

January 28, 2003

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

Dear Mr. Chairman:

The Fiscal Year (FY) 2002 Energy and Water Development Appropriations Act, House Report 107-258, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the FY 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. On behalf of the Commission, I am pleased to transmit the forty-eighth report, which covers the month of November 2002 (Enclosure 1).

The October report provided information on a number of significant NRC activities, including an update of our actions taken following the terrorist attacks of September 11, 2001, and a status report on the reactor vessel head corrosion at the Davis-Besse Nuclear Power Station in Oak Harbor, Ohio. We would like to provide you further information on both of these issues.

The NRC continues to monitor the current threat environment closely and work extensively with the Office of Homeland Security, the newly established Department of Homeland Security, and other government agencies in developing coordinated threat assessments, as well as coordinating security and emergency plan responsibilities. On January 7, 2003, the NRC issued immediately effective Orders to all 103 operating commercial nuclear power plants requiring that licensees enhance their access authorization programs. Some of the requirements formalize a series of security measures that NRC licensees had taken in response to advisories issued by the NRC in the aftermath of the September 11 terrorist attacks. Additional security enhancements, which have emerged from the comprehensive security review, are also covered by the Orders. (The specific security measures addressed by the Orders, which supplement existing regulatory requirements, are sensitive.) The Orders will remain in effect until the Commission determines otherwise.

In regard to Davis-Besse, the NRC special oversight panel, established to coordinate the agency's activities in assessing the performance problems associated with the corrosion damage to the reactor vessel head at the Davis-Besse Nuclear Power Plant, continues to monitor licensee activities. The licensee will not restart the plant until the NRC is satisfied that all safety concerns have been resolved. As previously reported, the Lessons Learned Task Force (LLTF) established by the NRC Executive Director for Operations (EDO) completed its work and, on October 9, issued its report on the agency's handling of issues associated with the corrosion damage to the reactor vessel head at the Davis-Besse Nuclear Power Plant. The

LLTF presented its findings at a public meeting on November 20, in Oak Harbor. The findings and recommendations of the LLTF have been evaluated by an NRC Senior Management Review Team, which forwarded its recommendations to the EDO on November 26, 2002. The recommendations were discussed at a Commission Meeting on January 14, 2003, and were subsequently endorsed by the Commission. We will continue to keep you informed of the status of this issue.

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

- issued the final supplemental environmental impact statements on the proposed renewal of the operating licenses for the Surry and North Anna nuclear power plants. The NRC staff found no significant environmental impact from extended operation of these plants. The plants are located in Virginia. The licensee, Dominion Generation, submitted its license renewal applications to the NRC in May 2001.
- issued a final rule on decommissioning trust provisions for commercial nuclear power plants, and an associated regulatory guide that can be used by power plant licensees to implement the regulations. The final rule will: (1) help safeguard decommissioning trust funds from investment risks; (2) ensure licensees provide adequate information to NRC concerning the trusts; and (3) safeguard against improper payments from these trusts. The rule requires that decommissioning trust agreements be in an appropriate form to provide greater assurance that an adequate amount of decommissioning funds will be available. Until recently, direct NRC oversight of the terms and conditions of the decommissioning trusts was not necessary because State regulators typically exercised this authority. The NRC promulgated this rulemaking because deregulation of the electric power industry may reduce State oversight.
- published a draft environmental impact statement on the proposed license renewal of the St. Lucie Units 1 & 2 nuclear power plants, located near Port St. Lucie, Florida. In the draft report, the NRC staff finds the St. Lucie license renewal application to be environmentally acceptable. The NRC is seeking comments on the draft report until January 15, 2003. The licensee, Florida Power & Light company, submitted its license renewal application to the NRC in November 2001.
- issued final environmental impact statements on the proposed renewal of the operating licenses of the Catawba and McGuire nuclear power plants. The NRC staff found there are no environmental impacts that would preclude license renewal. The plants are located in South and North Carolina, respectively.
- received from Exelon Generation Company on January 3, 2003, a combined application for renewal of the operating licenses for Units 2 and 3 of the Dresden nuclear power plant and for Units 1 and 2 of the Quad Cities nuclear power plant. The plants are located in Illinois.
- announced an opportunity for a hearing on a license renewal application from Virginia Electric and Power Company (VEPCO) to allow continued storage of spent nuclear fuel in the independent spent fuel storage installation (ISFSI) at the Surry nuclear power plant, located in Surry County, Virginia. The NRC staff has completed a preliminary review of the license renewal application and has determined that VEPCO submitted sufficient information for the NRC to formally "docket," or file, the April 29 application

and conduct a detailed review. The license renewal term is generally 20 years; however, VEPCO requested an exemption to the regulations which, if granted, would allow the license to be renewed for 40 years. The current license will expire July 31, 2006.

- published in the Federal Register (68 FR 132) on January 2, 2003, a notice of availability of a draft review standard for early site permit (ESP) applications. The ESP process is intended, under Title 10 of the Code of Federal Regulations (10 CFR) Part 52, to permit resolution of site-related issues regarding possible future construction and operation of a nuclear power plant at a site that is the subject of the ESP application. The draft review standard will guide the Commission staff in its review of an ESP application and will inform potential applicants and other stakeholders of what information the staff considers in its review. The Commission is publishing this draft version of the review standard for public comment and interim use. The comment period closes on March 31, 2003.
- published a proposed rule that would permit reactor licensees to use the fire protection requirements contained in the National Fire Protection Association (NFPA) Standard 805, "Performance-Based Standard for Fire Protection for Light Water Reactor Electric Generating Plants, 2001 Edition." Under the proposed rule, a licensee may adopt NFPA 805 as its fire protection program by submitting a license amendment request to the NRC. The proposed rule maintains safety, provides flexibility to existing fire protection requirements and reduces unnecessary regulatory burden. The proposed rule is part of an effort by NRC to incorporate risk information into its regulations. The NRC sought comments on the proposed rule until January 15, 2003.

I have enclosed (Enclosure 2) the update to the Tasking Memorandum which delineates the schedules for accomplishing high priority initiatives.

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

Sincerely,

/RA/

Richard A. Meserve

Enclosures:

1. Monthly Report
2. Tasking Memorandum

cc: Senator Harry Reid

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

NOVEMBER 2002

Enclosure 1

TABLE OF CONTENTS¹

I.	Implementing Risk-Informed Regulations	2
II.	Revised Reactor Oversight Process	2
III.	Status of Issues in the Reactor Generic Issue Program	2
IV.	Licensing Actions and Other Licensing Tasks	2
V.	Status of License Renewal Activities	8
VI.	Status of Review of Private Fuel Storage, Limited Liability Corporation's Application for a License to Operate an Independent Spent Fuel Storage Installation on the Reservation of the Skull Valley Band of Goshute Indians	9
VII.	Enforcement Process and Summary of Reactor Enforcement by Region	11
VIII.	Power Reactor Security Regulations	13
IX.	Power Upgrades	13

¹Note: The period of performance covered by this report includes activities occurring between the first and last day of November 2002. The transmittal letter to Congress accompanying this report may provide more recent information in order to keep Congress fully and currently informed of NRC's licensing and regulatory activities.

IX. Implementing Risk-Informed Regulations

Although the staff continues to make progress on tasks involving the use of probabilistic risk information in many areas, there were no significant milestones accomplished during the month of November 2002. The milestone schedule for significant risk-informed activities is included in the Chairman's Tasking Memorandum (Enclosure 2).

X. Revised Reactor Oversight Process

The NRC continues to implement the Reactor Oversight Process (ROP) at all nuclear power plants. The NRC has continued meeting with interested stakeholders on a periodic basis to collect feedback on the efficacy of the process and considers stakeholder feedback in making refinements to the ROP. Recent activities include the following:

- a. On November 1, 2002, the Office of Nuclear Reactor Regulation (NRR) and the Office of Nuclear Regulatory Research staff briefed the Advisory Committee on Reactor Safeguards Subcommittee for Reliability, Probabilistic Risk Assessment, and Plant Operations on the Industry Trends Program and development efforts for the new Initiating Events Performance Index (IEPI). The briefing included an overview of the current process for monitoring industry trends; current industry indicators; communications with stakeholders; and the approach for the development of the IEPI
- b. On November 16, 2002, NRC staff met with licensees regarding the establishment of a process for allowing licensees to replace certain baseline inspections with self-assessments. It is expected that this process be initially limited to the Safety System Design Inspection. Future plans include the development of guidance by the industry, review by the NRC and conduct of a pilot program during the second and third quarters of 2003.

XI. Status of Issues in the Reactor Generic Issue Program

Resolution of the issues in the Reactor Generic Issue Program continues to be on track. No significant issues were resolved in this reporting period.

XII. Licensing Actions and Other Licensing Tasks

Licensing actions are defined as requests for: license amendments; exemptions from regulations; relief from inspection or surveillance requirements; topical reports submitted on a plant-specific basis; notices of enforcement discretion; or other licensee requests requiring NRC review and approval before it can be implemented by the licensee. The FY 2003 NRC Performance Plan incorporates three output measures related to licensing actions. These are: the number of licensing action completions per year; the age of the licensing action inventory; and the size of the licensing action inventory.

Other licensing tasks are defined as: licensee responses to NRC requests for information through generic letters or bulletins; NRC responses to 2.206 petitions; NRC review of licensee topical reports; NRR responses to regional requests for assistance; NRC review of licensee 10 CFR 50.59 analyses and FSAR updates; or other licensee requests not requiring NRC review and approval before they can be implemented by the licensee. The FY 2003 NRC

Performance Plan incorporates one output measure related to other licensing tasks, which is the number of other licensing tasks completed.

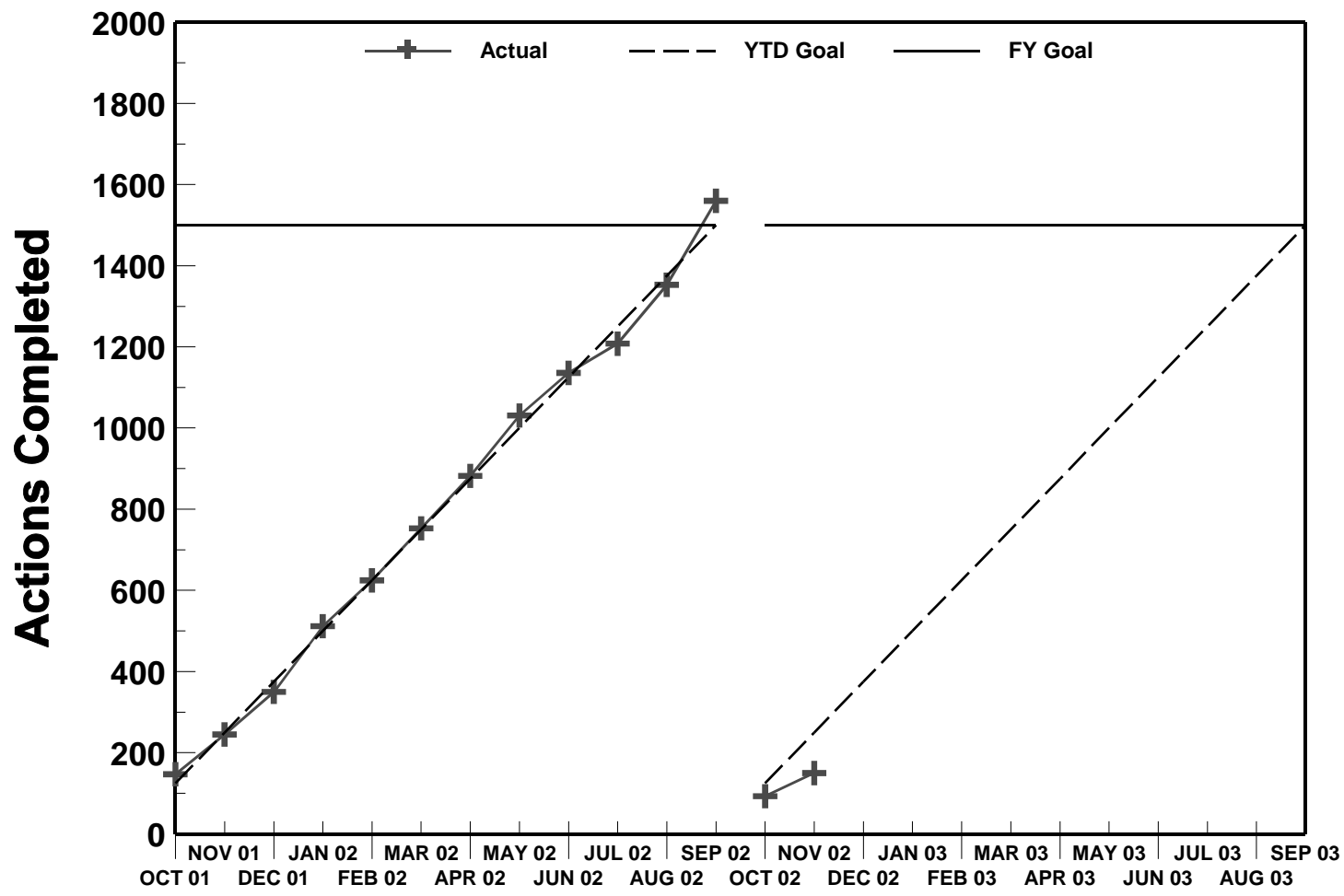
The actual FY 2001 and FY 2002 results, the FY 2003 goals and the actual FY 2003 results, as of November 30, 2002, for the four NRC Performance Plan output measures for licensing actions and other licensing tasks are shown in the table below.

PERFORMANCE PLAN				
Output Measure	FY 2001 Actual	FY 2002 Actual	FY 2003 Goals	FY 2003 Actual (thru 11/30/2002)
Licensing actions completed/year	1617	1560	≥ 1500	150
Age of licensing action inventory	96.9% \leq 1 year; 100% \leq 2 years	96.6% \leq 1 year; 100% \leq 2 years	96% \leq 1 year; 100% \leq 2 years	93.7% \leq 1 year; 100% \leq 2 years
Size of licensing action inventory	877	765	≤ 1000	799
Other licensing tasks completed/year	523	426	≥ 350	56

The following charts depict NRC's FY 2003 trends for the four licensing action and other licensing task output measure goals.

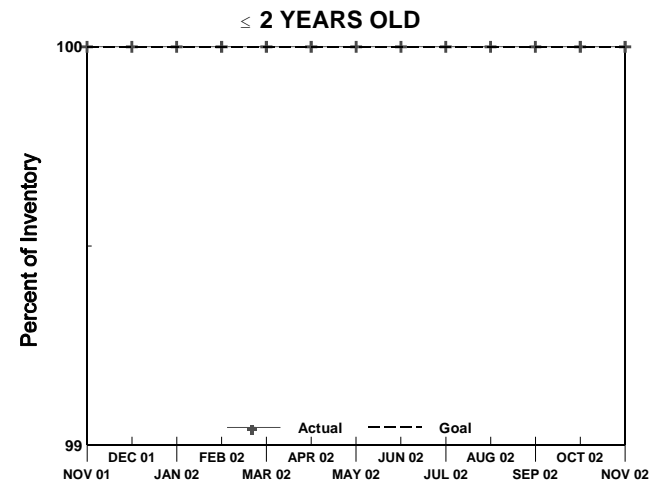
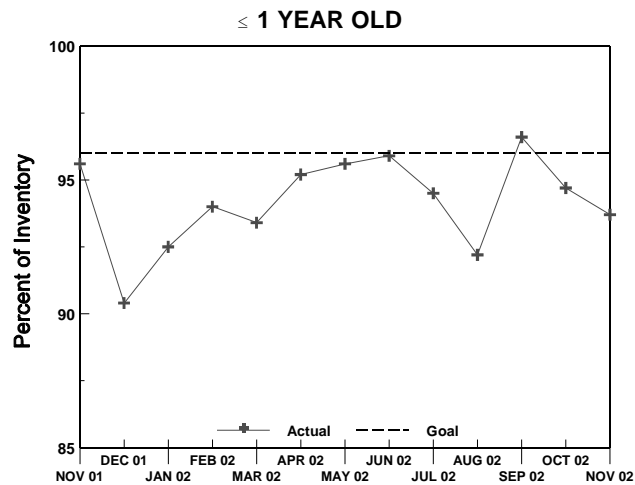
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Licensing Actions



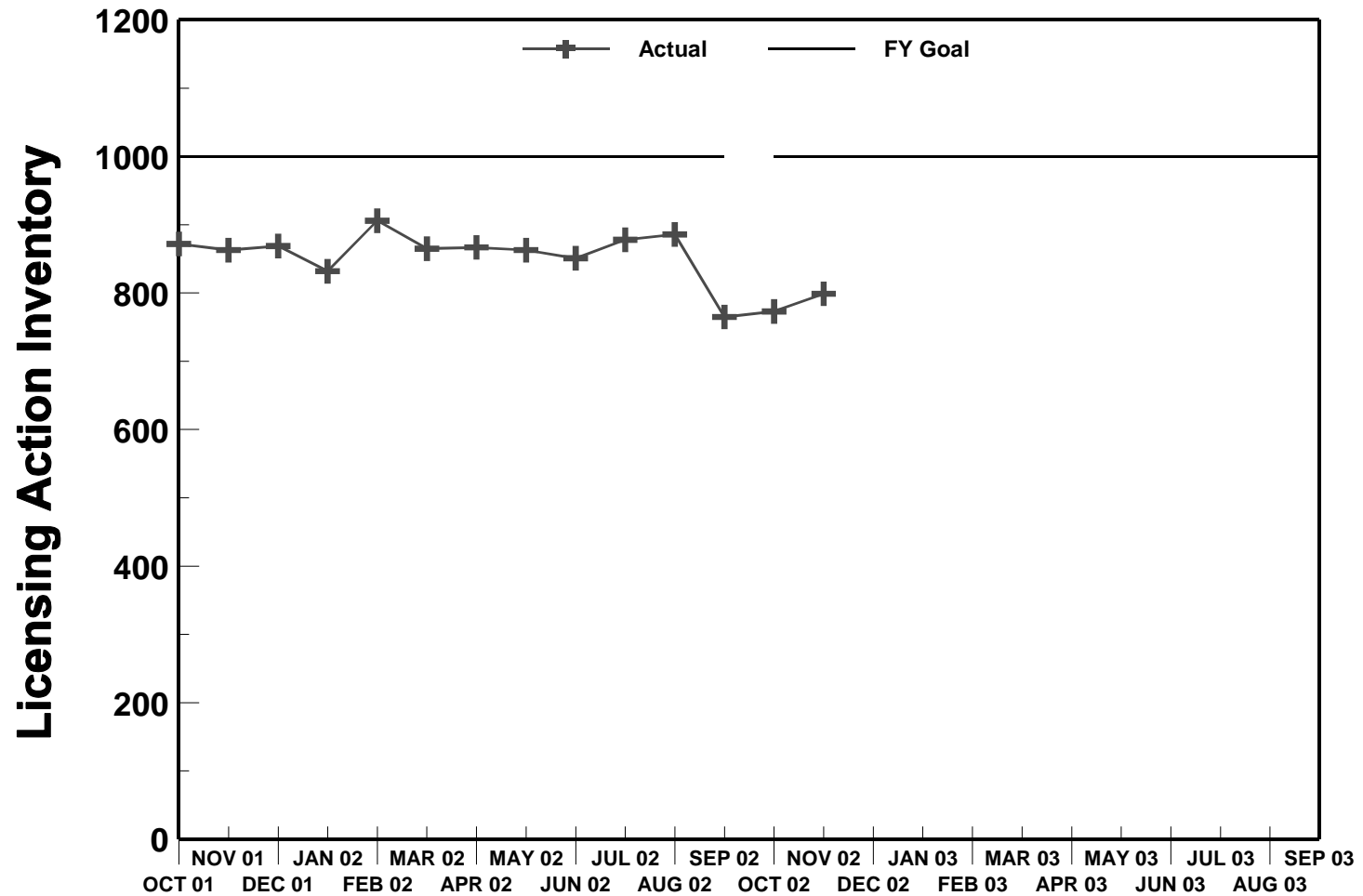
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Age of Licensing Action Inventory



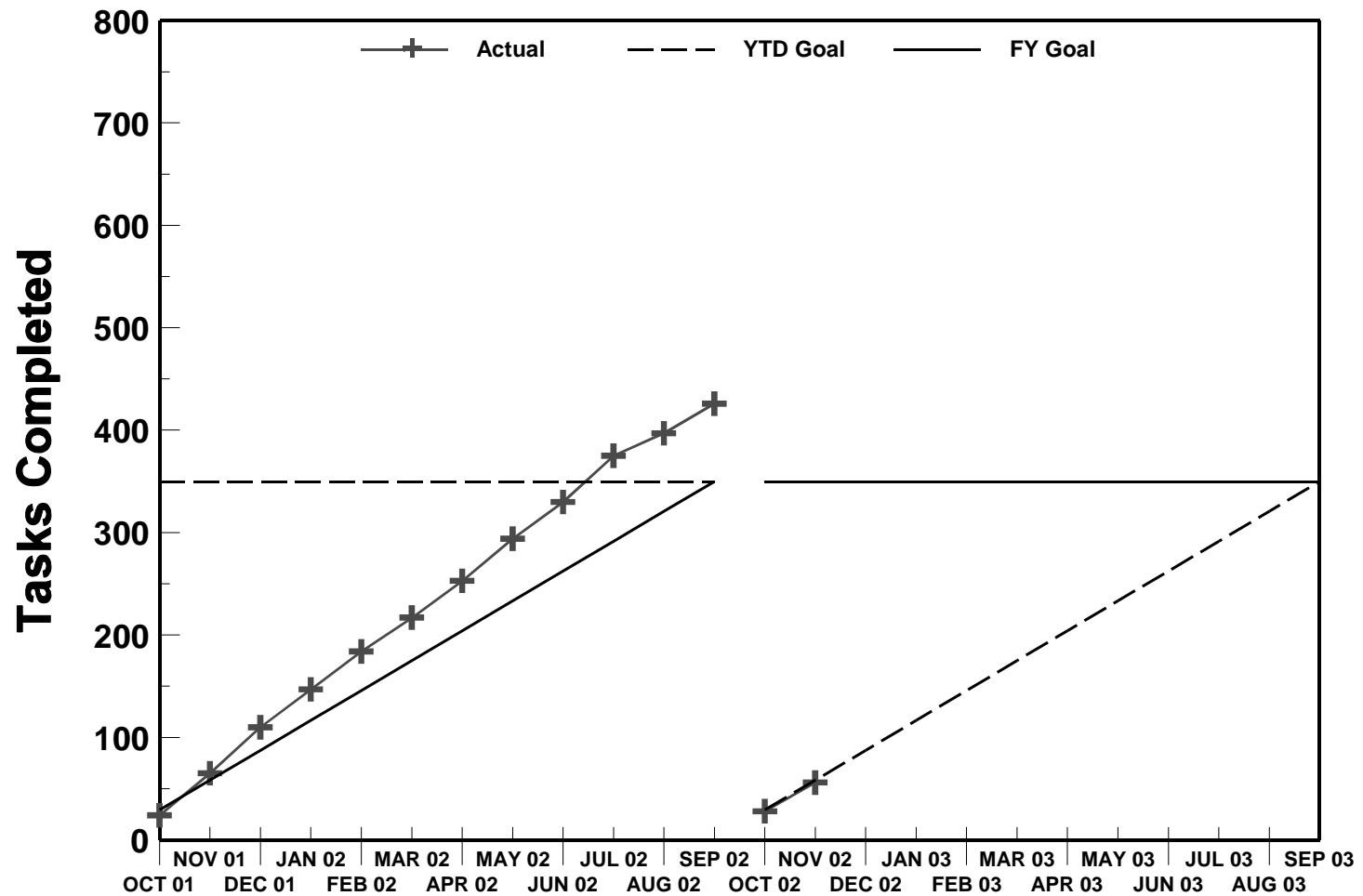
Nuclear Reactor Safety - Reactor Licensing

Performance Plan: Size of Licensing Action Inventory



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



XIII. Status of License Renewal Activities

Surry, Units 1 and 2, and North Anna, Units 1 and 2, Combined Renewal Applications

The staff issued the draft supplemental environmental impact statement (SEIS) for Surry in April 2002 and North Anna in May 2002. The public comment period on the draft SEISs has ended and the staff is addressing the comments and preparing the final SEISs which are scheduled to be issued by December 2002. The safety evaluation report resolving the open items was issued in November 2002. The staff is completing activities to support a decision on renewing the licenses by March 2003.

McGuire, Units 1 and 2, and Catawba, Units 1 and 2, Combined Renewal Applications

The staff issued the draft SEISs for McGuire and Catawba in May 2002. The public comment period on the draft SEISs has ended and the staff is addressing the comments and preparing the final SEISs which are scheduled to be issued by January 2003. The safety evaluation report identifying open items was issued in August 2002. The NRC staff and applicant are currently working to resolve the open items and the staff is expecting to issue the revised safety evaluation report by January 2003.

On January 24, 2002, the Atomic Safety and Licensing Board (ASLB) admitted contentions filed by the Nuclear Information and Resource Service and the Blue Ridge Environmental Defense League, petitioners in the Catawba and McGuire license renewal proceeding. The petitioners contended that the applicant's severe accident mitigation alternative (SAMA) analysis was incomplete. The Commission admitted, to an extent, the SAMA contention. The hearing process is currently in abeyance pending clarification of the contention by the Commission. A certified question from the ASLB relating to the admissibility of a contention pertaining to terrorism is still under review by the Commission.

Peach Bottom, Units 2 and 3, Renewal Application

The staff issued the draft SEIS in July 2002. The public comment period on the draft SEIS has ended and the staff is addressing the comments and preparing the final SEIS which is scheduled to be issued by February 2003. The safety evaluation report identifying any open items was issued in September 2002. Applicant responses to the open items were received in November 2002.

St. Lucie, Units 1 and 2, Renewal Application

Environmental requests for additional information were issued in May 2002 and the responses were received in June 2002. The staff issued the draft SEIS for public comment in November 2002. The safety requests for additional information were issued in July 2002 and the applicant's responses were received in October 2002. The staff plans to issue the safety evaluation report by February 2003, which will identify any remaining open items.

Fort Calhoun Renewal Application

Environmental requests for additional information were issued in July 2002 and the responses were received in September 2002. The staff is currently reviewing the responses and preparing the draft SEIS, which is scheduled to be issued by January 2003. A request for additional information on safety issues was issued in October 2002 and the applicant's response is due by December 2002.

Robinson Unit 2 Renewal Application

The Robinson renewal application is currently under review and the staff is preparing requests for additional information. All environmental requests for additional information are scheduled to be issued by December 2002 and the safety requests by February 2003. No requests for hearing were received and the schedule was revised to complete the review in 22 months, with a license decision now scheduled for April 2004.

Ginna Renewal Application

The Ginna renewal application is currently under review and the staff is preparing requests for additional information. All environmental requests for additional information are scheduled to be issued by January 2003 and the safety requests by March 2003. No requests for hearing were received and the schedule was revised to complete the review in 22 months, with a license decision now scheduled for June 2004.

Summer Renewal Application

The Summer renewal application is currently under review and the staff is preparing requests for additional information. All environmental requests for additional information are scheduled to be issued by February 2003 and the safety requests by April 2003.

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

During this reporting period, staff from the office of Senator Orrin Hatch of Utah requested and received a briefing from members of the NRC staff. The subjects of the briefing were the NRC staff's review of the Private Fuel Storage (PFS) license application and the licensing process for independent spent fuel storage installations (ISFSIs).

The NRC staff responded to a letter from the State of Utah which requested the release to the State of Safeguards Information included in the Order on Interim Compensatory Measures for ISFSIs. The staff noted in its response that the Commission's Order of October 23, 2002, was not served by the Commission on PFS, and that the Order has not been made applicable to the proposed PFS Facility. The staff also noted that the proposed PFS Facility is not considered to be a facility that will store spent fuel in the near term. As a result, the State of Utah's interest in the Order and the relationship of that Order to the proposed PFS Facility had not been established. Further, the staff determined that the State of Utah had not provided any other information which would constitute an adequate basis, as required by 10 CFR 73.21(c), to establish a "need to know" this Safeguards Information. Accordingly, the State's request to

receive that information was denied. Previously, the State of Utah had submitted a request that the Atomic Safety and Licensing Board (ASLB) order the staff to provide a copy of the Order to the State. The ASLB has not yet responded to the request.

The ASLB issued an Order stating that its findings on the contentions adjudicated at the hearings held from mid-April through early July of 2002 would be postponed from December 16, 2002, to mid- or late-January 2003.

Also during this reporting period, the Commission issued two Orders associated with the PFS licensing process. The Commission affirmed the ASLB's decision to reject a late-filed terrorism contention. The Commission also issued an Order rejecting Utah's argument in "Utah's Suggestion of Lack of Jurisdiction," which dealt with the Commission's authority to license an away-from-reactor ISFSI.

XV. Enforcement Process and Summary of Reactor Enforcement by Region

Reactor Enforcement Actions by Region*						
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	Oct 2002	0	0	0	0	0
	FY 03 YTD	0	0	0	0	0
	FY 02 Total	0	0	0	0	0
	FY 01 Total	0	0	0	0	0
	FY 00 Total	0	0	0	0	0
Severity Level II	Oct 2002	0	0	0	0	0
	FY 03 YTD	0	0	0	0	0
	FY 02 Total	1	0	0	0	1
	FY 01 Total	0	1	0	0	1
	FY 00 Total	1	2	0	0	3
Severity Level III	Oct 2002	0	0	0	0	0
	FY 03 YTD	0	0	0	0	0
	FY 02 Total	2	0	0	0	2
	FY 01 Total	1	1	1	1	4
	FY 00 Total	5	0	4	4	13
Severity Level IV	Oct 2002	0	0	0	0	0
	FY 03 YTD	0	0	0	0	0
	FY 02 Total	0	0	2	0	2
	FY 01 Total	1	0	2	1	4
	FY 00 Total	4	1	3	5	13
Non-Cited Severity Level IV	Oct 2002	10	0	35	26	71
	FY 03 YTD	10	0	35	26	71
	FY 02 Total	207	89	201	151	648
	FY 01 Total	279	105	201	139	724
	FY 00 Total	313	190	289	258	1050

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

Escalated Reactor Enforcement Actions Associated with the Reactor Oversight Process						
		Region I	Region II	Region III	Region IV	Total
NOVs Related to White, Yellow or Red Findings	10/02 Red	0	0	0	0	0
	10/02 Yellow	0	0	0	0	0
	10/02 White	1	0	1	0	2
	FY 03 YTD	1	0	1	0	2
	FY 02 Total	4	4	5	8	20
	FY 01 Total	8	4	4	3	19
	FY 00 Total	6	1	0	0	7

Description of Significant Actions taken in October 2002

Rochester Gas and Electric Corporation (Ginna) EA-02-141

On October 4, 2002, a Notice of Violation was issued for a violation associated with a White SDP finding involving the alert and notification system (ANS). The violation cited system failures that could have affected the ability to provide early notification to the public.

Indiana and Michigan Electric Company (D.C. Cook Nuclear Power Plant) EA-01-286

On October 3, 2002, a Notice of Violation was issued for a violation associated with a White SDP finding involving a failed essential service water (ESW) strainer basket that resulted in a debris intrusion event. The violation cited that the installation instructions for the ESW strainer baskets were not appropriate.

Exelon Generation Company, LCC and AmerGen Energy Company (ORDER applies to multiple Exelon and AmerGen facilities) EA-02-124

On October 3, 2002, an immediately effective Confirmatory Order was issued to Exelon and AmerGen in order to confirm certain commitments to assure the licensees' compliance with the Commission's employee protection regulations, 10 CFR 50.7. In view of the Confirmatory Order and consent by the licensees thereto, dated September 27, 2002, the NRC exercised its enforcement discretion pursuant to Section VII.B.6 of the NRC Enforcement Policy, and refrained from issuing a Notice of Violation or proposing a civil penalty.

XVI. Power Reactor Security Regulations

In response to the terrorist attacks on September 11, 2001, the NRC and the nuclear industry have taken a number of actions to ensure the security at nuclear power plants. Immediately following the terrorist attacks on the World Trade Center and the Pentagon, the NRC advised nuclear power plant licensees to go to the highest level of security (i.e., Level 3), and all promptly did so.

The NRC has developed a new Threat Advisory and Protective Measures System in response to Homeland Security Presidential Directive-3. When a new Homeland Security Advisory System (HSAS) threat condition is declared, the NRC will promptly notify affected licensees of the condition and refer them to the predefined protective measures that we have developed for each threat level. The new system for NRC licensees was formally communicated to licensees, Governors, State Homeland Security Advisors, Federal agency administrators, and other appropriate officials on August 19, 2002. The new system supercedes the NRC's 1998 threat advisory system and covers additional classes of licensees not included in the NRC's 1998 system.

The staff is continuing an integrated review of the NRC's safeguards and security program, which includes threat definitions, vulnerability assessments, and regulatory improvements.

The NRC continues to interact with the FBI, other intelligence and law enforcement agencies, the Department of Defense, and the Office of Homeland Security to ensure any changes to the NRC's programs are informed by pertinent input from all relevant U.S. agencies.

XVII. Power Uprates

The staff has assigned power uprate license amendment reviews a high priority. The staff considers power uprate applications among the most significant licensing actions and is, therefore, conducting power uprate reviews on accelerated schedules.

Licensees have been applying for and implementing power uprates since the 1970s as a way to increase the power output of their plants. The staff has been conducting power uprate reviews since then and to date, has completed 88 such reviews. Approximately 11,831 MWt (3944 MWe) or an equivalent of over three nuclear power plant units has been gained through implementation of power uprates at existing plants. During the month of November, the staff received a 1.65 percent power uprate application for D.C. Cook, Unit 2 and the staff approved 6 power uprate applications. These included a 1.7 percent power uprate application for Robinson for a total of approximately 13 MWe, a 1.4 percent power uprate application for Indian Point Unit 3 for a total of approximately 14.1 MWe, a 1.4 percent power uprate application for Point Beach Unit 1 and 2 for a total of approximately 7.2 MWe each, and 1.62 percent power uprate application for Peach Bottom Unit 2 and 3 for a total of approximately 18.7 MWe each. The staff currently has 7 plant-specific applications under review. The staff also has two General Electric Nuclear Energy topical reports for power uprates under review.

The staff conducted a survey in July 2002 to obtain information regarding industry's plans related to power uprate applications. The survey requested information for planned power uprates over the next 5 years. Based on this survey and information obtained since the survey, licensees plan to submit 51 additional power uprate applications in the next 5 years. These

include 27 measurement uncertainty recapture power uprates (i.e., power uprates less than 2 percent), 4 stretch power uprates (i.e., power uprates up to about 7 percent), and 20 extended power uprates (i.e., power uprates greater than about 7 percent). Planned power uprates are expected to result in an increase of over 5900 MWt (1970 MWe) (equivalent to more than one large nuclear power plant unit). Licensees also indicated that they are currently studying the feasibility of power uprates for two additional units. The staff will utilize this information for future planning.

Identical letter to be sent to:

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

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

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

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

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

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