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**Proposed response for
Chairman's 11/8/00 Interview with Inside NRC**

Q1. Given Indian Point 2's less than stellar performance, and continuing problems in its engineering department, why is the NRC not conducting its major inspections before Con Ed resumes operations with its new steam generators?

Response

We have identified several areas where NRC inspection prior to restart is prudent. For example, the NRC staff is conducting inspections of the replacement of the steam generators at the Indian Point 2 facility. To date, the inspections have shown that the licensee is conducting the replacement safely and in accordance with standards. The replacement steam generators are in place. Additional inspection coverage continues through the remainder of the project.

The region is also inspecting aspects of the licensee's corrective action program, operator requalification program, and Consolidated Edison walkdowns and reviews of its safety significant systems before restart. The Region will be conducting a public meeting on the evening of November 16, near the plant site, to provide a broad status of the Indian Point facility, including a summary of recent inspection findings.

Absent significant issues arising during these inspections, and corresponding NRC follow-up action, the licensee is authorized to operate the facility in accordance with its Technical Specifications, following the restoration and testing of systems associated with the current outage. The NRC plans to augment its inspection coverage during Con Edison's pre-startup preparations through initial power operations.

The NRC is following guidance provided in its Action Matrix for oversight and inspection of a plant with "multiple degraded cornerstones". NRC actions include oversight of the licensee's performance improvement plan and conduct of a significant supplemental inspection (i.e., "95003" procedure for repetitive or multiple degraded cornerstone or multiple yellow inputs or one red input). Preparations continue for conduct of this 95003 procedure which is a large team inspection (approximately 13 inspectors). This inspection is intended to provide insight into the root and contributing causes of performance deficiencies at the facility.

Inspections performed to date, including the Augmented Inspection Teams and follow-up inspections conducted following operational events in 1999 and 2000, have not identified issues that preclude restart. As with any nuclear power facility, should the NRC find in the future that regulations are not being met or that reasonable assurance of public health and safety is not being maintained, the NRC will take appropriate action.

Q2. There are rumors around the Agency that the staff is being pretty dismissive of the IG's findings on IP2. Is that correct? What's the Commission's view on the staff's performance?

On August 30, 2000, I directed the staff to provide a review and analysis of the issues raised in the August 29, 2000, report from the Office of the Inspector General titled "NRC's Response to

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the February 15, 2000, Steam Generator Tube Rupture at Indian Point Unit 2 Power Plant."

I also requested that the staff provide recommendations for improving NRC processes, as may be warranted.

The staff completed its review of the OIG report and provided a response to the Commission on November 3, 2000. The staff agreed with many of the findings in the OIG report and provided recommendations to improve some of our processes. However, the staff also identified some areas where they believe the OIG findings are not factually correct or are presented without complete context and as such may be misinterpreted. The Commission is currently reviewing the staff's response.

Finally, while the OIG report focused on issues related to the steam generator tube failure and EP issues associated with the event, it is important to note that the NRC has had an appropriately strong regulatory posture with respect to the Indian Point facility for the past several years. The NRC has been effective in bringing to light broad performance problems that have existed at the facility needing corrective action. The staff will continue to provide heightened attention to these issues.

Q3. What about the lessons learned report that you asked the staff to do? When is that to be made public and are many corrective steps to be taken?

The lessons-learned Task Group has completed their review and the report was forwarded to the Commission on November 1, 2000. The Task Group performed an evaluation of the staff's technical and regulatory processes related to assuring steam generator tube integrity. The report provided a number of technical and process recommendations that apply to the industry and the NRC.

The Task Group report identified many of the issues raised in the OIG report as well as additional areas where the staff believes improvements can be made. In addition to the ongoing active interface with the industry regarding the NEI 97-06 initiative to improve the steam generator regulatory framework, the staff has taken some near term actions such as issuance of a generic communication which the staff believes will be useful to the industry in managing steam generator tube integrity (Regulatory Issue Summary 2000-22, <http://www.nrc.gov/NRC/GENACT/GC/RI/2000/ri00022.html>). Another near term action the staff is undertaking is strengthening the NRC oversight of licensees steam generator ISI performed during outages. Also, an action plan is being developed by the staff that will integrate the lessons-learned report recommendations with other ongoing steam generator activities. The integrated action plan is scheduled to be completed by November 17, 2000.

The staff has developed a communication plan which is prepared to provide the lessons-learned report and staff response to the OIG report to key stakeholders and the general public. Public release of these documents will occur after the Commission has had sufficient time to review them.

IN RESPONSE, PLEASE
REFER TO: M000929A

November 9, 2000

MEMORANDUM TO: William D. Travers
Executive Director for Operations

FROM: Annette L. Vietti-Cook, Secretary /RA/

SUBJECT: STAFF REQUIREMENTS - BRIEFING ON RISK-INFORMING
SPECIAL TREATMENT REQUIREMENTS (SECY-00-0194),
9:30 A.M., FRIDAY, SEPTEMBER 29, 2000, COMMISSIONERS'
CONFERENCE ROOM, ONE WHITE FLINT NORTH,
ROCKVILLE, MARYLAND (OPEN TO PUBLIC ATTENDANCE)

The Commission was briefed by the NRC staff and a panel of stakeholders that included representatives of the Nuclear Energy Institute, Union of Concerned Scientists, South Texas Project Operating Company, and Nuclear Utility Backfitting and Reform Group on risk-informing special treatment requirements. The staff should continue to focus on the principle of risk-informed regulation, i.e., that risk insights should be combined with other factors (operating experience, engineering judgment, etc.) to establish requirements that better focus licensee and regulatory attention on design and operational issues commensurate with their importance to public health and safety.

The staff should continue to work with stakeholders to resolve differences associated with the American Society of Mechanical Engineers (ASME) standard on PRA quality and should encourage the ASME to seek public comment on Revision 13 of the standard. The staff should also continue its review of the NEI peer review process and inform the Commission of important insights gained during this review.

The staff should ensure that, regardless of the approach used to judge probabilistic risk analysis quality, all information supporting decision-making be available to all interested stakeholders.

Lessons learned from the current Option 2 activities should be incorporated early, as appropriate, in the development of Option 3 and the subsequent rulemaking activities.

Due to the important and dynamic nature of Option 2 activities, the staff should provide the Commission with succinct written updates on status, significant progress or problems every three months.

cc: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield
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