE: As a regulator, we
14 are required to respond to applications that are
15 submitted. Commissioner Dicus.

16 COMMISSIONER DICUS: Okay. Thank you.
17 Let me address the issue of indicative versus
18 predictive indicators. I raised the issue
19 yesterday, and so I am going to go back to it.

20 And of course it is one of the tensions
21 that has been listed in your report. And you are
22 sort of thinking that it was curious to comment that
23 the indicators that we have now might all be
24 considered predictive.

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1 But they are after the fact, and the
2 Chairman brought up the issue of whether or not the
3 corrective action programs are really a predictive
4 indicator. I would like for you to expand on that.

5 MR. FLOYD: Sure. I don't think that
6 the indicators in the programs themselves are
7 individually predictive. What I meant to say was
8 that the entire program, the construct of the entire
9 program itself, is predictive in nature because it
10 is looking at margins to when a plant might have a
11 threat which might be significant to public health
12 and safety.

13 The only two indicators that
14 historically -- and we agreed with the staff
15 evaluation on this -- that did have some correlation
16 with the past plants that had significant problems,
17 and that had some leading capability, were the
18 safety system functional failures, and the unplanned
19 power change PI.

20 COMMISSIONER DICUS: Would you care to
21 comment, Mr. Shadis?

22 MR. SHADIS: Well, if your local
23 bookmaker gives odds on a horse, I call that
24 predictive; and therefore your probablistic risk
25 assessment is all predictive, in the sense it says

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1 these are the odds of the sequence of events
2 happening.

3 And the rest of it is not, and it is
4 indicative. I don't know that we can really find a
5 way to get into predictive space.

6 COMMISSIONER DICUS: That sort of goes
7 to some comments that you have made in your
8 submitted testimony about are we finding everything
9 that we need to look, and you quoted me in a
10 question that I asked in 1997, I think it was.

11 And if we looked at all the plants in an
12 in-depth review, would we find the same thing that
13 we found at Maine Yankee; and so that's why I come
14 back to the predictive question.

15 The other thing that I wanted to just
16 briefly review -- and I know that the time has
17 gotten around on us, and this has to do with what
18 somebody has already brought up with the plain
19 language issue.

20 I know -- and again looking at your
21 testimony, we don't -- one of the things that we are
22 criticized for is not talking in plain language.
23 And that is not to say that the language needs to be
24 simplified or whatever.

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1 But we have got to be able to talk in
2 terms of when we are talking to someone that may not
3 be well versed on a technical issue, for example.
4 That we can accurately and clearly explain the
5 situation.

6 And that is what we attempt to do as you
7 know, and we talked last week -- I had the
8 opportunity last week when I was in Connecticut to
9 have a breakfast meeting, and unfortunately we
10 didn't have enough time, but it got abbreviated, and
11 local officials, and public interest groups, and Mr.
12 Shadis, and quite a few people from Maine actually
13 were there.

14 And we talked about some of these
15 things, and trying to how we could better
16 communicate, and that is one of the issues that the
17 Commission is looking at.

18 We also talked about the issue, another
19 issue, that you brought up verbally about
20 participation with external stakeholders that
21 represent public interest groups, and that represent
22 the public, and the difficult that it is.

23 And one of the things that we discussed
24 last week is funding for various groups, and how

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1 this should be. Would you care to elaborate some on
2 that from any thoughts that you have?

3 This came up yesterday with Dr. Lyman as
4 well, the difficulty that activist groups may have
5 in being able to attend meetings, and to be part of
6 them. And that is of concern to us, and interest to
7 this Commission.

8 MR. SHADIS: My lose polling of
9 activists is that I tried to get local and regional
10 activists to, for example, come down and participate
11 in the regulatory information conference.

12 And many of them just don't want to have
13 anything to do with NRC processes. They have made
14 their judgment, and they don't see anything on the
15 horizon that is going to convince them that the NRC
16 isn't a glove on the hand of the industry.

17 And that is their perception, and so
18 these things are problematic, in terms of
19 reestablishing trust. One of the things about any
20 independent advisory board is that it ought to have
21 its own independently arrived at structure.

22 It ought to have resources allocated to
23 it so that it can independently select and call
24 forward expertise, and expend that money. Secondly,
25 if you are going to involve citizen activists, you

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1 have to realize I think -- I sort of hate to use the
2 words "have to."

3 But it is imperative that you have to
4 realize that people have to earn a living somewhere
5 and most people are not paid to do this kind of
6 thing. So some sort of compensation really should
7 be provided to panel members.

8 And I realize that all this stuff is
9 problematic, and it all needs to be worked out, but
10 what I am pushing for here essentially is
11 independence in the structure, and the place that
12 any panel may be coming from.

13 I mean, it was my take, and I joined
14 this group, and a fine group it was, too. But my
15 take was that I was coming into a room where most of
16 the fellows involved were speaking the same
17 language, and coming from the same common set of
18 experiences.

19 And that cultural cohesion really
20 blurred the distinction between regulator and
21 licensee, and that it was sort of a foregone
22 conclusion that the program is working pretty good
23 and ought to continue.

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1 Well, I could have written that on the
2 first day, but we went through a long way to get
3 there.

4 COMMISSIONER DICUS: Well, you make that
5 comment in your submittal, but you also make the
6 comment that you thought that the experience was
7 quite positive.

8 MR. SHADIS: Oh, yes, very much so.

9 COMMISSIONER DICUS: That's all. Thank
10 you.

11 CHAIRMAN MESERVE: I like to thank the
12 panel. I know that this was an enormous amount of
13 work for you to come to the meetings that you came
14 to, and endure all of the assessment that you had to
15 undertake to draft a report.

16 It is very, very much appreciated, and
17 we appreciate your effort. I would like to thank
18 both panels for their participation this morning.
19 This has been very interesting and very helpful.
20 With that, we are adjourned.

21 (Whereupon, the meeting was concluded at
22 11:59 a.m.)

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