



UNITED STATES
NUCLEAR REGULATORY COMMISSION
ATOMIC SAFETY AND LICENSING BOARD PANEL
WASHINGTON, D.C. 20555-0001

February 15, 2000

MEMORANDUM TO: Hubert T. Bell
Inspector General

FROM: G. Paul Bollwerk, III *G. Paul Bollwerk, III*
Chief Administrative Judge

SUBJECT: COMMENTS ON OFFICE OF THE INSPECTOR
GENERAL (OIG) DRAFT AUDIT REPORT – SENIOR
MANAGEMENT SUPPORT NEEDED TO ENSURE
TIMELY IMPLEMENTATION OF THE LSN

In response to the January 27, 2000 memorandum, we have reviewed the attached Office of the Inspector General (OIG) draft audit report. Overall, we found the report presents a thorough and balanced view of the history and status of the agency's Licensing Support Network (LSN) program. With respect to your specific recommendations, we submit the following:

Recommendation 1

Report to the Commission on the status of LSN progress at least quarterly. The briefing should cover cost, schedule, and performance. Additionally, these reports should reflect the joint efforts of all offices involved and, particularly, the role of the CIO.

Response

Disagree. As we indicated during the December 29, 1999 exit interview, we believe such an additional reporting requirement would entail an unnecessary expenditure of limited LSN resources, particularly in light of the establishment of an internal working group, as is outlined in additional comments paragraph four below, and the fact that the Chief Administrative Judge provides LSN status information as part of his monthly report to the Commission on the agency's adjudicatory caseload.

Recommendation 2

Aggressively pursue the development of an agreement with DOE to provide parties/potential parties with the opportunity to effectively participate in the LSN process.

Response

Agree in part. We agree that, in consultation with the Office of the General Counsel (OGC), we should continue to look into the matter of effective party/potential party participation. Indeed, this subject is on the agenda of the upcoming LSN Advisory Review Panel meeting as a DOE action item. Nonetheless, any "agreement" with DOE will need to address the statutory prohibition on "pay[ing] the expenses of, or otherwise compensat[ing], parties intervening in regulatory or adjudicatory proceedings funded" by any Energy and Water Development Appropriations Act. 5 U.S.C. § 504 note.

Additional Comments on the OIG Draft Audit Report

1. On page three of the draft report, there is a reference to the fact that "NWPAs also provides for a possible twelve-month extension to the hearing process for sufficient cause." The following sentence then provides time frames for the reactor operating license "hearings." There is a similar reference to the "hearing" process on page seven. We would suggest that, to more accurately reflect the nature of the agency's licensing process, OIG consider substituting the terms "licensing" and "licensing process" for the terms "hearing" and "hearing process." In the case of the high-level waste repository proceeding, as is spelled out in Appendix D to 10 C.F.R. Part 2, of the three years allocated to the agency for action on the Department of Energy application, the actual hearing process is to take approximately eighteen months. The other eighteen months are allocated to the NRC staff's review of the application. A similar allocation often occurred in reactor operating license proceedings as well.
2. On page seven of the draft report, OIG notes that we have posted a Senior Computer Analyst position to aid the LSN Administrator (LSNA). For your information, that position has been filled and the selected individual began work on February 14, 2000.
3. The draft report makes several statements regarding the Capital Planning and Investment Control (CPIC) process. These included:

Page 11: "Accordingly, the scheduled time frame for design authorization may be optimistic because of the complexity of both the technical design solution and the CPIC process."

Page 14: "It is clear that it will be a significant challenge for the ASLBP to obtain LSN approval through the complicated CPIC process, particularly under such a tight deadline."

In our discussions with the Office of the Chief Information Officer (OCIO) regarding the OIG draft report, OCIO noted that the CPIC process is designed to ensure that information resource investments are planned, selected, managed, and evaluated to maximize the value and minimize the risks of those investments. OCIO also noted that the components of the process (a justification, requirements identification and definition, a cost/benefits/risk analysis, and a project management plan) are fundamental requirements for any successful project, whether there is a CPIC process or not.

Further, according to OCIO, while the CPIC process is thorough and detailed, it is not especially complicated. OCIO thus suggested that the phrase "and the CPIC process" be deleted from page eleven and that the phrase "complicated" be deleted from page fourteen.

Also regarding the CPIC process, the draft report contains the following statement:

Page 19: "NRC representatives expressed concern that the January 2000 mid-year budget review and the FY 2001 budget request precede the scheduled time frame (February/March 2000) for LSN design authorization via the CPIC process."

In connection with this sentence, OCIO suggests that the report should make it clear that the issue of the timing for defining the budget requirements for the LSN revolves around the tight schedule for the project schedule and the need for the LSNA to coordinate activities with the LSN Advisory Review Panel. According to OCIO, the LSNA can submit a budget request prior to CPIC approval based on information available at the time of budget formulation. CPIC approval is only needed prior to funds being actually committed to a project.

Additionally, OCIO suggests that the paper should note that while the CPIC process has three stages, and all three are discussed at length in the paper, only the first stage, "selection," must be completed before the project is approved.

4. On pages nineteen and twenty of the draft report, OIG discusses the need for greater coordination with other Commission offices that have an interest in the LSN. In his January 19, 2000 semi-annual report to the Commission, the LSNA indicated that we would be establishing an internal working group to provide better intra-agency coordination on LSN-related matters. See SECY-00-0015, at 4-5. By memorandum dated February 8, 2000, a copy of which was provided to OIG, we have requested that the directors of the Office of the Secretary, the Office of Commission Appellate Adjudication, OGC, OCIO, the Office of the Chief Financial Officer, and the Office of Nuclear Material Safety and Safeguards (NMSS), appoint representatives to such an internal working group to be chaired by the LSNA.

These comments have been coordinated with the Deputy Executive Director for Materials, Research and State Programs (DEDMRS), OCIO, OGC, and NMSS.

cc: DEDMRS
OCIO
OGC
NMSS