

September 25, 2002

Mr. Alan Nelson  
Nuclear Energy Institute  
1776 I Street, NW., Suite 400  
Washington, DC 20006-3708

SUBJECT: RESPONSE TO LETTER REGARDING LICENSE RENEWAL APPEALS  
PROCESS AND RULES OF ENGAGEMENT

Dear Mr. Nelson:

By letter dated December 4, 2001, you shared NEI and industry comments and suggestions with the NRC license renewal staff on ways to improve the current technical issues appeals process associated with license renewal. The purpose of this letter is to respond to your comments and suggestions, and to share the staff's thoughts on revisions to the process. We have also enclosed, for your review and consideration, the staff's comments on the industry proposals.

As discussed in your letter, the industry and the NRC recognize the need to define a license renewal appeals process. We agree that the appeals process must be clearly defined and be useful in resolving differences in the interpretation of license renewal requirements in a timely manner. The NRC, like the industry, also believes that the appeals process must be fair to all stakeholders, that the basis for final resolutions be clearly communicated, and that final resolutions be incorporated into the associated guidance documents as expeditiously as possible. Further, we agree that the purpose of the appeals process is not to change the substance or intent of the regulations governing license renewal.

We look forward to working with you to discuss our views on improvements to the appeals process. If you have any questions, please call me at 301-415-1183.

Sincerely,

/RA/

Pao-Tsin Kuo, Program Director  
License Renewal and Environmental Impacts  
Division of Regulatory Improvement Programs  
Office of Nuclear Reactor Regulation

Project No. 690

Enclosure : As stated

cc w/encl: See next page

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OFFICE	RLEP	LA	SC:RLEP	OGC	PD:RLEP
NAME	WBurton*	HBerilla*	SLee*	JMoore* NLO	PTKuo
DATE	7/25/02	7/29/02	7/30/02	9/23/02	9/25/02

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RLEP RF

E. Hylton

**E-MAIL:**

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J. Johnson

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F. Gillespie

RidsNrrDe

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G. Bagchi

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S. Black

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G. Galletti

C. Li

J. Moore

R. Weisman

M. Mayfield

A. Murphy

W. McDowell

S. Smith

T. Kobetz

RLEP Staff

-----

A. Thadani

C. Julian

R. Gardner

M. Farber

M. Modes

J. Vora

**License Renewal Appeals Process**  
**NRC Staff Comments and Views**

1. The staff agrees that one of the purposes of the appeals process is to establish a body of information to assist in preparing applications, and to assist the staff in reviewing applications. Therefore, final decisions and their bases, resulting from the appeals process, should be well documented. Further, the final decisions should be shared with stakeholders in a timely fashion by, first, incorporating the decision into interim staff guidance and, later, incorporating the decision into the next update to the license renewal guidance documents.
2. The staff does not agree with the concept of a License Renewal Review Board (LRRB). The staff believes that the current appeals process, as shown in the attached flow diagram (Attachment), is sufficient to efficiently and effectively evaluate the issue under appeal and to render a sound decision. The current process allows for early management review at the working level, with progressively higher levels of management review, if needed.

Any stakeholder can initiate a formal appeal by a written request to the Director, License Renewal & Environmental Impacts Program (PD-RLEP). The PD-RLEP will serve as the first-level decision maker in the appeals process. If either party in this first-level appeal wishes to appeal to the division level, such party may submit a written request to the Director, Division of Regulatory Improvement Programs, who will serve as the second-level decision maker. A further appeal would be initiated by a written request to the Director, Office of Nuclear Reactor Regulation, who will serve as the third-level decision maker. The next level of appeal would be initiated by a written request to the Executive Director of Operations, who would serve as the fourth-level decision maker. If the issue remains unresolved and involves a policy issue, the issue can be submitted to the Commission for a final decision.

3. The staff agrees that the issue being appealed should be clearly defined by a written statement accompanying the request for appeal. The issue statement should have a clearly defined scope and should reference the applicable section(s) of the regulation that provides the requirements for the issue being appealed. Upon receipt of the request for appeal, the PD-RLEP will forward the request to the relevant staff who will review the request and agree that the appeal originator has clearly identified the issue. The PD-RLEP will then determine whether the issue is admissible or subject to appeal (i.e., the issue has not previously been decided on appeal). The PD-RLEP will provide a written response to the originator, acknowledging receipt of the request, along with the determination of admissibility, and identification of an appeal coordinator, who will provide administrative oversight and support during the appeal process. The PD-RLEP's determination regarding the admissibility of the request should include the basis for the determination. The decision on admissibility should be made, and a response provided to the originator, within 20 days of the date of the appeal request.

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4. If the appeal is made by an applicant for license renewal, the staff review of the application will continue during the appeals process unless the applicant submits a written request to the PD-RLEP that the review, or a portion thereof, be placed on hold, pending the final appeal decision.
5. Each party in the appeal will prepare a briefing paper describing the position taken and the basis for their position. The basis should reference any supporting documents. The originator should include a draft of proposed changes to the guidance documents that would be needed. Both parties and the PD-RLEP shall receive copies of the briefing papers. This step should be completed within 40 days of the date of the appeal request.
6. The appeal meeting should occur as soon as is practicable, but no later than 60 days from the date of the appeal request. Each party in the appeal will have equal time to provide an opening statement. The originator then states its position. The opposing party can then state its position on the issue and dispute the originator's arguments, and vice versa. The PD-RLEP is free to question both parties throughout the meeting.
7. Following the appeal meeting, the PD-RLEP will take the information presented during the meeting under advisement and, within 10 days of the conclusion of the meeting, issue a written statement of its findings, which will include the basis for the decision. The appeal coordinator will issue a report, within ten days of the decision, that summarizes the meeting and includes the written decision and its basis. Documents presented at the meeting would be attached. Should the issue be further appealed, the report will be included in the written request to the decision maker at the next level.

If both parties agree to the decision, they will provide written confirmation to the PD-RLEP (or relevant decision maker), within ten days of issuance of the report.

Following issuance of the report, a stakeholder would have ten days from the date of the decision to review the decision and make a written request for the next level of appeal.

As described above, the first level of appeal, including issuance of the final report, would be completed no more than 90 days from the date that a request for appeal is provided to the PD-RLEP. Higher-level appeals, including issuance of the final report, would occur at 30-day intervals (5 days from the issuance of the report to a request for a higher-level appeal meeting, 10 days from the request to the appeal meeting, 10 days from the appeal meeting to the decision, and 5 days from the decision to the report). As such, if the process is followed through the Commission level, a final binding decision would be issued no later than 210 days from the initial request for appeal.

8. The criteria used by the PD-RLEP (and other decision makers in the appeal process) as the basis for its decision shall be the requirements specified in the governing regulations, versus guidance documents, which identify NRC-endorsed means of satisfying regulatory requirements. The staff agrees that guidance documents should not be afforded the same weight as the regulations and should not be used to narrow the compliance options available to the originator. The decision maker should decide whether the originator's proposed position complies with the regulations.

NUCLEAR ENERGY INSTITUTE

Project No. 690

cc:

Mr. Joe Bartell  
U.S. Department of Energy  
NE-42  
Washington, DC 20585

Ms. Christine S. Salembier  
Commissioner  
State Liaison Officer  
Department of Public Service  
112 State St., Drawer 20  
Montpelier, VT 05620-2601

Mr. Alan P. Nelson  
Nuclear Energy Institute  
1776 I St., N.W., Suite 400  
Washington, DC 20006-3708  
APN@NEI.ORG

Mr. Stephen T. Hale  
Florida Power & Light Company  
9760 S.W. 344 St.  
Florida City, FL 33035

Mr. William Corbin  
Virginia Electric & Power Company  
Innsbrook Technical Center  
5000 Dominion Blvd.  
Glen Allen, VA 23060

Mr. Frederick W. Polaski  
Manager License Renewal  
Exelon Corporation  
200 Exelon Way  
Kennett Square, PA 19348

George Wrobel  
Manager, License Renewal  
R.E. Ginna Nuclear Power Plant  
1503 Lake Rd.  
Ontario, NY 14519

Mr. David Lochbaum  
Union of Concerned Scientists  
1707 H St., NW, Suite 600  
Washington, DC 20006-3919

Ronald B. Clary  
Manager, Plant Life Extension  
V.C. Summer Nuclear Station  
Bradham Blvd.  
P.O. Box 88  
Jenkinsville, SC 29065

Mr. Robert Gill  
Duke Energy Corporation  
Mail Stop EC-12R  
P.O. Box 1006  
Charlotte, NC 28201-1006

Mr. John B. Herman  
Manager - Nuclear Licensing  
Omaha Public Power District  
Fort Calhoun Station FC-2-4 Adm.  
Post Office Box 550  
Fort Calhoun, NE 68023-0550

Mr. Paul Gunter  
Director of the Reactor Watchdog Project  
Nuclear Information & Resource Service  
1424 16<sup>th</sup> St., NW, Suite 404  
Washington, DC 20036

Mr. Hugh Jackson  
Public Citizen's Critical Mass Energy &  
Environment Program  
215 Pennsylvania Ave., SE  
Washington, DC 20003

Mary Olson  
Nuclear Information & Resource Service  
Southeast Office  
P.O. Box 7586  
Asheville, NC 28802

Talmage B. Clements  
Manger - License Renewal  
Nuclear Engineering Services  
CP&L  
410 South Wilmington St.  
Raleigh, NC 27602