

February 12, 2004

Mr. Alexander Marion, Director Engineering
Nuclear Generation Division
Nuclear Energy Institute
1776 I Street, NW, Suite 400
Washington, DC 20006-3708

SUBJECT: FIRE PROTECTION SELF-ASSESSMENT PILOTS
PROJECT NUMBER: 689

Dear Mr. Marion:

This letter responds to your letter to me dated October 3, 2003, in which you provided the industry plan for conducting industry pilots for self-assessment of associated circuits before NRC restarts associated circuit inspections. Based on our review of the industry proposal, we believe conducting pilots for self-assessment of associated circuits would delay inspections required by the NRC Reactor Oversight Process (ROP) and is not compatible with NRC self-assessment efforts.

The NRC plans to resume inspections of associated circuits six-months after the publication of the final Regulatory Information Summary (RIS) on risk-informed circuit inspection. During this 6-month period NRC plans to hold a public meeting to clarify any questions on the circuit issue and describe the processes for inspections and significance determination. The current enforcement guidance contained in Section 8.1.7.1 of the NRC Enforcement Manual which provides enforcement discretion when appropriate will also stay in place during the six-month transition period. We plan to finalize the revised fire protection significance determination process (FP SDP) during this grace period.

This 6-month period will allow licensees the opportunity to self-evaluate the status of their associated circuits using criteria (including licensing basis) clearly defined and understood by the NRC and the licensees. The NRC supports the licensee efforts to conduct self-evaluations of associated circuits to find and fix problems and to help licensees prepare for the associated circuit inspections. Further, this 6-month period will provide licensees time to consider new inspection procedures, related guidance, and generic communications (RIS, draft NUREG-1778, "Knowledge Based for Post-Fire Safe-Shutdown Analysis").

In your letter to us, you proposed that we continue the moratorium on associated circuit inspections as well as the resolution of prior unresolved associated circuit issues for all plants for one year following the beginning of the pilots. We believe that the moratorium on inspections beyond the 6-month period after the publication of the final RIS is not appropriate, since (a) the inspections were stopped about three years ago, and (b) industry and the staff have worked together to gain a better understanding of modes of associated circuit failures. This work has included ACRS meetings, workshops, testing, and an expert panel report. At this

point the staff is confident regarding which circuit failure modes are not credible or of very low risk significance.

The NRC regions and the Fire Protection staff in the Office of Nuclear Reactor Regulation (NRR) will interact with licensees if they have any questions before restart of inspections. During the 6-months following the issuance of the RIS, NRC inspection teams will not conduct any associated circuit inspections, nor will they participate in any industry-initiated self-evaluation. However, it is the responsibility of the licensee to maintain records of such evaluations in an auditable format. If the licensee identifies issues during this period, those issues may qualify for enforcement discretion.

The NRC encourages industry to develop additional guidance, if the industry feels it is necessary. The NRC plans to issue a RIS, a draft NUREG-1778, and inspection procedures on risk-informed associated circuit inspections. We recognize that the RIS and the NUREG-1778 do not provide answers to some challenging questions on the licensing basis of individual plants in the area of associated circuits. To address challenging issues in this area and support the regional staff in a consistent and timely manner, the staff plans to form a panel of NRC staff and managers during the first triennial cycle. This panel will review and address old enforcement issues on a case-by-case basis based on the current understanding of the issue and plant licensing basis using current processes or revised processes that will be in place after the transition period.

The NRC noted in a public meeting on October 17, 2003, that NEI-00-01 cannot be used to change the licensing basis of specific plants. We believe that NEI 00-01, in its entirety, is not viable for associated circuit inspections. One of the fundamental proposals of NEI-00-01 to accept a single hot-short as the licensing basis for all associated circuit inspections is not viable because that conclusion is not compatible with the relatively high probability of multiple hot-shorts. However, we believe that the risk screening tool provided in NEI-00-01, with some modifications to address staff comments, can be used to perform screening analyses on associated circuit findings, after it is incorporated to the NRC's FP SDP.

The NRC staff will review all associated circuits findings and violations through the current NRC enforcement polices and programs, unless these processes are changed. At the present time the staff is examining the process changes that may reduce unnecessary regulatory burden and encourage the licensees to find and fix risk significant issues. The staff is working on a SECY Paper for the Commission to consider the long-term path forward for associated circuits resolution.

If you have any questions regarding this letter, please contact Naeem Iqbal of my staff, (301) 415-3346.

Sincerely,

John N. Hannon, Chief **//RA//**
Plant Systems Branch
Division of Systems Safety and Analysis
Office of Nuclear Reactor Regulation

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