

ENCLOSURE 6

NUCLEAR MANAGEMENT COMPANY

**DUANE ARNOLD ENERGY CENTER
DOCKET 50-331**

**KEWAUNEE NUCLEAR POWER PLANT
DOCKET 50-305**

**MONTICELLO NUCLEAR GENERATING PLANT
DOCKET 50-263**

**PALISADES NUCLEAR PLANT
DOCKET 50-255**

**POINT BEACH NUCLEAR PLANT UNITS 1 AND 2
DOCKETS 50-266 AND 50-301**

**PRAIRIE ISLAND NUCLEAR GENERATING PLANT UNITS 1 AND 2
DOCKETS 50-282 AND 50-306**

October 31, 2003

**REDUCTION IN COMMITMENT REGARDING
OFFSITE REVIEW COMMITTEES**

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Reduction in Commitment Regarding Offsite Review Committees

Introduction

NMC plants currently have in their Quality Assurance Program Descriptions requirements for an Offsite Review Committee (OSRC) to function as an independent review body. The QATR submitted herewith does not include requirements for any type of independent review body. NMC considers the elimination of this function (OSRC) to be a reduction in commitment requiring NRC approval in accordance with 10 CFR 50.54(a)(4).

Background

The requirements for an independent review function were based on ANSI N18.7-1976, as endorsed by Regulatory Guide 1.33, Revision 2, 1978. ANSI N18.7 provides two options for independent review: (1) a standing committee functioning as an independent review body, or (2) an organizational unit functioning as an independent review body. These requirements were established at a time when the nuclear industry was experiencing rapid growth and a dearth of highly experienced and qualified operating and technical support staff. Since that time, nuclear plant staffs have increased both in number and in levels of experience, and in the ability to perform focused and "independent" reviews of operating activities. Independent reviews are specified in the QATR for several key processes, including design activities, procedures, procurements, inspection, and testing. Independent reviews of operating, regulatory and safety performance, plant changes, and important industry experience are also specified to be conducted by plant operating review committees (PORC). These are the same reviews done by the OSRCs. The PORC membership includes persons competent in Operations, Maintenance, Engineering, Radiation Protection and Chemistry, and typically meets more frequently than the minimum of twice per year required for OSRCs. PORC thus provides for timely review and feedback. Although PORC's primary role is advisory to the Plant Manager, results of its reviews are reported to higher management.

In addition, the industry has established the Institute of Nuclear Power Operations (INPO) to provide independent reviews of plant operations as well as identify and communicate industry experience and lessons learned so plants can take appropriate action to prevent similar events; the NRC has modified its regulatory philosophy to focus on the risk-significant aspects of plant operation; and the industry has recognized the importance of maintaining a robust safety culture to safe and reliable plant operations. Important parts of a robust safety culture include effective self-assessment and corrective action programs. The NMC QATR establishes requirements for both programs that assure they are focused on identifying and correcting equipment and process issues. For self-assessments, NMC sites make extensive use of each other's

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staff, as well as expertise from non-NMC sources, to provide an outside perspective. For corrective action, NMC fosters a non-punitive attitude toward the identification of adverse conditions, and implements a program that includes trending, cause evaluation, corrective actions and reporting to management.

Proposed Change

As noted elsewhere in this letter, NMC does not intend to use N18.7 as a base standard, but has addressed in its QATR those N18.7 requirements for administrative controls it considers necessary and sufficient to provide adequate control of nuclear plant operating activities. Because of the changes discussed above, and the provisions of the enclosed QATR, NMC considers that the N18.7 requirements for independent review are redundant and, in accordance with SECY-02-0081 guidance for reducing regulatory burden, is submitting the QATR without the requirements for each plant to have an Offsite Safety Review Committee.

Reason for Proposed Change

As noted above, conditions have changed since the requirements for an independent review function were first promulgated and endorsed by the NRC. In NMC's opinion, these changes, not the existence of an independent review function, have contributed to continued improvements in NMC plants' and industry performance, as shown in key performance indicator trends for availability, reliability, industrial safety, radiation safety, and plant events. (See INPO and NRC performance indicators.) For this reason, NMC considers the imposition of an independent review function an unnecessary burden deserving of relief. In addition, NMC's effort to update the basis for its Quality Program includes elimination of the link to N18.7, which provides an opportunity to establish requirements appropriate to the conditions of today, rather than 1978.

Basis for Concluding Continued Compliance with 10 CFR 50, Appendix B

10 CFR 50, Appendix B does not specifically require an independent review function as described in ANSI N18.7 as part of its quality assurance program requirements. Criterion II states: "The applicant shall regularly review the status and adequacy of the quality assurance program." The NRC, via Regulatory Guide 1.33, 1978, provided the linkage from Appendix B to N18.7-1976, stating "This Regulatory Guide describes a method acceptable to the staff for complying with the Commission's regulations with regard to overall quality assurance program requirements for the operating phase of nuclear power plants." Regulatory Guide 1.33 also stated "This guide reflects current NRC practice."

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NMC considers that the provisions in the enclosed QATR satisfy the Appendix B, Criterion II requirements. These QATR requirements are contained in sections A.3, C.1, C.2 and C.3, as quoted below:

“A.3 Responsibility

.....

Senior management is regularly apprised of assessment results evaluating the adequacy of implementation of the QAP through the assessment functions described in section C.

NMC ensures that the QAP is properly documented, approved and implemented before an activity within the scope of the program is undertaken. Management is responsible to assure that processes and procedures comply with QATR and other applicable requirements, and that employees comply with them. Individual managers ensure that personnel working under their management cognizance are provided the necessary training and resources to accomplish their assigned tasks. Managers and supervisors are responsible for timely and continuing monitoring of performance to verify that day-to-day activities are conducted safely and in accordance with applicable requirements.

As described in C.3, Nuclear Oversight is responsible to verify that processes and procedures comply with QATR and other applicable requirements, that such processes or procedures are implemented, and that management appropriately ensures compliance.

C.1 Methodology

NMC establishes programs for reviews and assessments to verify that activities covered by this QATR are performed in conformance with the requirements established, review significant proposed plant changes, tests and procedures, verify that reportable events are promptly investigated and corrected, and detect trends which may not be apparent to the day-to-day observer. These programs are, themselves, reviewed for effectiveness as part of the overall assessment process, as described herein.

NMC uses self-assessment (performed by or for the group responsible for the activity being assessed) and independent assessment (performed by the Nuclear Oversight organization) to monitor overall performance, identify anomalous performance and precursors of potential problems, and verify satisfactory resolution of problems.

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NMC plants maintain plant operating review committees to review overall plant performance, and advise site Management on matters related to nuclear safety. Appendix A establishes the requirements for these committees.

C.2 Self-assessment

NMC uses self-assessments performed by or for the group responsible for the activity being assessed to identify anomalous performance and precursors of potential problems. When line organizations perform self-assessments, their approach is technically and performance oriented with focus on the quality of the end product as well as on compliance with procedures and processes. The objective of self-assessment is to improve performance and achieve excellence.

...

C.3 Independent Assessment

NMC has established a program of planned and periodic performance-based independent assessments to monitor overall performance and confirm that activities affecting quality comply with the QAP and that the QAP is effectively implemented. ...

Results of independent assessments are reported in an understandable form and in a timely fashion to a level of management having the authority to effect corrective action. Nuclear Oversight conducts timely follow-up action, including re-assessment of deficient areas, as necessary to establish adequacy of corrective actions.

Independent assessment results are documented and reviewed by Nuclear Oversight management and by management having responsibility for the area assessed. In addition, Nuclear Oversight activities are periodically assessed for effectiveness. Results are documented and reported to responsible management.”

In conclusion, the QATR will establish requirements that comply with 10 CFR 50, Appendix B, without the need for the independent review function (OSRC) as contained in each plant’s current Quality Assurance Program Description.