MANUAL CHAPTER 0305

OPERATING REACTOR ASSESSMENT PROGRAM

0305-01 PURPOSE

01.01 The Reactor Oversight Process (ROP) integrates the NRC's inspection, assessment, and enforcement programs. The Operating Reactor Assessment Program evaluates the overall safety performance of operating commercial nuclear reactors and communicates those results to licensee management, members of the public, and other government agencies.

01.02 The assessment program collects information from inspections and performance indicators (PIs) in order to enable the agency to arrive at objective conclusions about the licensee's safety performance. Based on this assessment information, the NRC determines the appropriate level of agency response, including supplemental inspection and pertinent regulatory actions ranging from management meetings up to and including orders for plant shutdown. The assessment information and agency response are then communicated to the public. Follow-up agency actions, as applicable, are conducted to ensure that the corrective actions designed to address performance weaknesses were effective.

0305-02 OBJECTIVES

02.01 To collect information from inspection findings and PIs.

02.02 To arrive at an objective assessment of licensee safety performance using PIs and inspection findings.

02.03 To assist NRC management in making timely and predictable decisions regarding appropriate agency actions used to oversee, inspect, and assess licensee performance.

02.04 To provide a method for informing the public and soliciting stakeholder feedback on the NRC's assessment of licensee performance.

02.05 To provide a process to follow up on areas of concern.

0305-03 APPLICABILITY

This manual chapter applies to all operating commercial nuclear reactors except those sites that are under IMC 0350, "Oversight of Operating Reactor Facilities in Shutdown Condition with Performance Problems." The contents of this manual chapter do not restrict the NRC from taking any necessary actions to fulfill its responsibilities under the Atomic Energy Act of 1954 (as amended).

0305-04 DEFINITIONS

04.01 Annual Assessment Cycle. A 12-month assessment period from January 1 through December 31 of each year.

04.02 Assessment Inputs. As used in this manual chapter, assessment inputs are the PIs and inspection findings for a particular plant that are combined in the assessment process in order to determine appropriate agency actions. As discussed in section 06.01, traditional enforcement items should be considered when determining the range of agency actions within the appropriate column of the Action Matrix.

04.03 Assessment Period. A rolling 12 month period that contains four quarters of performance indicators and inspection findings. An inspection finding is normally carried forward in the assessment process for a total of four calendar quarters and a performance indicator is recalculated on a quarterly basis.

04.04 Degraded Cornerstone. A cornerstone that has two or more white inputs or one yellow input.

04.05 Inspection Manual Chapter (IMC) 0350 Process. An oversight process that oversees licensee performance, inspections, and restart efforts for plants in shutdown conditions with significant performance problems.

04.06 Multiple Degraded Cornerstones. Two or more cornerstones are degraded in any one quarter.

04.07 Old Design Issue. An inspection finding involving a past design-related problem in the engineering calculations or analysis, associated operating procedure, or installation of plant equipment that does not reflect a performance deficiency associated with existing licensee programs, policy, or procedures. As discussed in section 06.06.a, some old design issues may not be considered in the assessment program.

04.08 Parallel Performance Indicator Inspection Finding. An inspection finding issued at the same significance level of a safety-significant performance indicator when the supplemental inspection reveals a substantial inadequacy in the licensee's evaluation of the root causes of the original performance deficiency, determination of the extent of the performance problems, or the actions taken or planned to correct the issue. See section 06.06.d for more details.

04.09 Plant Performance Summary. A document (see exhibit 7) prepared by the regional offices and used during the mid-cycle review, end-of-cycle review, and Agency Action Review (if applicable) meetings. This document is prepared for those plants that: (1) for any quarter during the assessment period have been in the degraded cornerstone, multiple/repetitive degraded cornerstone, or unacceptable performance column of the Action Matrix, or (2) have a current substantive cross-cutting issue.

04.10 Repetitive Degraded Cornerstone. A single cornerstone that is degraded (2 white inputs or 1 yellow input) for five or more consecutive quarters. This designation only applies to a single cornerstone when there are at least two separate safety significant PIs or inspection findings during this period. Additionally, this designation does not apply when the only safety-significant findings are those that have been held open greater than four quarters in accordance with section 06.06.d.

04.11 Safety-Conscious Work Environment (SCWE). An environment in which employees feel free to raise safety concerns, both to their management and to the NRC, without fear of retaliation.

04.12 Safety-Significant Finding/ Performance Indicator. An inspection finding with a safety significance greater than green or a performance indicator that is greater than green.

04.13 Significance Determination Process (SDP). A characterization process that is applied to inspection findings to determine their safety significance. Using the results of the SDP, the overall licensee performance assessment process can compare and evaluate the findings on a significance scale similar (i.e., white, yellow, red) to the performance indicators.

04.14 Substantive Cross-Cutting Issue. As used in this chapter, a common performance theme (i.e., related causal factor) as evidenced by a significant number of current inspection findings in the cross-cutting areas of human performance, problem identification and resolution, or safety-conscious working environment. See section 06.06.h for more details.

0305-05 RESPONSIBILITIES AND AUTHORITIES

05.01 Executive Director for Operations (EDO)

a. Oversees the activities described in this manual chapter.

b. Approves all deviations from the Action Matrix.

05.02 Director, Office of Nuclear Reactor Regulation (NRR)

a. Implements the requirements of this manual chapter within NRR.

b. Develops assessment program policies and procedures.

c. Ensures uniform program implementation and effectiveness.

d. Concurs on regional requests for deviation from the Action Matrix.

05.03 Regional Administrators

a. Implements the requirements of this manual chapter within their respective regions.

b. Develops and issues assessment letters to each licensee.

c. Conducts assessment reviews and directs allocation of inspection resources within the regional office based on the Action Matrix.

d. Establishes a schedule and determines a suitable location for the annual public meeting with each licensee to ensure a mutual understanding of the issues discussed in the annual assessment letter.

e. Suspends the mid-cycle and/or end-of-year performance review for those plants that have been transferred to the Inspection Manual Chapter 0350 process (see IMC 0350).

f. Chairs the end-of-cycle review meetings.

g. Initiates requests for deviations from the Action Matrix.

05.04 Director, Office of Public Affairs. Issues press releases following the completion of the mid-cycle and end-of-cycle reviews.

05.05 Chief, Inspection Program Branch (NRR/DIPM/IIPB)

a. Develops assessment program guidance.

b. Collects feedback from the regional offices and assesses execution of the Operating Reactor Assessment Program to ensure consistent application.

c. Recommends, develops, and implements improvements to the Operating Reactor Assessment Program.

d. Provides oversight of the mid-cycle and end-of-cycle review meetings.

e. Concurs on proposals by the regional offices to not count an old design issue in the assessment program in accordance with section 06.06.a.

f. Concurs on proposals by the regional office to extend an inspection finding in the assessment process beyond the normal four quarters in accordance with section 06.06.d.

g. Concurs on proposals by the regional office to initiate a parallel inspection finding in accordance with section 06.06.d.

h. Concurs on the supplemental inspection plan for plants in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

05.06 Regional Division Directors

a. Chairs the mid-cycle review meeting.

b. Approves proposals by the regional offices to not count an old design issue in the assessment program in accordance with section 06.06.a.

c. Approves proposals by the regional office to extend an inspection finding in the assessment process beyond the normal four quarters in accordance with section 06.06.d.

d. Approves proposals by the regional office to initiate a parallel inspection finding in accordance with section 06.06.d.

e. Approves the supplemental inspection plan for plants in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

05.07 Agency Allegations Advisor. Provides any significant insights from the allegations program to the regional offices in preparation for the mid-cycle and end-of-cycle review meetings.

05.08 Director, Office of Enforcement. Provides any significant insights from the enforcement program to the regional offices during the end-of-cycle review meetings.

05.09 Director, Office of Investigations. Provides any significant insights from the office of Investigations to the regional offices during the end-of-cycle review meetings.

05.10 Director, Office of Research. Provides any significant insights from the office of Research to the regional offices during the end-of-cycle review meetings.

05.11 Director, Office of Nuclear Security and Incident Response. Provides any significant insights from the Office of Nuclear Security and Incident Response to the regional offices during the end-of-cycle review meetings.

0305-06 BASIC REQUIREMENTS

06.01 Overall Assessment Process. Licensee performance is reviewed over a 12-month period through the operating reactor assessment process (exhibits 3 and 4).

A preliminary significant (i.e., preliminary white, yellow, or red) issue is not considered a safety-significant inspection finding and therefore not considered in the assessment process until after the final determination of significance is made through the SDP and the licensee has been informed of the decision. The safety-significant inspection finding will then be considered in the assessment process as of the quarter in which the final exit meeting occurred for the inspection that resulted in designating the issue as an apparent

violation (AV), violation (VIO), finding (FIN), or non-cited violation (NCV) in the reactor program system (RPS). In most cases, this should correspond to the end of the pertinent inspection period in which the finding was identified.

A safety-significant inspection finding is carried forward for four calendar quarters or until appropriate licensee corrective actions have been completed, whichever is greater. Therefore, an inspection finding will no longer be considered in the assessment process after four calendar quarters unless the region has justification to keep the finding open in accordance with section 06.06.d of this manual chapter.

> Example: A preliminary white inspection finding in the second calendar year (CY) quarter whose final safety significance was determined to be white (low to moderate safety significance) during third CY quarter, would be considered a white finding in CY quarters 2, 3 and 4 plus the first quarter of the next CY.

The inspectors normally use the SDP to evaluate inspection findings for safety significance. In addition, the NRC's enforcement policy may apply to issues which the SDP process can not evaluate for safety significance (e.g., violations that may impact the NRC's ability to provide oversight of licensed activities and violations that involve willfulness, including discrimination). These issues should be considered when determining the range of agency actions within the appropriate column of the Action Matrix. Additionally, if applicable, the underlying technical issue should be separately evaluated using the Significance Determination Process and the results considered in the assessment program.

06.02 Performance Reviews. The assessment process consists of a series of reviews which are described below.

a. Continuous Review. The resident inspectors and branch chiefs in each regional office continuously monitor the performance of their assigned plants using the results of the performance indicators and inspection findings. Inspections are conducted on a continuous basis in accordance with IMC 2515 and performance indicators are reported quarterly by the licensee.

   The region may issue an assessment follow-up letter (exhibit 8) and address the issue in accordance with the Action Matrix between the normal quarterly assessments if, (1) a safety significant inspection finding is finalized, or (2) if a performance indicator will cross a performance threshold at the end of the quarter based on current inputs.

b. Quarterly Review. Each region conducts a quarterly review utilizing PI data submitted by licensees and inspection findings compiled over the previous twelve months. This review is conducted within five weeks after the conclusion of each quarter of the annual assessment cycle (see exhibit 4). The most recent quarter of performance indicators and applicable inspection findings shall be considered in determining agency actions per the Action Matrix.

   The responsible DRP Branch Chief reviews the most recently submitted PIs (which should be submitted 21 days after the end of the quarter) and the inspection findings contained in the plant issues matrix (PIM) to identify any performance

trends. The Branch Chief shall utilize the Action Matrix to help identify where there are NRC actions that should be considered which are not already embedded in the existing inspection plan. Assessment follow-up letters are normally issued within two weeks after the quarterly review for any new safety significant PIs or inspection findings.

If based on the continuous review, as discussed above, the region issued an assessment follow-up letter for inspection findings or performance indicators during the past quarter, a subsequent quarterly assessment follow-up letter would not be necessary if its only purpose is to reiterate any issues that had been previously addressed to the licensee.

Note: The regional office should still perform a supplemental inspection procedure even if a PI returns to the green band prior to conducting the supplemental inspection.

Due to the fact that inspection findings count in the assessment process for four quarters, the staff may become aware that a plant will reach a repetitive degraded cornerstone categorization prior to five consecutive quarters actually being completed. If this occurs, the agency should consider engaging the licensee regarding the appropriate actions for the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix at each subsequent quarterly review.

Additionally, for plants whose performance is in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix, consideration shall be given at each quarterly review for engaging senior licensee and agency management in discussions associated with (1) transferring the plant to the IMC 0350 process, (2) declaring licensee performance to be unacceptable in accordance with the guidance contained within this manual chapter, and (3) taking additional regulatory actions (as appropriate). If there are significant changes in the inspection plan for a plant in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix, the regions should issue a separate assessment follow-up letter in order to ensure the licensee is aware of these changes.

c. Mid-Cycle Review. Each regional office conducts a mid-cycle review utilizing the most recent quarterly performance indicators and inspection findings compiled over the previous twelve months. This review incorporates activities from the quarterly review after the conclusion of the second quarter of the annual assessment cycle. The output of this review is a mid-cycle letter (exhibit 9) for every plant instead of an assessment follow-up letter. The mid-cycle review and subsequent mid-cycle letters should only discuss issues where the inspection was completed prior to the end of the assessment period. Additional activities include planning inspection activities for approximately 18 months as well as discussing any insights into potential substantive cross-cutting issues (problem identification

and resolution, human performance, and safety-conscious work environment). The Action Matrix is used to determine the scope of agency actions in response to the assessment inputs. The mid-cycle review will be completed within six weeks of the end of the second quarter of the annual assessment cycle.

In preparation for the mid-cycle reviews, the regional offices shall develop a meeting agenda as well as provide the plant issues matrix, the results of the PIs, and the proposed inspection plan for all plants. Exhibit 6 provides the areas that should be addressed by the regional offices for all plants except those that are required to prepare a Plant Performance Summary. A single written exhibit 6 is sufficient to conduct the meeting. The regional offices shall develop a Plant Performance Summary (see exhibit 7) for those plants whose performance has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix during any quarter of the past twelve months. A Plant Performance Summary shall also be developed for those plants that the regional offices consider to have current substantive cross-cutting issues that should be included in the mid-cycle letter. In order to determine the need for a plant performance summary, the existence of a preliminary substantive cross-cutting issue should be discussed by the regional office prior to the mid-cycle review meeting. The Plant Performance Summary packages will assist the regional offices in conducting the meeting and will form the basis for the mid-cycle letters as well as providing input to the next end-of-cycle review meeting. The Plant Performance Summary should include an operating summary, a performance overview (current overall assessment and previous assessment results), inspection and PI results by cornerstones, other issues (i.e., cross-cutting issues, PI verification, and non-SDP enforcement actions of at least severity level III), as well as a proposed inspection plan. Each page of the meeting agenda (exhibit 6) and Plant Performance Summary (exhibit 7) should be clearly marked as “pre-decisional” to ensure that the document is handled properly and not inadvertently released to the public.

The mid-cycle review meeting is chaired by a Division of Reactor Projects (DRP) or Division of Reactor Safety (DRS) Division Director (DD). The DRP Branch Chiefs responsible for their plants should take the lead in presenting the overall results of the review to the Division Director. The DRS Branch Chiefs shall coordinate with the appropriate DRP Branch Chiefs to provide adequate support for the presentation and the development of the inspection plan. Other participants shall include applicable regional and resident inspectors, a representative from the Inspection Program Branch (IIPB), the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional resources deemed necessary by the regional offices. A Senior Reactor Analyst (SRA) is not required to attend the meeting if their insights on safety significant performance issues have been provided before the meeting. The Agency Allegations Advisor will provide any significant insights to the regional offices at least one week in advance of the mid-cycle meeting. The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

The output of the mid-cycle review is a mid-cycle letter (exhibit 9). This letter shall be issued within three weeks of the completion of the mid-cycle reviews. The three-week requirement begins when all of the regional offices complete their mid-cycle reviews. Signature authority for the mid-cycle letter is determined by the most significant column of the Action Matrix that the plant has been in over the first two quarters of the current assessment cycle. For example, findings from the previous assessment cycle that were no longer active in the assessment process during the first two quarters of the current assessment cycle would not factor in to the signature authority determination. This letter shall contain:

1. A summary of safety significant PIs and inspection findings for the most recent quarter as well as discussion of previous action taken by the licensee and the agency relative to these issues. Performance issues from previous quarters may be discussed if:

   (a) The agency's response to an issue had not been adequately captured in previous correspondence to the licensee.

   (b) These issues, when combined with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.

2. A discussion of any deviations from the Action Matrix during the assessment period.

3. A qualitative discussion of substantive cross-cutting issues, if applicable. Safety-conscious work environment (SCWE) issues shall only be discussed if the agency has previously engaged the licensee via a meeting or docketed correspondence regarding a potential or actual SCWE concern or issue.

4. A discussion of the licensee's progress in addressing a substantive cross-cutting issue, if documented in the previous mid-cycle or annual assessment letter.

5. A discussion of non-SDP (severity level III or greater) enforcement actions.

6 A discussion of findings that are currently being evaluated by the significance determination process that may affect the inspection plan.

7. A statement of any actions to be taken by the agency in response to safety significant issues, as well as any actions taken by the licensee.

8. An inspection plan consisting of approximately 18 months of activities. The inspection plan will consist of report 22 from the Reactor Program System (RPS).

d. <u>End-of-Cycle Review</u>. Each regional office conducts an end-of-cycle review utilizing the most recent quarterly PIs and inspection findings compiled over the

previous 12 months. This review incorporates activities from the quarterly review after the conclusion of the annual assessment cycle. The output of this review is an annual assessment letter (exhibits 10, 11, 12, 13 and 14) for every plant instead of an assessment follow-up letter. The end-of-cycle review and subsequent annual assessment letters should only discuss issues where the inspection was completed prior to the end of the assessment period. Additional activities include planning inspection activities for approximately 18 months, discussing any potential substantive cross-cutting issues (problem identification and resolution, human performance, and safety-conscious work environment), and developing an input (if applicable) to support the Agency Action Review Meeting. The end-of-cycle review meeting should be held within six weeks of the end of the assessment cycle. The Action Matrix will be used to determine the scope of agency actions in response to assessment inputs.

In preparation for the end-of-cycle review meetings, the regional offices shall develop a meeting agenda as well as provide the plant issues matrix, the results of the PIs, and the proposed inspection plan for all plants. Exhibit 6 provides the areas that should be addressed by the regional offices for all plants except those that are required to prepare a Plant Performance Summary. A single written exhibit 6 is sufficient to conduct the meeting. The regional offices shall develop a Plant Performance Summary (see exhibit 7) for those plants whose performance has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix during any quarter of the past twelve months. A Plant Performance Summary shall also be developed for those plants that the regional offices consider to have current substantive cross-cutting issues that should be discussed in the annual assessment letter. In order to determine the need for a plant performance summary, the existence of a preliminary substantive cross-cutting issue should be discussed by the regional office prior to the end-of-cycle review meeting. The Plant Performance Summary packages will assist the regional offices in conducting the meeting and will form the basis for the annual assessment letters. These packages will also be used at the end-of-cycle summary meeting as well as providing input to the Agency Action Review Meeting (if applicable). The Plant Performance Summary should include an operating summary, a performance overview (current overall assessment and previous assessment results), inspection and performance indicator results by cornerstones, other issues (i.e., cross-cutting issues, PI verification, and non-SDP enforcement actions of at least severity level III), as well as a proposed inspection plan. Each page of the meeting agenda (exhibit 6) and Plant Performance Summary (exhibit 7) should be clearly marked as “pre-decisional” to ensure that the document is handled properly and not inadvertently released to the public.

The end-of-cycle review meeting is chaired by the Regional Administrator or his/her designee. The regional Division Directors and/or Branch Chiefs present the results of the annual review to the Regional Administrator (or designee). Other routine participants should include DRP and DRS Branch Chiefs, applicable regional and resident inspectors, a representative from the Inspection Program Branch (IIPB), the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional participants deemed necessary by the regional

offices. The following representatives should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant: senior representatives from the Division of Licensing Project Management, Office of Investigations, Office of Enforcement, Office of Nuclear Security and Incident Response, and Office of Research. The role of the various headquarters participants during the end-of-cycle meeting is to provide: (1) an opportunity for these offices to share any significant insights into license performance over the course of the annual assessment period, (2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and (3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance. A Senior Reactor Analyst (SRA) is not required to attend the meeting if their insights on safety significant performance issues have been provided before the meeting. The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

An end-of-cycle (EOC) summary meeting may be necessary at the conclusion of the end-of-cycle meeting to summarize the results of the end-of-cycle review with the Director of NRR (or another member of the NRR Executive Team). The regional staff will summarize the results of the end-of-cycle review for those plants whose performance over the past twelve months has been in the degraded cornerstone column, multiple/repetitive degraded cornerstone column, or unacceptable performance column of the Action Matrix. Plants that are under the IMC 0350 process will also be discussed at this meeting. The regional staff will also present the results for those plants that the regional office consider to have current substantive cross-cutting issues that would be included in the annual assessment letter. The EOC summary meetings for each of the regions will be scheduled simultaneously on the third Wednesday of February. This meeting will occur after the completion of all the EOC meetings but before the issuance of the annual assessment letters.

During the EOC summary meeting, the Director of NRR (or another member of the NRR Executive Team) will preside over the meeting while each Regional Administrator will lead the discussion for his region. The EOC summary meeting is an informational meeting vice a decision-making meeting. In preparation for the meeting, IIPB will develop an agenda for the meeting with input from the regional offices. The regional offices should provide their input to IIPB three working days prior to the meeting. In order to aid in the discussion and integration of plant issues, the regional offices should prepare a plant specific action matrix that details the timeline and consideration of PIs and inspection findings in the assessment program. The plant specific action matrix should display the quarterly status of safety significant inspection findings and PIs and the associated action matrix column over a sufficient timeline. The regional offices do not need to prepare this document for plants that are being discussed only for the purpose of having a potential substantive cross-cutting issue. This purpose of this meeting is for regional management to engage headquarters management on those discussion plants in order to ensure awareness of the plants to be discussed at the AARM and those agency actions already taken in response to plant performance.

The output of the end-of-cycle review is the annual assessment letter (exhibits 10, 11, 12, 13, and 14). This letter shall be issued within three weeks of the completion of the end-of-cycle reviews. The three-week requirement begins when all of the regional offices complete their end-of-cycle reviews. Signature authority for each annual assessment letter is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle. The letter shall contain:

1. A summary of safety significant PIs and inspection findings for the most recent quarter as well as previous action taken by the licensee and the agency relative to these issues. Performance issues from previous quarters may be discussed if:

   (a) The agency's response to an issue had not been adequately captured in previous correspondence to the licensee.

   (b) These issues, when combined with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.

2. A discussion of any deviations from the Action Matrix during the assessment period.

3. A qualitative discussion of substantive cross-cutting issues, if applicable. Safety-conscious work environment (SCWE) issues shall be discussed only if the agency has previously engaged the licensee via a meeting or docketed correspondence regarding a potential or actual SCWE concern or issue.

4. A discussion of the licensee's progress in addressing a substantive cross-cutting issue, if documented in the previous mid-cycle or annual assessment letter.

5. A discussion of non-SDP (severity level III or greater) enforcement actions.

6. A discussion of findings that are currently being evaluated by the significance determination process that may affect the inspection plan.

7. A statement of any actions to be taken by the agency in response to safety significant issues, as well as any actions taken by the licensee.

8. An inspection plan consisting of approximately18 months of activities. The inspection plan will consist of report 22 from the Reactor Program System (RPS).

06.03 Program Reviews

a. Agency Action Review Meeting. An Agency Action Review Meeting (AARM) is conducted several weeks after issuance of the annual assessment letters (see

exhibit 4). This meeting is attended by appropriate senior NRC managers and is chaired by the Executive Director for Operations (EDO) or designee. This meeting is a collegial review by senior NRC managers of (1) the appropriateness of agency actions for plants with significant performance issues using data compiled during the end-of-cycle review, (2) trends in overall industry performance, (3) the appropriateness of agency actions concerning fuel cycle facilities and other materials licensees with significant performance problems, and (4) the results of the reactor oversight process self-assessment. Plants with significant performance weaknesses are those plants that are in the Multiple/Repetitive Degraded Cornerstone or Unacceptable Performance columns of the Action Matrix. Plants that are under the IMC 0350 process will also be discussed at this meeting. This meeting is more completely described in Management Directive 8.14 "Agency Action Review Meeting."

b. Commission Meeting. The EDO will brief the Commission annually to convey the results of the Agency Action Review Meeting. The Commission should be briefed within approximately four weeks of the Agency Action Review Meeting to ensure that the information presented is as current as possible.

06.04 Annual Meeting with Licensee

a. Scheduling. A public meeting with the licensee is conducted after issuance of the annual assessment letters to discuss the results of the NRC's annual assessment of the licensee's performance. For plants that have been in the degraded cornerstone, multiple/repetitive degraded cornerstone, or unacceptable performance column of the Action Matrix, these meetings should be scheduled within 16 weeks of the end of the assessment period. These meetings should be conducted no earlier than one week after the annual assessment letters are issued in order to allow time for the licensee to review the contents of the letter. The 16-week requirement may occasionally be exceeded to accommodate the licensee's schedule or regional scheduling conflicts. These meetings may be scheduled within six months of the issuance of the annual assessment letters for plants that have been in the licensee response or regulatory response column of the Action Matrix during the entire assessment period. The meeting is conducted onsite or in the vicinity of the site and should be scheduled to ensure that it is accessible to members of the public. The regional offices should use this meeting as an opportunity to engage interested stakeholders on the performance of the plant and the role of the agency in ensuring safe plant operations. NRC management, as specified in the Action Matrix, conducts the public meeting. The appropriate level of NRC management to chair this meeting is determined by the most significant column of the Action Matrix that the plant has been in over the assessment cycle. The higher level of NRC management, as allowed by the Action Matrix, should chair the annual public meeting for those plants that currently have substantive cross-cutting issues as described in the annual assessment letter.

b. Meeting Preparation. The region shall notify those on distribution for the annual assessment letters of the meeting with the licensee. The region shall notify the media and State and local government officials of the meeting with the licensee and the issuance of the annual assessment letter. Commensurate with the level

of historical interest and/or performance issues, the regional offices should use the following additional tools to inform members of the public of the meeting, as appropriate: press releases, advertisements in local newspapers, or letters soliciting attendance to known interested parties.

c. Conduct of Licensee Meeting. The annual public meeting is intended to provide an opportunity for the NRC to engage interested stakeholders on the performance of the plant and the role of the agency in ensuring safe plant operations. NRC management, as specified in the Action Matrix, will discuss the agency's evaluation of licensee performance as documented in the annual assessment letter. This meeting is considered to be a category 1 meeting in accordance with the Commission's policy on public meetings.

The annual assessment letters provide the minimum information that should be conveyed to the licensee in the annual public meeting. However, this does not preclude the presentation of additional plant performance information when placed in the proper context. The licensee should be given the opportunity to respond at the meeting to any information contained in the annual assessment letter. The licensee should also be given the opportunity to present to the NRC any new or existing programs that are designed to maintain or improve their current performance.

The annual meeting will be a public meeting with the exception that the meeting must be closed for such portions which may involve matters that should not be publicly disclosed under Section 2.790 of Title 10 of the Code of Federal Regulations (10 CFR 2.790). Members of the public, the press, and government officials from other agencies are considered as observers during the conduct of the meeting. However, attendees should be given the opportunity to ask questions of the NRC representatives after the conclusion of the meeting.

06.05 NRC Responses to Licensee Performance

a. Description of the Action Matrix. The Action Matrix (exhibit 5) was developed with the philosophy that, within a certain level of safety performance (e.g., the licensee response band), that licensees would address their performance issues without additional NRC engagement beyond the baseline inspection program. Agency action beyond the baseline inspection program will occur only if assessment input thresholds are exceeded. The Action Matrix identifies the range of NRC and licensee actions and the appropriate level of communication for varying levels of licensee performance. The Action Matrix describes a graded approach in addressing performance issues. A few terms are used throughout the discussion of the Action Matrix. These are:

1. Regulatory Performance Meetings. Regulatory performance meetings are held between licensees and the agency to discuss corrective actions associated with safety significant inspection findings. Each safety significant assessment input shall be discussed in one of the forums listed below in order to arrive at a shared understanding of the performance issues, underlying causes, and planned licensee actions. These meetings may take

place at periodic inspection exit meetings between the agency and the licensee, conference calls, or public meetings after completion of the supplemental inspection. This meeting should be documented in an inspection report or a public meeting summary, as appropriate.

2. Licensee Action. Anticipated actions by the licensee in response to overall performance indicated by the appropriate column of the Action Matrix. If these actions are not being taken by the licensee then the agency may consider expanding the scope of the applicable supplemental inspection to appropriately address the area(s) of concern. This would not be considered a deviation from the Action Matrix in accordance with section 06.06.f of this manual chapter.

3. NRC Inspection. The range of NRC inspection activities in response to performance indicated by the appropriate column of the Action Matrix.

4. Regulatory Actions. Range of actions that may be taken by the agency in response to performance indicated by the appropriate column of the Action Matrix.

5. Communication. Communication between the licensee and the NRC is based on a graded approach. For declining licensee performance, higher levels of agency management will review and sign the assessment letters and conduct the annual public meeting.

b. Expected Responses for Performance in Each Action Matrix Column. The Action Matrix lists expected NRC and licensee actions based on the inputs to the assessment process. Actions are graded such that the agency becomes more engaged as licensee performance declines. Listed below are the ranges of expected NRC and licensee actions for each column of the Action Matrix:

1. Licensee Response Column. All assessment inputs are green. The licensee will receive only the baseline inspection program and identified deficiencies will be addressed through the licensee's corrective action program.

2. Regulatory Response Column. Assessment inputs result in no more than one white input in any cornerstone and no more than two white inputs in any strategic performance area. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes. The licensee's evaluation will be reviewed during inspection procedure 95001, "Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area." Following completion of the inspection, the Branch Chief or Division Director should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting will normally occur at an inspection exit meeting or a conference call between the licensee and the appropriate Branch Chief (or Division Director).

3. Degraded Cornerstone Column. Assessment inputs result in a degraded cornerstone (2 or more white inputs or one yellow input) or 3 white inputs to any Strategic Performance Area. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. The licensee's evaluation will be reviewed during inspection procedure 95002, "Supplemental Inspection for One Degraded Cornerstone Or Any Three White Inputs in a Strategic Performance Area." Also, an independent assessment of the extent of condition will be performed by the region using appropriate inspection procedures chosen from the tables contained in Appendix B to Inspection Manual Chapter 2515. Following completion of the inspection, the Division Director or Regional Administrator should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting will normally consist of a public meeting between the licensee and the appropriate Division Director (or Regional Administrator).

4. Multiple/Repetitive Degraded Cornerstone Column. Assessment inputs result in a repetitive degraded cornerstone, multiple degraded cornerstones, multiple yellow inputs or a red input. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation may consist of a third party assessment.

   Inspection procedure 95003, "Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input," will be performed to review the breadth and depth of the performance deficiencies. The supplemental inspection plan must be approved by the appropriate regional division director with concurrence of the inspection program (IIPB) branch chief.

   Following the completion of the inspection, the EDO or his designee, in conjunction with the Regional Administrator and the Director of NRR, will decide whether additional agency actions are warranted. These actions could include additional supplemental inspection, a demand for information, a confirmatory action letter, or issuance of an order, up to and including a plant shutdown. At a minimum, the regional office will issue a confirmatory action letter to document the licensee's commitments as discussed in their performance improvement plan, as well as any other written or verbal commitments. The Regional Administrator should document the results of their decision in a letter to the licensee. These regulatory actions may also be considered prior to the completion of inspection procedure 95003, if warranted. The regulatory performance meeting will normally consist of a public meeting between the licensee and the Regional Administrator (or Executive Director for Operations).

Note: Other than the CAL, the regulatory actions listed in this column of the Action Matrix are not mandatory. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

Due to the depth and/or breadth of performance issues reflected by a plant being in the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix, it is prudent to ensure that actual performance improvements (which typically take longer than several quarters to achieve) have been made prior to closing out the inspection findings and exiting the multiple/repetitive degraded cornerstone column of the Action Matrix. In making this determination, the regional offices should consider:

(a) New plant events or findings do not reveal similar significant performance weaknesses.

(b) NRC and licensee performance indicators do not indicate similar significant performance weaknesses that have not been adequately addressed.

(c) The licensee's performance improvement program has demonstrated sustained improvement.

(d) NRC supplemental inspections show licensee progress in the principal areas of weakness.

(e) There were no issues that led the NRC to take additional regulatory actions beyond those listed in the Multiple/ Repetitive Degraded Cornerstone Column of the Action Matrix. Additionally, the licensee has made significant progress on any regulatory actions which were imposed (i.e. CALs, orders, 50.54 (f) letters) because of the performance deficiencies which led to the multiple/repetitive degraded cornerstone designation.

The regional offices must convey the specific actions that the licensee needs to address to remove these findings from consideration in the assessment program. The correspondence to the licensee describing the extension of the inspection finding(s) in the assessment program beyond the normal four quarters must be authorized by the appropriate regional division director with the concurrence of the Inspection Program Branch (IIPB) Chief.

5. Unacceptable Performance Column. Licensee performance is unacceptable and continued plant operation is not permitted within this column. In general,

it is expected that entry into the multiple/repetitive degraded cornerstone column of the Action Matrix and completion of supplemental inspection procedure 95003 will precede consideration of whether a plant is in the Unacceptable Performance Column. The Commission will meet with senior licensee management in a regulatory performance meeting to discuss the licensee's degraded performance and the corrective actions which will need to be taken before operation of the facility can be resumed. The NRC oversight of plant performance will also be placed under the guidance of IMC 0350. Unacceptable performance represents situations in which the NRC lacks reasonable assurance that the licensee can or will conduct its activities without undue safety to public health and safety. Examples of unacceptable performance may include:

(a) Multiple significant violations of the facility's license, technical specifications, regulations, or orders.

(b) Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with the design basis (e.g., multiple safety significant examples where the facility was determined to be outside of its design basis, either due to inappropriate modifications, the unavailability of design basis information, inadequate configuration management, or the demonstrated lack of an effective problem identification and resolution program).

(c) A pattern of failure of licensee management controls to effectively address previous significant concerns to prevent the recurrence.

Note: If the agency determines that a licensee's performance is unacceptable then a shutdown order will be issued.

6. IMC 0350 Process Column. The criteria for entrance into the IMC 0350 process, as discussed in section 06.06.g of this manual chapter, has been met. Subsequent management review of licensee performance has determined that entrance into the Unacceptable Performance Column is not warranted at this time. Additionally, NRC management will review licensee performance on a quarterly basis to determine if entrance into the Unacceptable Performance Column is warranted. The licensee is expected to place the identified deficiencies into their performance improvement plan and perform an evaluation of the root and contributing causes for both the individual and collective causes.

As discussed in IMC 0350, the regional offices will conduct baseline and supplemental inspections as appropriate, as well as special inspections per the restart checklist. Performance indicator data should continue to be gathered in accordance with IMC 0608, "Performance Indicator Program" to the extent that it is applicable to shutdown conditions.

Plants under the IMC 0350 process are considered to be outside of the normal assessment process and under the auspices of IMC 0350. However, this column has been added to the Action Matrix for illustrative purposes to demonstrate comparable agency response and communications and is not necessarily representative of the worst level of licensee performance. Plants under the IMC 0350 process should be discussed at the mid-cycle and end-of-cycle reviews to integrate inspection planning efforts across the regional office and to keep internal stakeholders abreast on ongoing inspection and oversight activities. Mid-cycle or annual assessment letters are generally not issued for these plants. Annual public meetings will not be conducted for these plants as the regional office conducts periodic public meetings to discuss licensee performance.

06.06 Additional Action Matrix Guidance

a. Treatment of Old Design Issues in the Assessment Process. The NRC may refrain from considering safety significant inspection findings in the assessment program for a design-related finding in the engineering calculations or analysis, associated operating procedure, or installation of plant equipment that meets all of the following criteria:

1. It was licensee-identified as a result of a voluntary initiative such as a design basis reconstitution. For the purposes of this manual chapter, self-revealing issues are not considered to be licensee-identified. Self-revealing issues are those deficiencies which reveal themselves to either the NRC or licensee through a change in process, capability or functionality of equipment, or operations or programs.

2. It was or will be corrected, including immediate corrective action and long term comprehensive corrective action to prevent recurrence, within a reasonable time following identification (this action should involve expanding the initiative, as necessary, to identify other failures caused by similar root causes). For the purpose of this criterion, identification is defined as the time from when the significance of the finding is first discussed between the NRC and the licensee. Accordingly, issues being cited by the NRC for inadequate or untimely corrective action are not eligible for treatment as an old design issue.

3. It was not likely to be previously identified by recent ongoing licensee efforts such as normal surveillance, quality assurance activities, or evaluation of industry information.

4. The finding does not reflect a current performance deficiency associated with existing licensee programs, policy, or procedure.

The finding would be brought to a Significance and Enforcement Review Panel (SERP) and a Regulatory Conference, if applicable. The finding would be discussed in the appropriate inspection report cover letter and displayed on the

NRC's web site with its actual safety significance after the final safety significance is determined.

If enough information is already known to determine whether the finding meets the old design issue criteria, the licensee should be notified in the inspection report cover letter that the finding has been determined to be an old design issue. The regional offices should then perform an IP 95001 supplemental inspection for a white finding or an IP 95002 for a yellow or red finding to review the licensee's root cause evaluation and corrective action plan for that particular issue.

If additional information is needed to determine whether the finding meets the old design issue criteria, the inspection report cover letter should state that the finding is being considered for treatment as an old design issue. The regional offices should then perform an IP 95001 supplemental inspection for a white finding or an IP 95002 for a yellow or red finding to review the licensee's root cause evaluation of that particular issue and to gather the additional information required to determine whether the finding meets the old design issue criteria. If the finding is determined not to have met the criteria for an old design issue, the regional office should conduct the additional supplemental inspection effort needed for the appropriate Action Matrix column.

> For example, the regional office does not have enough information to determine if a red finding meets the criteria for an old design issue. The regional office would perform an IP 95002 inspection to review the root cause evaluation and gather additional information on whether the finding meets the criteria for an old design issue. As a result of the inspection, the regional office determines that the criteria has not been met. The regional would then perform the additional inspection activities to complete supplemental inspection requirements for an IP 95003 inspection.

If the finding meets all the old design issue criteria, it would not aggregate in the Action Matrix with other performance indicators and inspection findings nor would additional agency actions be taken. If the finding is determined not to meet the old design issue criteria, it would be treated similar to any other inspection finding and additional agency actions would be taken in accordance with the Action Matrix.

> Example: The NRC has concluded that a white finding in the mitigating systems cornerstone meets the criteria for an old design issue for Plant A. Plant A also had a previous white PI in the mitigating systems cornerstone. This plant would be considered in the Regulatory Response column of the Action Matrix due to the white PI, and agency actions would be in accordance with that column including a 95001 supplemental inspection for the white PI. The old design issue does not aggregate for Plant A in determining the Action Matrix column or required agency response. Therefore, the white old design issue would be considered independently and a 95001 supplemental inspection for that issue would be conducted.

The purpose of this approach is to place a premium on licensees initiating efforts to identify and correct safety-significant issues that are not likely to be identified by routine efforts before degraded safety systems are called upon to work. The assessment program evaluates current performance issues and this approach excludes old design issues from consideration of overall licensee performance in the Action Matrix. The DRP or DRS Division Director will authorize the treatment of findings as old design issues with the concurrence of the Inspection Program Branch Chief. This is not considered a deviation from the Action Matrix in accordance with section 06.06.f of this manual chapter.

b. "Double-Counting" of Performance Indicators and Inspection Findings. Some issues may result in simultaneously crossing a performance indicator threshold and generating a safety significant inspection finding. This would result in two assessment inputs combining to cause increased regulatory action per the Action Matrix. For example, two white assessment inputs in the mitigating systems cornerstone would result in increased regulatory action per the degraded cornerstone column of the Action Matrix.

Issues with the same underlying causes should not be "double-counted" in the assessment program. However, the most conservative significance characterization related to the performance indicator and the inspection finding (i.e., yellow vs. white) shall be used to determine the appropriate agency action according to the Action Matrix.

Another example may include an inoperability of a support system that causes a white inspection finding as well as several performance indicators to cross the green/white threshold. Because the SDP characterization of the finding pertains to the same underlying issue, this should be considered a single white issue within a cornerstone and not "double-counted" in the assessment program. These examples are not considered a deviation from the Action Matrix as defined in section 06.06.f of this manual chapter.

c. Timeframe to Begin "Counting" Inspection Findings in the Assessment Program. The start date used for consideration of inspection findings in the assessment program is the final exit date of the inspection that designates the issue as an apparent violation (AV), violation (VIO), finding (FIN), or non-cited violation (NCV) in the reactor program system (RPS). In most cases, this should correspond to the end of the pertinent inspection period in which the finding was identified. After final determination of the significance of an inspection finding the regional office shall refer back to the appropriate date discussed above to determine if any additional

action would have been taken had the significance of the inspection finding been known at that time.

For example, the performance indicator for Unplanned Scrams was white (low to moderate safety significance) for the second quarter of the assessment cycle. Additionally, there was a preliminary inspection finding in the same cornerstone from the second quarter of the assessment cycle whose final safety significance was determined to be white (low to moderate safety significance) in the third quarter of the assessment cycle. In this case, the appropriate action would be to perform supplemental inspection procedure 95002 vice 95001 since there were two white assessment inputs in the same cornerstone for the second quarter of the assessment cycle. This would be communicated to the licensee in the appropriate assessment letter.

d. Timeframe for Including Performance Indicators and Inspection Findings in the Assessment Program. Inspection findings are normally considered in the assessment program for four quarters. However, there may be instances in which the corresponding supplemental inspection reveals substantive inadequacies in the licensee's evaluation of the root causes of the original performance deficiency, determination of the extent of the performance problems, or the actions taken or planned to correct the issue. Significant weaknesses in the licensee's evaluation of the performance issue (performance indicator or inspection finding) may be subject to additional agency action, including additional enforcement actions or an expansion of the supplemental inspection procedure as necessary to independently acquire the necessary information to satisfy the inspection requirements. Also, for inspection findings, the original performance issue will remain open and will not be removed from consideration in the assessment program until the weaknesses in the evaluation are addressed and corrected. The regional offices must convey the specific weaknesses that the licensee needs to address in order to remove this finding from consideration in the assessment program. The finding will be removed from consideration of future agency actions (per the Action Matrix) when the inadequacies in the licensee's efforts to address the issue have been corrected and four quarters of consideration of the original finding in the assessment program have been completed. This notification should be included in the cover letter of the supplemental inspection report and the finding will be removed from consideration in the assessment program after the end of that quarter. In other words, the inspection finding will no longer be considered in the assessment program starting with the next calendar quarter. The correspondence to the licensee describing the extension of an inspection finding in the assessment process beyond the normal four quarters must be authorized by the appropriate regional Division Director with concurrence of the Inspection Program Branch (IIPB) Chief.

For significant weaknesses in the licensee's evaluation of a performance issue that are associated with a performance indicator, a parallel performance indicator inspection finding will be opened and given the same color as the performance indicator. However, this finding will not be double-counted in the assessment process. The finding should be discussed at a Significance and Enforcement Review Panel (SERP) prior to notifying the licensee of the issuance of a parallel

performance indicator inspection finding. In electing this option, there must be a strong causal link between the original performance deficiency and the ineffective corrective actions. The regional offices must convey the specific weaknesses that the licensee needs to address in order to remove this finding from consideration in the assessment process. The finding will be removed from consideration of future agency actions (per the Action Matrix) when the inadequacies in the licensee's efforts to address the issue have been corrected. This notification should be included in the cover letter of the supplemental inspection report and the finding will be removed from consideration in the assessment process after the end of that quarter. In other words, the inspection finding will no longer be considered in the assessment program starting with the next calendar quarter. The correspondence to the licensee describing the parallel inspection finding must be authorized by the appropriate regional Division Director with concurrence of the Inspection Program Branch (IIPB) Chief.

If this approach is taken by the agency, the regions should issue a violation under 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," if applicable.

e. Additional Supplemental Inspection Guidance. Generally, the supplemental inspection procedure associated with the most significant applicable column of the Action Matrix should only be performed on one occasion. One exception (see section 06.06.d for more details) is when the regional office has determined that the licensee has taken ineffective corrective actions associated with a safety significant PI or inspection finding.

Supplemental inspection procedure scopes should include all white, yellow, or red performance issues in the associated degraded cornerstone or strategic performance area. For example, if a 95002 inspection is being performed due to a yellow PI in the mitigating systems cornerstone, the inspection scope should also include any white PIs and inspection findings in that cornerstone. If a 95002 procedure is being performed due to three white findings in the reactor safety strategic performance area, the inspection scope should include any white PIs and inspection findings in the reactor safety strategic performance area.

If a white inspection finding or PI subsequently occurs in an unrelated cornerstone or strategic performance area, the associated supplemental inspection should be conducted at the appropriate level. For example, two white findings are discovered in the Initiating Events cornerstone which the region inspects using IP 95002. Additionally, a white inspection finding is discovered in the physical protection cornerstone. The regional office should inspect this finding using IP 95001.

f. Deviations from the Action Matrix. There may be rare instances in which the regulatory actions dictated by the Action Matrix may not be appropriate. In these instances, the agency may deviate from the Action Matrix (which is described in section 06.05.a of this manual chapter) to either increase or decrease agency action. A deviation is defined as any regulatory action taken that is inconsistent with the range of actions discussed in section 06.05 of this manual chapter. Deviations from the Action Matrix shall be documented in the appropriate letter to the licensee (i.e., assessment follow-up letter, mid-cycle or annual assessment

letter) or separate docketed correspondence. The Executive Director for Operations (EDO) shall approve all deviations from the Action Matrix. Memorandums requesting deviations from the Action Matrix should be initiated by the applicable Regional Administrator to the EDO and should go through the Office Director of NRR for program office approval. Any deviations from the Action Matrix shall be documented in the subsequent mid-cycle or annual assessment letter.

Letters requesting deviations from the Action Matrix should include a synopsis of the licensee performance deficiencies, the required NRC actions per the Action Matrix for these inputs, the proposed alternative actions, and the region's rationale for requesting the deviation. Examples of when deviations from the Action Matrix may be considered are: (1) multiple examples of non-SDP Severity Level III or greater enforcement actions, or (2) a type of finding unanticipated by the SDP that results in an inappropriate level of regulatory attention when entered into the Action Matrix.

g. Transitioning to the IMC 0350 Process. The normal criteria for considering a plant for the IMC 0350 process is (1) plant performance is in the Multiple/Repetitive Degraded Cornerstone column or the Unacceptable Performance column of the Action Matrix, or a significant operational event has occurred as defined by Management Directive 8.3; (2) the plant is shutdown or has committed to shutdown the plant to address these performance issues (whether voluntary or via an agency order to shutdown); (3) a regulatory hold is in effect, such as a Confirmatory Action Letter (CAL) or an agency order; and (4) an agency management decision is made to place the plant in the IMC 0350 process. Management considerations in placing a plant under the IMC 0350 process are discussed in IMC 0350. At this point, periodic assessment (quarterly, mid-cycle, and end-of-cycle) of licensee performance is no longer under the auspices of this manual chapter but is now under the IMC 0350 process. This process is more completely described in IMC 0350.

The following are examples of the appropriate level of regulatory engagement between the agency and a licensee once a plant has entered the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix and how IMC 0350 may be applied:

1. Plant A continues to operate and regulatory engagement is dictated by the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix. The agency performs supplemental inspection procedure 95003 (if not already performed) and the plant remains under the level of oversight dictated by this manual chapter and is not transferred to the IMC 0350 process.

2. Plant B performs a voluntary shutdown to address performance issues. The agency performs supplemental inspection procedure 95003 (if not already performed) and issues a confirmatory action letter (CAL) to document licensee commitments to the agency. The plant remains under the level of oversight dictated by this manual chapter and is not transferred to IMC 0350 process.

3. Plant C performs a voluntary shutdown to address performance issues. The agency issues a CAL to ensure a common understanding of licensee commitments to address the underlying performance deficiencies. The entry conditions for IMC 0350 have been met and agency management determines that this process should be implemented using the criteria in IMC 0350. At this point, periodic assessment of licensee performance is no longer dictated by this manual chapter and is transferred to the IMC 0350 process. Plant performance is not determined to be unacceptable.

4. Plant D voluntarily shuts down to address performance issues. The agency determines that one of the criteria in paragraph 06.05.b for unacceptable performance is met. The plant is considered to be in the Unacceptable Performance column of the Action Matrix and a shutdown order is issued by the agency. The plant is transferred to the IMC 0350 process.

5. Plant E, which is operating, is issued an order by the agency to shutdown because it is considered to have met one of the criteria in paragraph 06.05.b. The licensee's performance is declared to be unacceptable and the plant will be transferred to IMC 0350.

h. Transitioning out of the IMC 0350 Process. Once the conditions for restart have been completed, as discussed in section 06.04 of IMC 0350, the Regional Administrator will issue a restart authorization letter. The restart authorization letter will include the basis for restart and the extent of continued Restart Oversight Panel engagement. The panel will determine the duration of their oversight activities and the date of the licensees return to the routine oversight process.

i. Substantive Cross-Cutting Issues. The ROP was developed with the presumption that plants which had significant performance issues with cross-cutting areas would be revealed through the existence of safety-significant PIs or inspection findings. Accordingly, there must be a significant level of concern in the licensee's ability or progress in addressing the cross-cutting area performance deficiency if the agency believes that there is a substantive cross-cutting issue at a plant. Therefore, the regions should only consider including a description of the cross-cutting deficiency in the mid-cycle or annual assessment letter if both of the following conditions are met:

1. There are multiple green or safety significant inspection findings within the current 12-month assessment period with documented causal factors in the areas of human performance, problem identification and resolution, or safety conscious work environment.

2. The causal factors have a common theme. Examples would be when there are numerous instances of green findings in areas such as operations department personnel failure to follow procedures, ineffective evaluation of performance deficiencies, or inadequate system engineering support of operability determinations.

Generally, a substantive cross-cutting issue should be corroborated by the existence of a significant number of causally linked findings in more than one cornerstone. However, it is recognized that given the significant inspection effort applied to the mitigating systems cornerstone, that a substantive cross-cutting issue may be observed through inspection findings associated with only this one cornerstone.

The assessment letter should summarize the specific substantive cross-cutting issue including: identifying the number of examples in the various cornerstones, placing the cross-cutting issue into the proper safety perspective, describing the agency's action in the baseline program to monitor the issue, and stating the agency's assessment of the licensee's ability to address the substantive cross-cutting issue or the licensee's progress to correct the issue.

If a substantive cross-cutting issue is discussed in a mid-cycle or annual assessment letter, then the next annual or mid-cycle assessment letter should address the licensee's performance in this area. The regional office will evaluate the current 12-months of findings with cross-cutting elements against the above listed criteria. The next mid-cycle or annual assessment letter will either state that the issue has been satisfactorily resolved or summarize the agency's assessment against the above listed criteria, as well as summarizing the licensee's progress in addressing the issue.

The regional office may consider the following options for those plants where a substantive cross-cutting issue has been raised in at least two consecutive assessment letters. These options include requesting that: 1) the licensee provide a response at the next annual public meeting, 2) the licensee provide a written response to the substantive cross-cutting issues raised in the assessment letters, or 3) a separate meeting be held with the licensee. For the third option, the same guidance discussed in section 06.05.b for a regulatory performance meeting will be used to determine the appropriate level of management to chair the meeting and whether a public meeting is required. The regional Branch Chief or Division Director should chair the meeting for plants within the Licensee Response Column of the Action Matrix.

j. Problem Identification and Resolution (PI&R) Inspections. Each time a facility enters the Degraded Cornerstone Column of the Action Matrix, the region should assess the benefit of performing an additional PI&R team inspection in accordance with IP 71152. A maximum of one additional inspection should be considered for the two-year period following the quarter in which the facility reached the Degraded Cornerstone Column of the Action Matrix. In those instances where an additional inspection is deemed appropriate, the region should provide the basis for its decision to conduct the inspection in the appropriate assessment letter (annual assessment letter, mid-cycle letter, or assessment follow-up letter) to the licensee.

END

Exhibits:

1. Regulatory Framework
2. Reactor Oversight Process
3. Process Activities
4. Schedule of Events During an Annual Assessment Cycle
5. Action Matrix
6. Sample Mid-Cycle or End-of-Cycle Review Meeting Agenda
7. Sample Plant Performance Summary
8. Sample Assessment Follow-up Letter
9. Sample Mid-Cycle Letter
10. Sample Annual Assessment Letter for Plants in the Licensee Response Column During the Entire Assessment Cycle
11. Sample Annual Assessment Letter for Plants Currently in the Licensee Response Column that were in Other Action Matrix Columns Over the Assessment Cycle
12. Sample Annual Assessment Letter for Plants in the Regulatory Response Column
13. Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column
14. Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column

Exhibit 1: REGULATORY FRAMEWORK

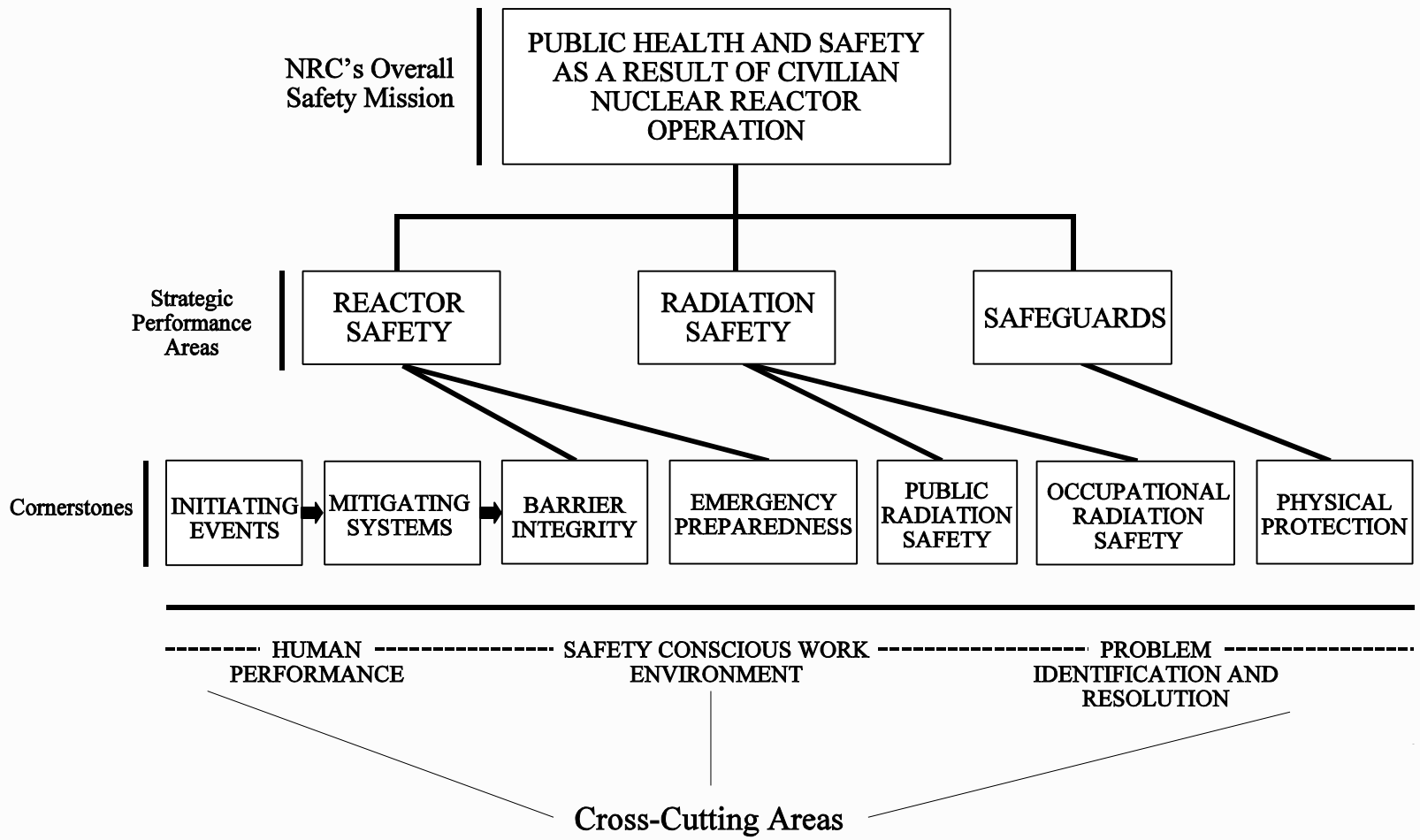

Exhibit 2: REACTOR OVERSIGHT PROCESS

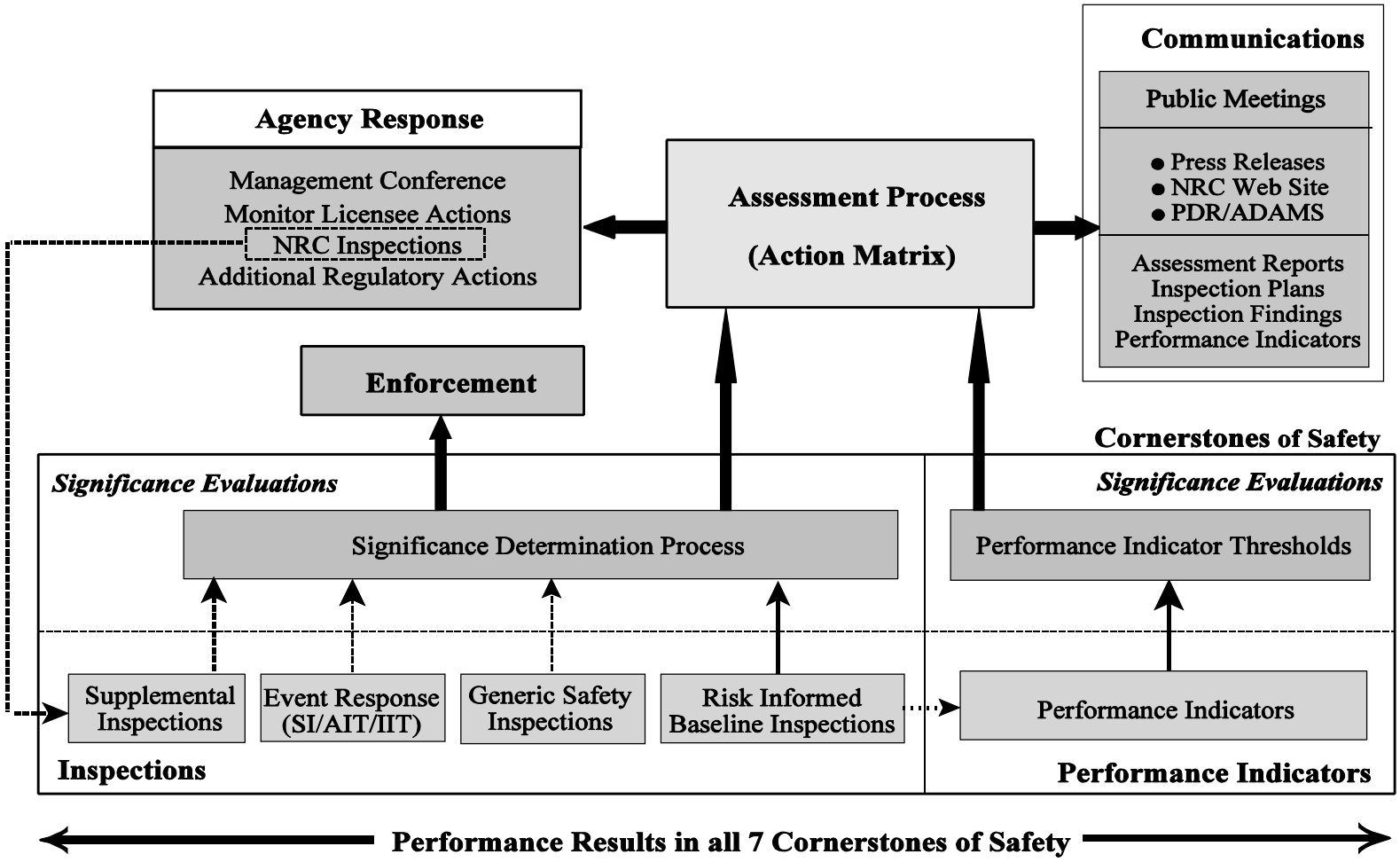

Exhibit 3 - Process Activities

Level of Review	Frequency/ Timing	Participants (* indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	SRI, RI, regional inspectors, SRAs	Performance awareness	None required, notify licensee by an Assessment Follow-Up letter only if thresholds crossed
Quarterly	Once per quarter/ Five weeks after end of quarter	DRP: BC*, PE, SRI, RI	Input/verify PI/PIM data, detect early trends	Update data set, notify licensee by an Assessment Follow-Up letter only if thresholds crossed
Mid-Cycle	At mid-cycle/ Six weeks after end of second quarter	Divisions of Reactor Safety (DRS) or DRP DD*, DRP and DRS BCs	Detect trends, plan inspection	mid-cycle letter with an inspection plan of approximately 18 months
End-of-Cycle	At end-of-cycle/ Six weeks after end of assessment cycle	DRS or DRP DD, RAs*, BCs, principal inspectors, SRAs, HQ offices as appropriate	Assessment of plant performance, oversight and coordination of regional actions	annual assessment letter with an inspection plan of approximately 18 months
Agency Action Review	Annually/ Several weeks after issuance of the annual assessment letters	EDO*,DIR NRR, RAs, DRS/DRP DDs, IIPB, OE, OI, other HQ offices as appropriate	Review of the appropriateness of agency actions	Commission briefing, followed by public meetings with individual licensees to discuss assessment results

Exhibit 4 - Schedule of Annual Assessment Cycle Events For CY 2004

Event	Date	Note
Fourth quarter PI data available internally	01/21/04*	3 weeks after the end of the fourth quarter
End-of-Cycle reviews completed	02/11/034	6 weeks after end of fourth quarter
EOC Summary meeting conducted	02/18/04	Third Wednesday in February
Annual assessment letters sent out to licensees	03/03/04*	3 weeks after completion of end-of-cycle review
Agency Action Review meeting conducted	04/04/04*	several weeks after issuance of the annual assessment letters
Complete annual public meetings	04/21/04**	16 weeks after end of fourth quarter
Commission meeting completed	05/01/04*	Within 4 weeks of the Agency Action Review meeting
Begin the ROP assessment cycle	01/01/04	N/A
End of the first quarter of assessment cycle	03/31/034	N/A
First quarter PI data available internally	04/21/04	3 weeks after end of first quarter of assessment cycle
First quarter review meetings completed	05/05/04*	5 weeks after end of first quarter of assessment cycle
End of second quarter of assessment cycle	06/30/04	N/A
Second quarter of PI data available internally	07/21/04	3 weeks after end of second quarter of assessment cycle
Mid-Cycle Review meetings completed	08/11/04*	6 weeks after the completion of second quarter of assessment cycle
Mid-Cycle letters sent to licensees	09/01/04*	3 weeks after the completion of the mid-cycle review meetings
End of third quarter of assessment cycle	09/30/04	N/A
Third quarter PI data available internally	10/21/04*	3 weeks after end of third quarter of assessment cycle
Third quarter review meetings completed	11/04/04	5 weeks after end of third quarter of assessment cycle
Completion of the assessment cycle	12/31/04	N/A

Fourth quarter PI data available internally	01/21/05*	3 weeks after the end of the fourth quarter
EOC Summary meeting conducted	02/16/05	Third Wednesday in February
Annual assessment letters sent out to licensees	03/04/05*	3 weeks after completion of end-of-cycle review
Agency Action Review meeting conducted	04/03/05*	several weeks after issuance of the annual assessment letters
Complete annual public meetings	04/22/05	16 weeks after end of fourth quarter
Commission meeting completed	05/03/05*	Within 4 weeks of the Agency Action Review meeting

* approximate date - actual date may vary
** See section 06.04.a for more details

Exhibit 5 - ACTION MATRIX

		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/ Repetitive Degraded Cornerstone Column	Unacceptable Performance Column	IMC 0350 Process
RESULTS		All Assessment Inputs (Performance Indicators (PIs) and Inspection Findings) Green; Cornerstone Objectives Fully Met	One or Two White Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Fully Met	One Degraded Cornerstone (2 White Inputs or 1 Yellow Input) or any 3 White Inputs in a Strategic Performance Area; Cornerstone Objectives Met with Moderate Degradation in Safety Performance	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input; Cornerstone Objectives Met with Longstanding Issues or Significant Degradation in Safety Performance	Overall Unacceptable Performance; Plants Not Permitted to Operate Within this Band, Unacceptable Margin to Safety	Plants in a shutdown condition with performance problems placed under the IMC 0350 process
RESPONSE	Regulatory Performance Meeting	None	Branch Chief (BC) or Division Director (DD) Meet with Licensee	DD or Regional Administrator (RA) Meet with Licensee	RA (or EDO) Meet with Senior Licensee Management	Commission meeting with Senior Licensee Management	RA (or EDO) Meet with Senior Licensee Management
	Licensee Action	Licensee Corrective Action	Licensee root cause evaluation and corrective action with NRC Oversight	Licensee cumulative root cause evaluation with NRC Oversight	Licensee Performance Improvement Plan with NRC Oversight		Licensee Performance Improvement Plan / Restart Plan with NRC Oversight
	NRC Inspection	Risk-Informed Baseline Inspection Program	Baseline and supplemental inspection procedure 95001	Baseline and supplemental inspection procedure 95002	Baseline and supplemental inspection procedure 95003		Baseline and supplemental as practicable, plus special inspections per restart checklist.
	Regulatory Actions[1]	None	Supplemental inspection only	Supplemental inspection only	-10 CFR 2.204 DFI -10 CFR 50.54(f) Letter - CAL/Order	Order to Modify, Suspend, or Revoke Licensed Activities	CAL/order requiring NRC approval for restart.
COMMUNICATION	Assessment Letters	BC or DD review/sign assessment report (w/ inspection plan)	DD review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)		N/A. RA (or 0350 Panel Chairman) review/ sign 0350-related correspondence
	Annual Public Meeting	SRI or BC Meet with Licensee	BC or DD Meet with Licensee	RA (or designee) Discuss Performance with Licensee	RA or EDO Discuss Performance with Senior Licensee Management		N/A. 0350 Panel Chairman conduct public status meetings periodically
	Commission Involvement	None	None	None	Plant discussed at AARM	Commission Meeting with Senior Licensee Management	Commission meetings as requested, restart approval in some cases.
	INCREASING SAFETY SIGNIFICANCE ---------->						

Note 1: Other than the CAL, the regulatory actions for plants in the Multiple/Repetitive Degraded Cornerstone column and IMC 0350 column are not mandatory agency actions. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

Note 2: The IMC 0350 Process column is included for illustrative purposes only and is not necessarily representative of the worst level of licensee performance. Plants under the IMC 0350 oversight process are considered outside the auspices of the ROP Action Matrix. See IMC 0350, "Oversight of Operating Reactor Facilities in a Shutdown Condition with Performance Problems," for more detail.

Exhibit 6

PRE-DECISIONAL
Sample Mid-Cycle or End-of-Cycle Review Meeting Agenda

1. Summary of results from previous [**Annual Assessment**] or [**Mid-Cycle**] Letter.

2. Discussion of plant performance **[January 1,YR- December 31,YR] or [July 1,YR - June 30,YR]** based on safety significant inspection findings and performance indicators (PIs) in each of the following areas:

STRATEGIC PERFORMANCE AREAS AND CORNERSTONES

Reactor Safety:
- Initiating Events
- Mitigating Systems
- Barrier Integrity
- Emergency Preparedness

Radiation Safety
- Occupational Rad. Safety
- Public Radiation Safety

Safeguards
- Physical Protection

3. Discussion of adverse trends in cross-cutting areas

   a. Review allegations received between **[January 1,YR- December 31,YR] or [July 1,YR - June 30,YR]** for indications of a safety-conscious work environment trend.

   b. Review PIM entries between **[January 1,YR- December 31,YR] or [July 1,YR - June 30,YR]** for indications of a human performance problem trend from identified findings.

   c. Review PIM entries between **[January 1,YR- December 31,YR] or [July 1,YR - June 30,YR]** for indications of a corrective action problem trend from identified corrective action related findings.

4.Discussion of licensee and NRC action on safety significant PIs and inspection findings

   a. Discussion of the results of any follow-up actions taken by the licensee and the NRC to current safety significant PIs and inspection findings.

b. Discussion of any planned NRC follow-up actions due to safety significant PIs and inspection findings

c. Discussion of safety significant PIs and inspection findings that existed during the annual assessment period, but where current performance is no longer safety significant. **(End-of-Cycle Only)**

5. Discussion of any non-SDP severity level III or greater violations currently proposed or issued **[January 1, YR - December 31, YR]** or **[January 1, YR - June 30, YR]**.

6. Discussion of inspections planned through **(September 30,YR)** or **(March 31, YR)**.

7. Summary of decisions and the status of actions taken or proposed from the Action Matrix.

Note: Other topics can be discussed during the review meetings that may not be required in accordance with this chapter, but are beneficial for the regional office to discuss at these meetings. Several potential topics include the following: (1) Outages scheduled to determine any specific outage activities to be inspected, (2) Technical needs to support scheduled Problem Identification and Resolution (IP 71152) inspections, and (3) Completion status of previously scheduled inspections since the last review meeting.

Exhibit 7

PRE-DECISIONAL
[PLANT X] PLANT PERFORMANCE SUMMARY

Assessment Period: (**month/year)** to **(month/year)**

I Operating Summary

This section should briefly state the operating status during the assessment period. Any reactor trips or forced outages should be mentioned in this section. For example:

"Unit 1 operated at full power throughout the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments. Unit 2 operated at or near full power until January 22, when a reactor trip caused by a turbine-driven reactor feedwater pump loss due to an electro-hydraulic control system flow control valve malfunction occurred. The problem was repaired and Unit 2 was restarted and synchronized to the grid on January 24. Unit 2 operated at full power throughout the remainder of the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments. Unit 3 completed a 45 day refueling outage and attained 100% power on January 9. Unit 3 operated at or near full power for the remainder of the assessment period, with minor changes for testing, maintenance and control rod pattern adjustments. "

II Performance Overview

A. Current Overall Assessment

This section should include the Action Matrix designation and its basis for the current quarter. For example, " Plant performance for the most recent quarter was within the Regulatory Response Column of the Action Matrix, based on one white PI (Reactor Coolant System Leakage) in the barrier integrity cornerstone."

B. Previous Assessment Results

This section should include the Action Matrix designation and its basis for the previous three quarters of the assessment period. For example, " Plant performance for the prior three quarters (04/02- 12/31/00) was within the Licensee Response Column of the Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all Performance indicators indicating performance at a level requiring no additional oversight."

III Inspection and Performance Indicator Results

A. Results by Strategic Performance Areas and Cornerstones

This section should discuss individual findings and performance indicators by strategic performance areas and cornerstones during the assessment period as well as NRC and licensee actions for these issues. Substantive cross-cutting elements of these issues should also be discussed and summarized in the cross-cutting section of this report. For example:

Reactor Safety

•Initiating Events

Inspection Findings: One green finding was identified during the most recent quarter. The finding was associated with inappropriate operator actions in response to a failed feedwater regulating valve controller which resulted in an uncomplicated reactor trip.

Performance Indicators: One performance indicator (Unplanned Power Changes per 7000 Critical Hours) was identified as white in the most recent quarter. Three unplanned power changes during this quarter occurred due to cooling tower structural problems and distribution header leaks. Supplemental inspection procedure 95001 is scheduled to be conducted in June 2001 to better understand the licensee's declining performance in this area.

•Mitigating Systems, etc

IV Other Issues

A. Inspection Results for Cross-Cutting Areas

The three cross-cutting areas (Human Performance, Safety-Conscious Working Environment, and Problem Identification and Resolution) should be discussed by combining the cross-cutting elements of previously discussed findings from the applicable cornerstones. In this section, the regions should review the PIM and describe their collective assessment of a substantive cross-cutting issue. For those cases in which there are substantive cross-cutting issues, the regions should discuss how these concerns will be addressed within the baseline inspection program or an upcoming supplemental inspection. For example:

Human Performance: Over the course of the assessment period, the inspectors identified eight green findings where human performance on engineering work products was not adequate. Specifically, the causal relationship of the findings listed below was inadequate human performance in performing, checking, and verifying of engineering products.

•The design calculation for the proposed overlay repair used an unjustifiably low crack growth rate. All engineering reviews were completed by the licensee for this weld overlay

repair and post modification testing would not have identified this deficiency. Had the NRC not identified this issue, the licensee could have installed a weld overlay repair that was too short to ensured the integrity of the primary coolant pressure boundary.

•The initial operability evaluation of the discrepant missile shield support structure over the reactor did not consider the weak axis bending of an I- beam's web, which was critical to the structure's stability. All engineering reviews were completed by the licensee for this operability determination and no further licensee activities would have identified this deficiency prior to returning the missile shield to service. Had the NRC not identified this issue, the beam would potentially be significantly over stressed during a design basis seismic event, allowing the missile shield to fall onto the reactor vessel head, damaging the control rod drives and preventing the reactor from shutting down, an causing leakage from the reactor coolant pressure boundary. A subsequent modification was needed to add lateral braces to the support structure to restore compliance to design basis.

•The design calculation for the initial modification to fix the reactor missile shield support structure did not address several crucial components in the load path into the building structure. All engineering reviews were completed by the licensee for this calculation and no further licensee activities would have identified this deficiency prior to returning the missile shield to service. Had the NRC not identified this issue, the missile shield could have been returned to service with components which were significantly over-stressed (e.g. unanalyzed) during a design basis seismic event. A subsequent modification was needed to add lateral braces to the support structure to restore compliance to design basis.

•Incorrect and non-conservative design basis loads were used in the calculation supporting the initial proposed replacement for CRDM housing 20. Also, the same incorrect and non-conservative design basis loads were used in the a calculation of critical crack size for the replacement housings. All engineering reviews were completed by the licensee for these calculations and no further licensee activities could have identified this deficiency prior to returning the replacement housing to service. Had the NRC not identified this issue, the licensee could have installed the modified housing without evaluating its ability to performed its safety function during a seismic event. Further, the licensee would have applied a non-conservative critical crack size, which could have affected future decisions on the acceptability of housing repairs for inservice flaws.

•The effects of leakage flow rates on control rod function were initially not considered in a calculation evaluating the critical crack size. All engineering reviews were completed by the licensee for this calculation and no further licensee activities would have identified this deficiency prior to returning the plant to service. Had the NRC not identified this issue, the licensee could have allowed control rod drive housings to be in service with a postulated leak (e.g. the control rod would be considered operable), but where the control rods had not been properly analyzed to demonstrate their safety function.

•For the CRD 25 seal housing failure identified by the licensee in June of 2000, the root cause was TGSCC. Corrective and preventative actions were completed with the licensee's engineering department support and included reuse of the uncracked type 347 seal housings. However, the remaining service life of these housings susceptible to TGSCC was not evaluated prior to returning them to service. All engineering reviews were

completed by the licensee and this deficiency was not identified prior to returning the type 347 SS CRD seal housings to service. Had the NRC not identified this issue, the housings could have failed prior to reaching the next refueling outage due to an inadequate service life. This could have resulted in a breach of the primary coolant boundary and associated coolant leakage.

•The NRC identified that inadequate engineering analysis had been completed to support a temporary modification that removed the underground (backup) steam supply to the Turbine Driven Auxiliary Feedwater Pump P-4B. Specifically, licensee personnel failed to identify that the Post-Fire Safe Shutdown Analysis credited Auxiliary Feedwater Pump P-4B to remove decay heat using the underground (backup) steam supply line for a fire in the turbine building. All engineering reviews were completed by the licensee and the temporary modification was implemented to remove the underground (backup) steam supply to the Turbine Driven Auxiliary Feedwater Pump P-4B. Had the NRC not identified this issue, the licensee would have continued plant operation without knowing the impact on the capability to perform a Post-Fire Safe Shutdown.

•The NRC identified that the licensee had failed to maintain the design configuration of the containment sump outlet screens. The sump screens were designed to have nominal 0.250 inch square openings, and gaps of up to 0.75 inches were identified. Had the NRC not identified this issue, the licensee would have continued plant operation without knowing the impact of the design deviation on emergency core cooling system performance under loss of coolant accident conditions.

The potential risk consequence of this substantive human performance cross-cutting design control concern included installation of inadequate plant modifications, and/or return of degraded equipment to service without an adequate basis to confirm operability.

The regional office considers these issues to be a substantive cross-cutting issue in the area of Problem Identification and Resolution. The annual PI&R inspection will be conducted during the next quarter and will focus on the noted weaknesses in engineering work products. Additionally, the regional office's concern in this area will be conveyed to the licensee in the upcoming annual assessment letter.

Safety-Conscious Working Environment: No issues or findings.

Problem Identification and Resolution: Over the course of the assessment period, the inspectors identified two green findings that were examples of poor implementation of the corrective action program such as:

•The inspectors identified a failure of the CAP where ASME Code program requirements for work package reviews were not met (IR 1999-03)

•The licensee failed to implement modifications to correct a previously identified design deficiency which could have made the motor speed changer inoperable in accident situations (IR 1999-08)

B. Performance Indicator Verification

The regional offices should discuss the results of the performance indicators that were verified during the assessment period and the results of those inspections. For example, "All 19 performance indicators were reviewed during the assessment period. PI verifications have identified minor deficiencies for Unplanned Power Changes per 7000 critical hours, Occupational Exposure Control Effectiveness, and Drill and Exercise Performance. These discrepancies have been corrected during the most recent PI submittal. In accordance with the Enforcement Policy, no enforcement action was taken."

C. Non-SDP Enforcement Action

The regions should discuss any Non-SDP severity level III or greater violations. For example, "On February 12, 2001, the staff issued a Severity Level III Notice of Violation (NOV) in accordance with the Enforcement Policy. The violation involved an employee's deliberate failure to perform measuring and test equipment (M&TE) nonconformance evaluations in accordance with Technical Specifications required site procedures. The licensee has responded to the NOV and the staff will follow-up on their corrective actions through the baseline inspection program.

V Miscellaneous Topics/Conclusions/Recommendations

Review the Action Matrix for appropriate actions and the proposed inspection plan. In this section, the regions should document their preliminary conclusions and recommendations for discussion at the meeting. Other topics may be discussed during the meeting that may not be required in accordance with IMC 0305, but are beneficial for the regional office to discuss at these meetings. Several potential topics include the following: (1) Outages scheduled to determine any specific outage activities to be inspected, (2) the results of the last Problem Identification and Resolution (IP 71152) inspection and technical needs to support the next inspection, (3) the results of INPO audits, and (4) Completion status of previously scheduled inspections since the last review meetings.

V Attachments

Plant Issues Matrix
Proposed Inspection Plan
Previous mid-cycle or annual assessment letter

Exhibit 8

Sample Assessment Follow-Up Letter

Licensee distribution designate
Licensee name/address

SUBJECT: Assessment Follow-Up Letter - **(Official Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

[Use the following first paragraph and paragraphs 2, 3, and 4 (as appropriate) for documenting reviews conducted at the end of a quarter]

1. On **(date)**, the NRC staff completed a quarterly review of **(official plant name)**. The assessment evaluated the performance indicators (PIs) and inspection results. The purpose of this letter is to inform you of your safety performance during this period and our plans for a future inspection at your facility.

[Use one of the three paragraphs, as appropriate]

2. Our review identified that you have crossed the threshold from **(color)** to **(color)** for the **(name of performance indicator)** performance indicator. **[Provide additional details as necessary]**.

> **[Briefly discuss other safety significant performance indicators or inspection findings that will influence the level of supplemental inspection effort]**
>
> As a result, we have assessed **(plant name)** performance to be in the **(Regulatory Response, Degraded Cornerstone, or Multiple/Repetitive Degraded Cornerstone column)** of the NRC's Action Matrix. Therefore, we plan to conduct supplemental inspection **(95001,95002, 95003)** during the week of **(date)**. **[Add in description of the objectives of the supplemental inspection procedure]**[1]

3. On **(date)**, the NRC staff forwarded a letter concerning the final significance determination of a **(white/yellow/red)** inspection finding in the **(name of cornerstone)** cornerstone. **[Provide additional details as necessary]**.

> **[Briefly discuss other safety significant performance indicators or inspection findings that will influence the level of supplemental inspection effort]**

4. Our review identified that you have crossed the threshold from **(color)** to **(color)** for the **(name of performance indicator)** performance indicator. **[Provide additional details as necessary]**. An inspection finding was also identified that related to this issue which we are still evaluating via the Significance Determination Process (SDP). Because the SDP characterization pertains to the same underlying issue as the performance indicator, the NRC considers this to be a single issue within a cornerstone. Our level of inspection effort will be determined by the most safety significant issue within this cornerstone. We will notify you via separate correspondence of our plans for supplemental inspection.

> **[Briefly discuss other safety significant performance indicators or inspection findings that will influence the level of supplemental inspection effort]**

[Use paragraph 5 for documenting the final significance of an inspection finding in between quarterly reviews]

5.On **(date)**, the NRC staff forwarded a letter concerning the final significance determination of a **(white/yellow/red)** inspection finding in the **(name of cornerstone)** cornerstone. **[Provide additional details as necessary]**.

> **[Briefly discuss other safety significant performance indicators or inspection findings that will influence the level of supplemental inspection effort]**

[Use the following two paragraphs for all Assessment Follow-Up letters]

> [**If appropriate, discuss the basis for conducting an extra PI&R inspection in accordance with section 06.06.i]**
>
> As a result, we have assessed **(plant name)** performance to be in the **(Regulatory Response, Degraded Cornerstone, or Multiple/Repetitive Degraded Cornerstone column**) of the NRC's Action Matrix. Therefore, we plan to conduct supplemental inspection **(95001,95002, 95003)** during the week of **(date)**. **[Add in description of the objectives of the supplemental inspection procedure]**[1]

> In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter.

(Signed by), Director [2]

Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

cc:
Normal cc list

Distribution:
Normal distribution list plus Chief, NRR/DIPM/IIPB and RidsNrrDipmIipb

Note 1: IP 95001 inspection objectives summary

This inspection procedure is conducted to provide assurance that the root causes and contributing causes of risk significant performance issues are understood, the extent of condition is identified, and the corrective actions are sufficient to prevent recurrence.

IP 95002 inspection objectives summary

This inspection procedure is conducted to provide assurance that the root and contributing causes for the individual and collective risk significant performance issues are understood, to independently assess the extent of condition, and to provide assurance that the corrective actions are sufficient to prevent recurrence.

IP 95003 inspection objectives summary

This inspection procedure is conducted to:

1. Provide additional information to be used in deciding whether the continued operation of the facility is acceptable and whether additional regulatory actions are necessary to arrest declining performance,
2. Provide an independent assessment of the extent of risk significant issues to aid in the determination of whether an unacceptable margin of safety exists,
3. Independently assess the adequacy of the programs and processes used by the licensee to identify, evaluate, and correct performance issues,
4. Independently evaluate the adequacy of programs and processes in the affected strategic performance areas, and

5. Provide insight into the overall root and contributing causes of identified performance deficiencies.

Note 2: See the Action Matrix for proper signature authority

Exhibit 9

Sample Mid-Cycle Letter

Licensee distribution designate
Licensee name/address

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - **(Official Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

On **(date)**, the NRC staff completed its mid-cycle plant performance assessment of **(official plant name).** The mid-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance for the first half of the calendar year 2003 assessment cycle. The process included a review of performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

[Use one of the two paragraphs below, as appropriate]

1. (Use the last two sentences of this paragraph, as appropriate)

Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). **[Add the following, if needed]** However, the significance of **(state finding)** is still under review as part of the Significance Determination Process. **(Add additional details, as necessary).** Therefore, we plan to conduct only reactor oversight process (ROP) baseline inspections at your facility through March 31, 200X. We also plan on conducting several non-ROP inspections which included **[insert appropriate inspections]**.

2. **[Use the following sentences, as appropriate]**

Plant performance for the most recent quarter was within the **(Regulatory Response, Degraded Cornerstone, or Multiple/Repetitive Degraded Cornerstone)** column of the NRC's Action Matrix based on **[briefly state the number of safety significant performance indicators and inspection findings, including appropriate characterization of safety significance, and associated cornerstone]**.

[provide additional information as necessary including current and proposed NRC and licensee actions. Do not provide detailed information on NRC or licensee actions already discussed in the previous annual assessment letter]

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a substantive cross-cutting issue in the area of **(problem identification and resolution, human performance, or safety-conscious working environment). [Provide a qualitative discussion of substantive cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues.]**

[**If appropriate, add a paragraph discussing the basis for conducting an extra PI&R inspection in accordance with section 06.06. j]**

[Add the following paragraph, if appropriate]
In our **(mid-cycle or annual assessment letter)** dated **[insert date]**, we advised you of a substantive cross-cutting issue in the area of **(problem identification and resolution, human performance, or safety-conscious working environment.) [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III or greater identified from January 1 - June 30, 200X, if appropriate]

Additionally, on **(month/day/year)** the staff issued a severity level **(I, II, or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary] [However, do not provide detailed information on NRC or licensee actions already discussed in the previous end-of-cycle letter]**

The enclosed inspection plan details the inspections scheduled through March 31, 200X. [**Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC

Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief/me)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Name), Chief [1]

Reactor Projects Branch ____
Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Note 1: Refer to Action Matrix for proper signature authority. Signature authority is determined by the most significant column of the Action Matrix that the plant has been in over the first two quarters of the assessment cycle.

Exhibit 10

Sample Annual Assessment Letter for Plants in the Licensee Response Column during the Entire Assessment Cycle

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Official Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date)**, the NRC staff completed its end-of-cycle plant performance assessment of **(official plant name).** The end-of-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 200X. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

[**Use the following sentences as appropriate**]
Overall, **(plant name)** operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). **[Add the following, if needed]** However, the significance of **(state finding**) is still under review as part of the Significance Determination Process **[Add additional details, as necessary]**. Therefore, we plan to conduct only reactor oversight process (ROP) baseline inspections at your facility through September 30, 200X. We also plan on conducting several non-ROP inspections which included **[insert appropriate inspections]**.

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a substantive cross-cutting issue in the area of **(problem identification and resolution, human performance, or safety-conscious working environment)**.

[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues]

[Add the following paragraph, if appropriate]
In our (mid-cycle or annual assessment letter) dated **(insert date])**, we advised you of substantive cross-cutting issue in the cross-cutting area of **[problem identification and resolution, human performance, or safety-conscious working environment]. [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III or greater identified from January 1 - December 31, 200X, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary]. [However, do not provide detailed information on NRC or licensee actions already discussed in the previous mid-cycle letter].**

The enclosed inspection plan details the inspections scheduled through September 30 ,200X. [**Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(name), Chief

Reactor Projects Branch _____
Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ

License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Exhibit 11

Sample Annual Assessment Letter for Plants Currently in the Licensee Response Column that were in other Action Matrix Columns Over the Assessment Cycle

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Official Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of-cycle plant performance assessment of **(official plant name).** The end-of-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 200X. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

[**Use the following sentences as appropriate**]
Overall, **(plant name)** operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Licensee Response Column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). However, the significance of **(state finding**) is still under review as part of the Significance Determination Process **[Add additional details, as necessary]**. Therefore, we plan to conduct only baseline inspections at your facility through September 30, 200**X** .

While plant performance for the most recent quarter is within the licensee response column of the Action Matrix, there were safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified a substantive cross-cutting issue in the area of **(problem identification and resolution, human performance, or safety-conscious working environment)** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues]

[Add the following paragraph, if appropriate]
In our **(mid-cycle or annual assessment letter)** dated **[insert date]**, we advised you of a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or Safety-Conscious Working Environment). [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater identified from January 1 - December 31, 200X, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary] [However, do not provide detailed information on NRC or licensee actions already discussed in the previous mid-cycle letter]**

The enclosed inspection plan details the inspections scheduled through September 30 , 200X. [**Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Director[1]

Division of Reactor Projects, Region ___

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Note 1: Refer to Action Matrix for proper signature authority. Signature authority is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle.

Exhibit 12

Sample Annual Assessment Letter for Plants in the Regulatory Response Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Official Plant Name)**

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of-cycle plant performance assessment of **(official plant name).** The end-of-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 200X. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

[Use the following sentences as appropriate]
Overall, **(plant name)** operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter was within the Regulatory Response Column of the NRC's Action Matrix, based on **[briefly state number of safety significant inspection findings and PIs, including appropriate safety significance, and associated cornerstone].** However, the significance of **(state finding**) is still under review as part of the Significance Determination Process. **[Add additional details, as necessary]**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

While plant performance for the most recent quarter is within the Regulatory Response Column of the Action Matrix, there were additional safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or safety-conscious working environment)** .
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline

inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues]

[Add the following paragraph, if appropriate]
In our **(mid-cycle or annual assessment letter)** dated **[insert date]**, we advised you of a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or Safety-Conscious Working Environment). [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater identified from January 1 - December 31, 200X, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary] [However, do not provide detailed information on NRC or licensee actions already discussed in the previous mid-cycle letter]**

The enclosed inspection plan details the inspections scheduled through September 30, 200X. [**Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Director[1]

Division of Reactor Projects, Region __

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list

Distribution:

Normal distribution list
plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Note 1: Refer to Action Matrix for proper signature authority. Signature authority is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle.

Exhibit 13

Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Official Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of- cycle plant performance assessment of **(official plant name).** The end-of-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 200X. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, **(plant name)** operated in manner that preserved public health and safety and met all cornerstone objectives with moderate degradation in safety performance. Plant performance for the most recent quarter was within the Degraded Cornerstone Column of the NRC's Action matrix based on **[briefly state number of safety significant inspection findings and PIs, including appropriate safety significance, and associated cornerstone]. [Add the following sentence, if necessary]** However, the significance of **(state finding**) is still under review as part of the Significance Determination Process. **[Add additional details, as necessary]**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

While plant performance for the most recent quarter is within the Degraded Cornerstone Column of the Action Matrix, there were additional safety significant **(inspection findings and/or performance indicators)** during the first three quarters of the assessment cycle. **[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]**

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or safety-conscious working environment)**.
[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues]

[**If appropriate, discuss the basis for conducting an extra PI&R inspection in accordance with section 06.06.j]]**

[Add the following paragraph, if appropriate]
In our **(mid-cycle or annual assessment letter)** dated **[insert date]**, we advised you of a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or Safety-Conscious Working Environment). [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater identified from January 1 - December 31, 200X, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary] [However, do not provide detailed information on NRC or licensee actions already discussed in the previous mid-cycle letter]**

The enclosed inspection plan details the inspections scheduled through September 30, 200X. **[Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)

Regional Administrator[1], Region XX

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

cc.
Normal cc list
Distribution:

Normal distribution list
plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Note 1: Refer to Action Matrix for proper signature authority. Signature authority is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle.

Exhibit 14

Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Official Plant Name)** (Report XX-XXXX)

Dear **(Mr./Ms. Last name of addressee)**

On **(date(s))**, the NRC staff completed its end-of- cycle plant performance assessment of **(official plant name).** The end-of-cycle review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 200X. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, **(plant name)** operated in manner that preserved public health and safety. While **(plant name)** met all cornerstone objectives, it remained within the Multiple/Repetitive Degraded cornerstone column of the Action Matrix with longstanding issues or significant degradation in safety performance. The degraded cornerstones were based on **[briefly state number of safety significant inspection findings and PIs, including appropriate safety significance, and associated cornerstone].** However, the significance of **(state finding**) is still under review as part of the Significance Determination Process. **[Add additional details, as necessary]**

[Describe the safety significant inspection findings and performance indicators including agency and licensee responses to the issues]

[Provide a brief summary of safety significant inspection findings and performance indicators from the first three quarters of the assessment cycle including agency and licensee actions]

[Add the following paragraph, if appropriate]
Additionally, the staff has identified a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or safety-conscious working environment)**.

[Provide a qualitative discussion of substantial cross-cutting issues including details on any NRC action to address these concerns within the baseline inspection program and any meetings or correspondence with the licensee on any safety-conscious working environment issues]

[**If appropriate, discuss the basis for conducting an extra PI&R inspection in accordance with section 06.06.j]]**

[Add the following paragraph, if appropriate]
In our **(mid-cycle or annual assessment letter)** dated **[insert date]**, we advised you of a substantive cross-cutting issue in the area of **(Problem Identification and Resolution, Human Performance, or Safety-Conscious Working Environment). [Provide a qualitative discussion of the licensee's progress in addressing these concerns].**

[Add the following paragraph for any non-SDP enforcement action of severity level III of greater identified from January 1 - December 31, 200X, if appropriate]
Additionally, on **(month/day/year)** the staff issued a severity level **(I,II,or III)** Notice of Violation in accordance with the NRC's Enforcement Policy. **[Provide additional details including follow-up actions as necessary] [However, do not provide detailed information on NRC or licensee actions already discussed in the previous mid-cycle letter]**

[Include the following paragraph, if appropriate]
You are requested to provide our office with a copy of any performance improvement plan that you may have developed so that we can coordinate our inspection activities accordingly. Because **(cornerstone(s))** was/were degraded, this letter is to advise you that we believe a meeting between the Executive Director for Operations and your senior management would be appropriate. I will be contacting you to arrange for a mutually agreeable time and location for a meeting to discuss your declining performance and your proposed actions to correct these deficiencies.

In accordance with IMC 0305, "Operating Reactor Assessment Program", your plant will be discussed at the upcoming Agency Action Review Meeting. We will notify you via separate correspondence if any agency actions change as an outcome of the meeting.

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. The enclosed inspection plan details the inspections scheduled through September 30, 200X. **[Also briefly mention infrequent inspections or inspections that are somewhat unique to the plant such as steam generator replacement, license renewal, ISFI, OSRE, or plant layup inspections]**. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last twelve months of the inspection plan are tentative and may be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's

document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)

Regional Administrator[1], Region XX

Docket Nos. 50-ABC, 50-XYZ
License Nos. NPF-0, NPF-0

Enclosure: **(Plant name)** Inspection/ Activity Plan

Normal cc list

Distribution:

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plus RidsNrrDipmIipb and the Institute of Nuclear Power Operations (INPO)

Note 1: Refer to Action Matrix for proper signature authority. Signature authority is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle.