

PSEG QUARTERLY LEADERSHIP FORUM

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NUCLEAR REGULATORY COMMISSION'S ROLE

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OVERVIEW

- **NRC Reactor Oversight Program**
- **Observations on Industry Deregulation and Consolidation**
- **Perspective on Salem & Hope Creek**
- **NRC Future Directions**

NRC MISSION

- **Issue licenses for the peaceful use of nuclear materials in the U. S.**
- **Ensure licensees use nuclear materials safely, and are prepared to respond to emergencies**
- **Ensure nuclear plants are designed, constructed, and operated in a safe fashion**

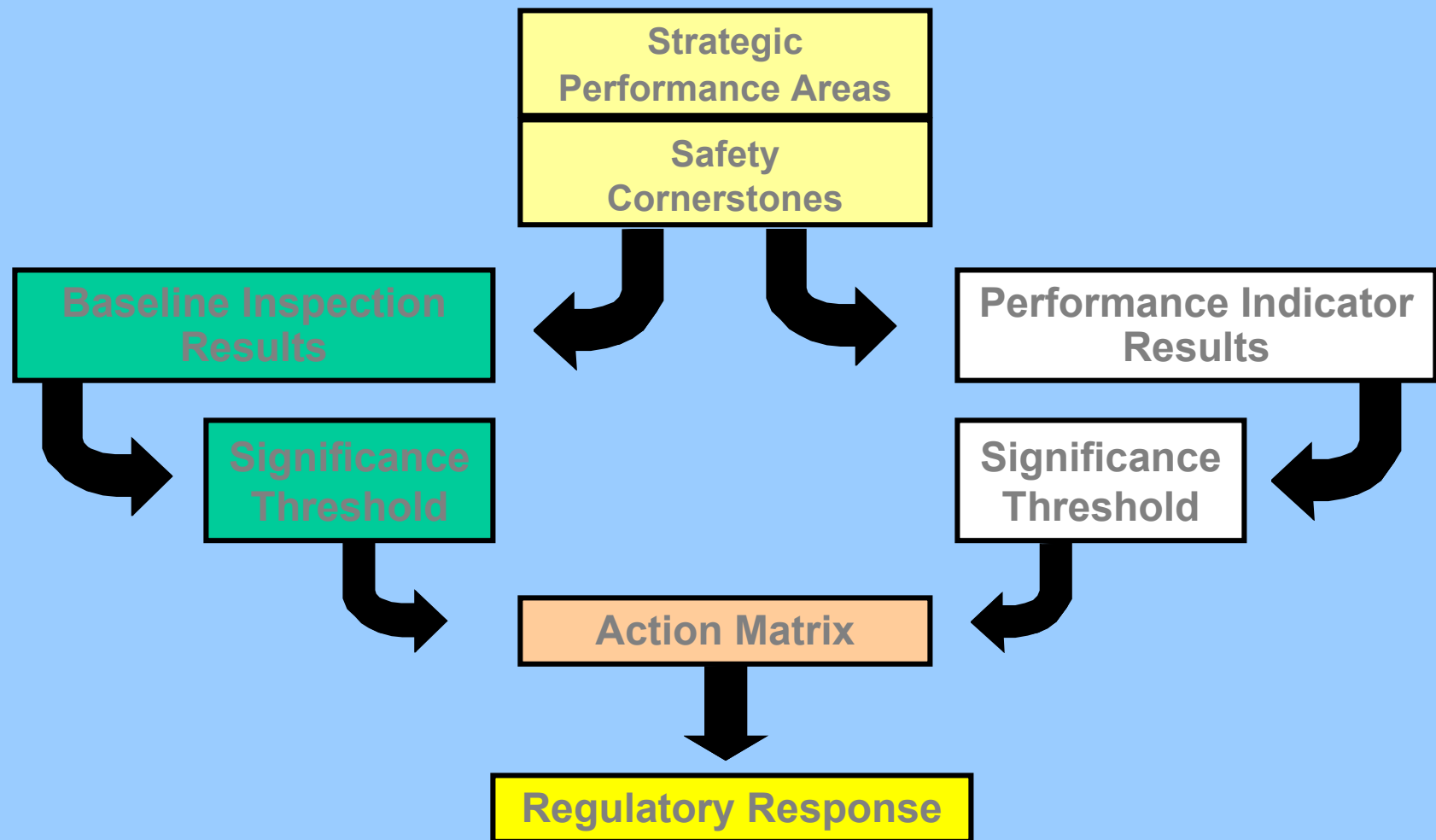
NRC GOALS

- **Maintain safety by establishing regulatory oversight framework that ensures continued safe operation**
- **Enhance public confidence**
- **Improve effectiveness, efficiency, and realism of processes and decision making**
- **Reduce unnecessary regulatory burden**

REACTOR OVERSIGHT PROGRAM

- **Historical Approach**
 - **“SALP” and Plant Watch List**
- **Current Oversight Program**
 - **Improved objectivity – performance indicators**
 - **Strong risk focus**
 - **Predictability**
 - **Public access**
- **No change in fundamental objectives – inspection continues to be strong element**

REACTOR OVERSIGHT PROCESS



INDUSTRY DEREGULATION

- **Significant consolidation of ownership**
- **Fleet operators have emerged**
- **With continuing focus on safety, search for efficiencies (e.g., outages and staffing)**

INDUSTRY CONSOLIDATION IN REGION I

Year	Sites	Units	Owners
1993	21	30	17
2003	17	26	9

- 10 owner operators departed
- 4 new owners bridging other 3 regions
- Virtually all Region I plants operate as merchant plants

OBSERVATIONS

- **General improvement in plant performance**
- **Improved governance and competition have driven better management**
 - **Work control and planning**
 - **Coordination among organizations**
 - **Equipment and material condition**
- **“Safe plant is a reliable, economic plant”**
- **Continued industry benchmarking and INPO processes**
- **Potential pitfalls and challenges remain**

POTENTIAL PITFALLS

- **Industry average trends can be deceiving
– Davis Besse event**
- **Underestimation of efforts required to consolidate operations**
- **Inconsistencies in rigor of technical work**
- **Legacy issues – underestimation of “hidden backlogs”**
- **Change management issues**
- **Staff “self-censorship”**

APPROACHES FOR SUCCESS

- **Strong corrective action program -- continued low threshold for problem identification**
- **Effective engineering and technical support**
- **Penetrating self-assessment and surveys -- assessment of behaviors and safety culture best “leading” indicator**
- **Relentless commitment to high standards -- long term view on resources**

PERSPECTIVES ON SALEM & HOPE CREEK

- **Most challenging single site**
 - 3 units, 2 technologies
- **Historical Perspective**
 - Plant events, outages, NRC Watch List
 - Periods of improvement over long term

PERSPECTIVES ON SALEM & HOPE CREEK

- **Current Perspective**
 - Performance indicators all “green”
 - Numerous “green” and 1 “white” finding
 - Substantive “crosscutting” issues in problem identification and resolution
 - Plant events and equipment issues -- challenges organizational effectiveness improvement efforts
- **Impact of Current Initiatives**

NRC FUTURE DIRECTIONS

- **Continued effective oversight**
 - Disciplined, aggressive inspection
 - Integrated assessment of results and themes
- **Response to emergent, generic issues**
- **Security and emergency preparedness**
- **Effective communications**