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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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BRIEFING ON OFFICE OF NUCLEAR REACTOR REGULATION

(NRR) PROGRAMS, PERFORMANCE AND PLANS

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WEDNESDAY

APRIL 20, 2005

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The Commission met in open session, pursuant to notice, Commissioner Nils Diaz, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

- |                        |                            |
|------------------------|----------------------------|
| NILS J. DIAZ           | Chairman of the Commission |
| EDWARD McGAFFIGAN, JR. | Member of the Commission   |
| JEFFREY S. MERRIFIELD  | Member of the Commission   |
| GREGORY B. JACZKO      | Member of the Commission   |
| PETER B. LYONS         | Member of the Commission   |

(This transcript produced from electronic caption media and audio and video media provided by the Nuclear Regulatory Commission.)

1     STAFF AND PRESENTERS:

2     SUZANNE BLACK, NRR/ADPT/DSSA

3     JIM DYER, Director, NRR

4     ELLIS MERSCHOFF, DEDO

5     WILLIAM KANE, DEDO

6     BRIAN SHERON, Associate Director, NRR

7     CYNTHIA CARPENTER, NRR/PMAS

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P-R-O-C-E-E-D-I-N-G-S

CHAIRMAN DIAZ: The Commission is very pleased today to be meeting with NRR. We're going to find out a lot of good things this afternoon, I hope.

And, if not, well I leave it to my fellow Commissioners to make it known that you guys were actually just meeting just to let us know how you're doing.

But, no, we know that you've been doing good. We know that you have a very challenging program. You have been working not only on the reactor oversight program, which is what everybody thinks we do.

We've got a tremendous amount of licensing actions, we have the Davis-Besse Lessons Learned. We have issues of grid stability, plant agents, materials degradation.

I could go on for a little while, but then I will take most of your time. I don't want to do that. I think because of the higher level and broader scope and nature of this meeting, I think it does provide us with a good forum for discussing the excellence in management that needs to be applied at every level in NRR, which is our largest office, and our most complex office.

And the issue of also accountability that management is asking from everybody, the issue of timeliness, and many of the issues that we are confronting becomes very, very important.

1 I think starting this meeting with a discussions of NRR's  
2 mission, Human Capital is appropriate, because I know that's why you  
3 met your challenges.

4 With that, I'd like to see if my fellow Commissioners have  
5 any comments.

6 MR. KANE: Good afternoon, Chairman, Commissioners.  
7 We're very pleased to be here today to brief you on NRR programs. I am  
8 filling in for Luis Reyes, our Executive Director for Operations who could  
9 not be here today because of some significant personal business.

10 Joining with me at the table are Ellis Merschoff, our  
11 Deputy Executive Director for Reactor Programs, and the Office of  
12 Nuclear Reactor Regulation Team.

13 At this point I'll turn the presentation over to Jim Dyer.

14 MR. DYER: Thank you, Bill. Good afternoon,  
15 Chairman, Commissioners.

16 COMMISSIONER MCGAFFIGAN: Could I just -- it's  
17 very good business, the personal business that the EDO is on. I think  
18 he's marrying a child.

19 MR. KANE: Yes, that is correct.

20 COMMISSIONER MCGAFFIGAN: So, this is a good  
21 thing. It's no crisis.

22 MR. DYER: All right. Thank you, Chairman,  
23 Commissioners. With me from the NRR team here today is Dr. Brian  
24 Sheron, who is the Associate Director for Project Licensing and Technical  
25 Analysis.

1                   And, to my right is Cindy Carpenter, who is our Director  
2 of Program Management Policy Development Planning Staff. And also,  
3 next to Brian is Suzie Black, the Director of the Division of Systems  
4 Safety and Systems Analysis, or DSSA.

5                   Who is not here is Bill Borchardt, my Deputy Director  
6 who is still leading the efforts in Vienna on the Convention on Nuclear  
7 Safety, in particular the ongoing peer review activities.

8                   Can I get slide two please? Slides two and three are a  
9 list of acronyms. As we went through the presentation, I've tried very  
10 hard not to over-utilize acronyms.

11                   I'm getting better Commissioner. But SECY still warns  
12 us we need to put them in here just in case we deviate. So, they're here.  
13 Slide four, please.

14                   This is the agenda for today's presentation. The first five  
15 topics, as the Chairman initiated, really are -- I'll take the lead for the first  
16 five topics, which are the management excellence areas and international  
17 programs.

18                   And then Brian Sheron will present our major program  
19 accomplishments and challenges. I note that we briefed the Commission  
20 five times since last November on various technical topics, including plant  
21 aging and materials degradation, the Davis-Besse Lessons Learned Task  
22 Force items, various reactor safety and licensing issues, and most  
23 recently nuclear fuel performance and a briefing on the status of the new  
24 reactor program.

1                    Additionally, next week we are scheduled to brief you on  
2 grid reliability. And then, after the Agency Action Review meeting, we'll  
3 provide an oversight of the review of the reactor oversight program.

4                    So, we developed this agenda to try to give you a status  
5 update on a lot of the key programs we've discussed before and avoid  
6 some of the issues that I know -- topics that we were going to be covering  
7 in the near future.

8                    But, as usual, I brought my management team behind  
9 me. So, if you have questions on anything that we didn't cover, we're  
10 ready. Next slide, please, slide five.

11                    Let me start off with the NRR Mission Statement. And,  
12 collectively, NRR developed a Mission Statement in the past year to help  
13 improve our organizational effectiveness by articulating what we do and  
14 how we do it.

15                    It identifies what part of the NRC mission that NRR has  
16 responsibility. That is for protecting public health and safety and the  
17 environment, and for the reactor programs, non-power reactors, and the  
18 power reactor programs.

19                    It doesn't include activities in the materials and the waste  
20 areas, or involve security directly in our Mission Statement. However, we  
21 recognize that we need to make the connection with those areas to be  
22 successful.

23                    It also identifies how we do it by developing and  
24 implementing four programs for the reactor area. The first is rulemaking  
25 or developing reactor regulations.

1                   The second is licensing or issuing permits to qualified  
2 parties for the safe construction and operation of a reactor. The third  
3 area we identified is oversight or the activities to ensure compliance with  
4 our regulations and licenses as well as providing feedback on the  
5 effectiveness of those regulations and licenses to see whether we have  
6 adequate coverage for reactor activities.

7                   And lastly, and maybe most importantly, is incident  
8 response, for those activities where we work with the licensees and  
9 Federal, State, and local government organizations, to respond to a plant  
10 when it's in an upset condition.

11                   Each of these programs is governed by a different  
12 process with different internal and external stakeholders who we must  
13 work with for success.

14                   Our Mission Statement also identifies our goal to  
15 conduct these activities in a manner that develops trust. I once read in a  
16 management book that trust is developed through character and  
17 competence.

18                   In NRR we demonstrate character by conducting our  
19 duties consistent with the NRC values. And we demonstrate competence  
20 by delivering on our commitments, most importantly our operating plan  
21 and strategic plan goals.

22                   Collectively, these activities contribute -- are the activities  
23 that govern -- attributes that govern our daily activities, our awards  
24 programs, and our communications with both internal and external  
25 stakeholders.

1 Slide six, please. The NRR Human Capital Action Plan  
2 was first developed in June of 2002 and is now used as an integral part of  
3 our operating plan.

4 The overall objective of the plan is to get the right people  
5 with the right skills and the right job at the right time. As has been  
6 discussed in several earlier Commission meetings, this is quite a  
7 challenge given the demographics and demanding environments that we  
8 work in right now.

9 In NRR, Bill Borchardt, my deputy, leads extensive  
10 monthly meetings with all deputy division directors and Cindy Carpenter  
11 to review office progress in the key areas of the NRR Human Capital  
12 Action Plan.

13 One of those areas is striving for strategic alignment.  
14 Just as developing the NRR Mission Statement helped us to align our  
15 office with its role within the NRC Mission, each division, branch, and  
16 section has also developed a Mission Statement that identifies their  
17 contribution to the NRR and NRC Mission.

18 We also have an ongoing initiative to clarify the roles and  
19 responsibilities within each level of the NRR organization. Collectively,  
20 these efforts have provided a valuable input into our organization to  
21 approve alignment and review organizational options to accommodate  
22 long-term shifts in our work load, such as the emerging work with new  
23 reactors, potential emerging work with new reactors, or declining  
24 responsibilities, such as when we transferred emergency preparedness  
25 the Office of Nuclear Security and Incident Response.



1                   We have also developed a functioning, centralized work  
2                   planning center for much of our work to improve our accountability and  
3                   provide improved estimates for future work projections.

4                   These estimates are critical for the input to the NRC  
5                   Strategic Workforce Planning to identify our potential demands of the  
6                   future. This same center has improved our workforce utilization by  
7                   allowing us to identify and adjust for short-term changes in our workload.

8                   When emergent work calls for redirection of specific  
9                   NRR resources, such as the case when security plan review teams were  
10                  formed last year, we are now able to identify the displaced work, and  
11                  adjust our operating planned commitments as we did last year.

12                  As a result of these activities, we now have a much  
13                  better -- we refer to as the add-shed process to identify what we will not  
14                  be able to accomplish when higher priority work emerges during the  
15                  execution year.

16                  Additionally, as Carl Paperiello discussed with you during  
17                  his Research office program review, we are also working with Research  
18                  to improve knowledge management.

19                  For NRR that includes working on a Standard Review  
20                  Plan update, developing a qualification program for our key technical  
21                  positions, such as project managers, health physicists, and technical  
22                  reviewers, the various technical reviewers, capturing knowledge through  
23                  handbooks and training guides such as the Project Manager's Handbook,  
24                  and utilizing web-based information forums such as our Operating  
25                  Experience database and our community forum for inspectors.

1 Slide seven, please. Communications was identified in  
2 the 2002 Office of Inspector General cultural survey as an NRR area for  
3 improvement, both directly and as it contributed to other areas for  
4 improvement.

5 As with the rest of the NRC, we have focused on this  
6 area, and it seems that the more we learn, the more we need to improve.  
7 In 2004 we hired a professional communications assistant reporting to  
8 me, conducted an internal assessment of our communication activities,  
9 and developed a communication program with initiatives to improve both  
10 our internal and external communications.

11 We provided this plan to all NRR staff as part of our roll-  
12 out of the NRC Strategic Plan and the NRR Mission Statement. Internal  
13 face-to-face communications with the entire NRR office of 600 people at  
14 one time is difficult at best.

15 NRR divisions hold periodic meetings and office level  
16 managers attend these meetings occasionally to provide face-to-face  
17 opportunities for the Staff.

18 To compensate, NRR uses the "Have I Got News For  
19 You" newsletter that is distributed internally to all its staff. And we have a  
20 very active NRR internal website to highlight our accomplishments, get  
21 information to the Staff and introduce new staff members to the rest of  
22 the office.

23 To get feedback, we've created an email talk-back  
24 system features for employees to respond with questions and comments  
25 to the information we've provided.

1                   We have also initiated an office level non-concurrence  
2 procedure to provide a constructive mechanism to air differing views. Bill  
3 Borchardt is alerted to all non-concurrence and assures descending  
4 views are given due consideration without any retribution to the submitter.

5                   To improve our communications with external  
6 stakeholders, NRR has aggressively implemented communication plans  
7 for significant activities, and conducted public outreaches for key program  
8 activities such as early site permits, power uprates, and license renewals,  
9 as well as sensitive rulemaking activities.

10                  The NRR communications assistant also provides  
11 constructive feedback to managers and staff on the conduct of all our  
12 major meetings. As a matter of record, he will be critiquing my  
13 performance today.

14                  Overall, we are utilizing all tools that we can to best  
15 improve our availabilities to communicate with both our staff and our  
16 external stakeholders by providing information and listening to their  
17 feedback.

18                  Slide eight, please. For international activities within the  
19 office of NRR our primary purpose for NRR's international activities is to  
20 obtain operating experience.

21                  We also contribute our experience to the other country's  
22 programs. There are more than 340 operating power reactors outside of  
23 the United States.

24                  Most of the international operating experience is  
25 potentially applicable to our reactors. As we learned with Davis-Besse,

1 this is an area that we needed to focus on and improve our  
2 understanding of what's going on outside of our borders.

3 In addition, the regulatory approaches used by other  
4 foreign regulators may be of benefit for NRC to consider either in a  
5 confirmation of what we do, or looking at new insights as we have with  
6 the oversight of safety conscience work environment.

7 So, accordingly, the international activities are very  
8 valuable in assisting us with fulfilling our oversight program and the NRR  
9 mission.

10 Last week the United States presented, at the  
11 Convention of Nuclear Safety, the third national report meeting --  
12 recognize Commissioner Merrifield was there with the EDO.

13 And, as I said earlier, Bill Borchardt's presence -- he's  
14 there this week. The NRC's participation in this convention is an  
15 important part of our goal of promoting nuclear safety worldwide.

16 It has also acted as an international peer review of the  
17 regulatory programs for the NRC. And we find it to be quite valuable.  
18 NRC's reactor licensees can also benefit directly from our international  
19 colleagues by hosting the Operational Safety Assessment Review Team,  
20 or OSART.

21 Next month, Brunswick Nuclear Station will be hosting an  
22 OSART. The NRR staff has been working with the Office of International  
23 Programs and the licensee to make sure this is -- and the International  
24 Atomic Energy Agency -- to make sure this is a successful undertaking  
25 that we can learn as much as possible from.

1                   NRR also gained significantly from our regular bilateral,  
2 regulatory, and safety information exchanges. We conduct these with a  
3 number of countries predominantly each year, up to 12 countries each  
4 year, and some of them every two to three years.

5                   Access to the foreign operating experience is readily  
6 available from our international counterparts. Early and more detailed  
7 access of this experimental information is enhanced by these bilateral  
8 exchanges.

9                   I would note that next month Suzie Black will be leading  
10 a delegation to Japan where we hope to get good information on control  
11 rod drive nozzle cracking and their construction inspection program as we  
12 exchange with our risk informed regulation program.

13                   Slide nine, please. I think, to complete my part of  
14 management excellence presentation, I'll talk a little bit to some of the  
15 streamlining and efficiencies that the Office of NRR has recently  
16 undertaken.

17                   In addition to some of the process improvements to our  
18 programs that Brian Sheron will discuss later, we have sunsetted two  
19 programs, and are working to streamline others.

20                   We recently sunsetted the license renewal steering  
21 committee, which was originally established in 1998 to provide a forum  
22 for industry and NRC Staff exchanges on the development of this new  
23 program.

24                   Effectively, at the beginning of this year, in February of  
25 this year, this committee was dissolved. Both the Industry and the NRC

1 came to the conclusion that this is a well working program that doesn't  
2 need this oversight.

3 We have also sunsetted the reactor operating  
4 experience task force, which was originally established in April of 2003.  
5 That was after the Davis-Besse Lessons Learned Task Force report  
6 recommended major changes to this program.

7 When we came up in November of 2003 we developed  
8 an action plan. And, in March, we established an effort to develop a  
9 clearinghouse effect for the operating experience.

10 In January the program was put into a pilot  
11 implementation with the issuance of our draft management directive and  
12 our governing office procedures.

13 And so, at that point we made a decision to sunset the  
14 operating experience task force report. The Staff was also reviewing our  
15 internal information needs.

16 The one thing that we recognized as we went through  
17 our self-assessment was the communications within NRR between the  
18 EDO's office and the Commission and all our stakeholders, we are very  
19 redundant and diverse.

20 We have several programs of communications vehicles  
21 which duplicate, such as the Director's Quarterly Status Report, and our  
22 monthly Significant Topics Report.

23 I have tasked Cindy Carpenter with looking at all these  
24 reports, looking at all the directions they go in, who the stakeholders are,  
25 and seeking to streamline them, come up with a common format and look

1 to make them available online to the extent that we can so that we can  
2 cut down on the number of reports that we repeatedly change every  
3 month.

4 Lastly, as I spoke earlier, in the Human Capital, the  
5 centralized work planning initiative was initially developed to improve our  
6 accountability.

7 However, we are advancing this centralized work  
8 planning initiative to aid more effective use of office resources, better  
9 predictability of work process and continued improvement in our overall  
10 work process.

11 And we've seen this as the accountability and the  
12 scheduling are more strictly accounted for. At this point let me turn the  
13 presentation over to Brian Sheron to talk about some of our programs.

14 DR. SHERON: Thank you. In licensing -- I'm sorry, next  
15 slide, please, slide ten. In licensing we are on target to support the  
16 Agency's performance goals.

17 We are on track to complete 1,500 licensing actions this  
18 year. As you know, security plan reviews in fiscal years 2004 caused  
19 deferral of some licensing actions to fiscal year 2005, and a slight  
20 relaxation of our timeliness metric.

21 While we generally have delivered on our timeliness  
22 metric, we are improving our performance metrics to increase our  
23 reliability and responsiveness.

24 We continue to give priority to license amendments  
25 associated with power operates and outages and safety significant

1 licensing actions. Two years ago NRR performed a Program  
2 Assessment Rating Tool evaluation, or PART, of the inspection program.

3 This year we are conducting a PART evaluation with  
4 support from the Office of the Chief Financial Officer and other officers of  
5 the reactor licensing program, an effort which serves to measure the  
6 effectiveness and efficiency of our program.

7 Consistent with the Commission's policy statements on  
8 technical specifications and the use of probabilistic risk assessments, the  
9 Staff and the industry are developing risk informed improvements to the  
10 current system of technical specifications.

11 Two initiatives have been approved and six are being  
12 developed. We are also assessing the results of the regulatory impact  
13 survey conducted by Brookhaven National Laboratory, which surveyed  
14 managers at power plants.

15 The survey found that 60 percent of responders  
16 expressed satisfaction with our regulatory performance. While the overall  
17 results are positive, some concerns were raised about the timeliness of  
18 licensing actions and a number of requests for additional information.

19 Efforts are underway to examine both issues and, if  
20 appropriate, address the industry's concern. For example, in conjunction  
21 with the Nuclear Energy Institute Licensing Action Task Force, we are  
22 evaluating the request for additional information process.

23 There are also some challenges in our licensing  
24 program. We recognize that we need to improve the Agency's integration  
25 of security requirements into the licensing process.



1                   We have a process in place for that integration, but we  
2                   need to implement it. In December we formed a safety security interface  
3                   advisory panel and working group to ensure safety security interface  
4                   issues are appropriately considered in NRR and NSIR processes.

5                   With regard to the licensing process, the working group  
6                   and panel have the responsibility to develop a screening process for use  
7                   by project managers and technical review staff to identify any aspects of  
8                   license amendments that could involve security implications.

9                   Next slide, please. I'm now going to talk about power  
10                  uprates. The subset of licensing actions is power uprates, which we  
11                  briefly addressed at our December Commission meeting.

12                 To date, the Staff has approved 105 power uprates that  
13                 have added the equivalent of approximately four large nuclear units to the  
14                 Nation's electric generating capacity.

15                 I want to point out the slide says 104. We just recently  
16                 approved Waterford since these slides were made and sent up. So,  
17                 there's one change.

18                 Most recently we approved the Waterford extended  
19                 power uprate of eight percent. This was the first application in which the  
20                 Staff used the guidance document Review Standard for Extended Power  
21                 Uprates.

22                 Currently there are 11 power uprate applications under  
23                 review. And the Staff expects to receive 28 additional applications over  
24                 the next five years.

1                   As you know, the focus of our review of power uprate  
2 applications has been and will continue to be on safety. There are some  
3 challenges in this area.

4                   The Industry has experienced isolated incidents of  
5 steam dryer cracking, loose parts generation, and flow-induced vibration  
6 problems at plants with extended power uprates.

7                   The NRC Staff has taken appropriate regulatory action in  
8 response to this issue. And we will take additional regulatory action as  
9 necessary to ensure safety.

10                  We are also following the Industry's evaluations of a  
11 problem that some plants have experience using ultrasonic flow meters  
12 for measurement uncertainty recapture power uprates.

13                  With regard to future and ongoing activities, the Staff will  
14 be evaluating the review standard for extended power uprates and  
15 updating it as appropriate.

16                  As we gain experience with its use, we will make the  
17 appropriate changes to the power uprate program to improve efficiency  
18 and effectiveness.

19                  Moving to another program which is addressing  
20 challenges, the research and test reactors program is expected to receive  
21 ten new reactor re-licensing applications between now and fiscal year  
22 2007.

23                  This will necessitate increasing staffing and technical  
24 assistance funding. We've established a 48 month goal for completing a  
25 reactor re-licensing review.

1                   Next slide, please. Reactor licensing renewal -- license  
2 renewal for power reactors continues to be a highly successful program,  
3 but completing the review of renewal applications on schedule continues  
4 to be a challenge on staff resources due to the timing of submittals.

5                   To date we have issued renewed licenses for 30  
6 reactors at 17 sites, all on or ahead of schedule. We currently have  
7 under review applications to review the licenses for 18 reactors at ten  
8 sites.

9                   Thus, approximately one half of the operating plants in  
10 the U.S. have either received or submitted applications for renewed  
11 license. To ensure quality applications we have stringent requirements  
12 on the content of applications submitted and perform thorough  
13 acceptance reviews of the applications.

14                  Although there have been problems with two recent  
15 applications, the majority of applications submitted have been of  
16 acceptable quality. We completed the three pilot applications of the  
17 onsite audits for aging management reviews that are consistent with the  
18 Generic Aging Lessons Learned Report.

19                  The audit process has improved communication and  
20 reduced the number of requests for additional information. Both the  
21 applicants and the Staff believe that the audit process has been  
22 beneficial and has made the reviews more efficient and effective.

23                  Lessons learned from the pilot audits are being  
24 implemented by the Staff and applicants for the current license renewal

1 applications. The Staff is implementing process improvements to further  
2 increase the efficiency and effectiveness of the license renewal program.

3 Lessons learned from the review of license renewal  
4 applications and from industry input were incorporated into draft updates  
5 of the license renewal implementation guidance documents that were  
6 made available for public comment on January 30, 2005.

7 A public workshop was held in March to discuss the  
8 updates and receive comments. The final documents are scheduled to  
9 be issued by September 30, 2005 after resolution of comments received.

10 In summary, the license renewal program continues to  
11 meet established schedules for license renewal reviews. We are  
12 continuing to work to improve the process to achieve greater efficiencies.

13 Next slide, please. We'll now talk about rulemaking  
14 accomplishments. During our program review briefing in October 2003  
15 we discussed our revised approach for rulemaking in which we would  
16 develop the technical basis and obtain stakeholder input before initiating  
17 rulemaking.

18 We have been following this approach for newly initiated  
19 rulemakings. A good example is the rulemaking that appends 10 CFR  
20 50.55a to update the latest American Society of Mechanical Engineering  
21 Codes and Standards.

22 However, there are instances where it has been  
23 necessary to conduct these steps, that is technical basis and rule  
24 language development, in parallel, such as the recent proposed rule for  
25 10 CFR 50.46.

1                   We continue to consider that rulemaking is best served  
2 when the technical basis is well informed, peer reviewed, and publicly  
3 vetted prior to entering the rulemaking process.

4                   This sequential process allows for better resource  
5 management and scheduler discipline. However, we remain flexible to  
6 consider other options to best serve the Agency and ours stakeholders.

7                   I'd like to highlight some recent successes in the  
8 rulemaking area. This slide lists the higher priority proposed and final  
9 rulemakings that have been completed in the past year.

10                  The rules provide for risk informed performance-based  
11 alternatives consistent with our strategic plan. Other lower priority  
12 rulemakings recently completed have been provided to you.

13                  Two of these recent rulemakings relate to fire protection,  
14 which I will discuss later under that topic. Of the others, one is the 10  
15 CFR 50.69 final rule that provides licensees with a voluntary alternative to  
16 comply with selected deterministic requirements in the regulations with  
17 respect to design, quality assurance, construction, and operation.

18                  The rulemaking permits licensees to redefine the scope  
19 of systems, structures, and components that are subject to the special  
20 treatment requirements using risk-informed criteria set forth in the  
21 amended rule.

22                  Pilot activities are under way with Surrey and Wolf Creek  
23 expected to submit applications in mid-2005 to implement the risk  
24 informed alternative in 50.69.

1                    Additionally, we recently sent to the Commission a  
2 proposed revision to 10 CFR 50.46, also known as the emergency core  
3 cooling system rule, that allows a risk informed treatment of break size for  
4 loss of coolant accident analysis.

5                    Next slide, please. We do have some challenges in the  
6 rulemaking area. In the upcoming months the Commission can expect to  
7 receive several complex, and in some instances controversial rulemaking  
8 packages.

9                    We plan to deliver on schedule in June a proposed rule  
10 on Part 26, Fitness-For-Duty. The rule would revise Part 26 substantially  
11 with respect to both drug and alcohol testing and would add requirements  
12 related to work fatigue.

13                    We are working with the Office of Nuclear Security and  
14 Incident Response on reactor security rulemakings to align our  
15 regulations with issued orders and to use the rulemaking process to  
16 obtain stakeholder input with the proposed rule for design-basis threat  
17 scheduled for June as well.

18                    Finally, the Staff is preparing a proposed rule to amend  
19 Part 52, early site permits, standard design certifications and combined  
20 licenses for nuclear power plants to take into account experience from  
21 the previous design certification rulemakings.

22                    As we discussed at the April 6<sup>th</sup> New Site and Reactor  
23 Licensing Commission Briefing, with regard to regulatory stability, the  
24 current Part 52 is considered sufficient to proceed with any new reactor  
25 licensing.

1                   But the proposed changes would enhance the efficiency  
2                   and effectiveness of the process. Next slide, please. I'm now going to  
3                   talk about fire protection activities.

4                   Fire protection has been a challenging area over a long  
5                   period due to numerous regulatory and technical issues. The  
6                   Commission was briefed on the status of the major fire protection  
7                   program activities last December.

8                   The Staff has also made several major advances in each  
9                   of our major activities during the past few months. The risk-informed  
10                  performance-based fire protection rule alternative was issued in July of  
11                  2004.

12                  Public meetings were held in January and February of  
13                  this year to discuss stakeholder comments on the regulatory guidance in  
14                  support of this alternative.

15                  The Staff and the Nuclear Energy Institute are on a path  
16                  to endorse NEI-04-02, and will finalize development of the Regulatory  
17                  Guide in late summer of 2005.

18                  Representing a major licensing action on February 28<sup>th</sup>,  
19                  Duke Energy provided a Letter of Intent to adopt the risk-informed  
20                  alternative in 10 CFR 50.48, which allows use of the National Fire  
21                  Protection Association 805 Standard for all of their plants.

22                  For post-fire safe shut-down circuit analysis, revision to  
23                  the Regulatory Issues Summary 2004-003 as issued this past December,  
24                  which informed licensees of the restart of circuit inspections and the  
25                  enforcement discretion available for circuit findings until December 2005.

1                   The regions restarted circuit inspections using the risk-  
2 informed guidance this past January. We are taking steps to endorse  
3 industry guidance while we continue to clarify compliance expectations in  
4 this area.

5                   Currently the Staff is preparing a new Regulatory Issue  
6 Summary to formerly document and clarify fire protection terminology and  
7 ensure consistent interpretation among the operating reactor fleet.

8                   Additionally, the Staff intends to issue the appropriate  
9 generic communication to resolve concerns related to the term "one at a  
10 time" with respect to its application to associated circuit failures.

11                  The Staff will invoke the compliance exception to the  
12 backfit process as needed to ensure licensees are in compliance with  
13 Agency regulations in this area.

14                  The proposed rule on operator manual actions was  
15 published last month. And the public comment period lasts until late May.  
16 A public meeting is scheduled for April 27<sup>th</sup> to further solicit stakeholder  
17 comments.

18                  The Staff will address public comments under the overall  
19 direction provided by the Commission Staff Requirements Memorandum  
20 on the proposed rule.

21                  The Staff looks to improve fire protection safety through  
22 continued progress in risk informing our fire protection activities,  
23 communicating clearly with our stakeholders, and by effectively managing  
24 any emerging issues.



1                   For example, the recent fire test performed on the  
2                   Hemyc fire barrier system revealed some configurations of concern. The  
3                   Staff is resolving the non-compliances associated with this issue using  
4                   regulatory tools such as the Information Notice and, if necessary, a  
5                   Generic Letter.

6                   Next slide, please. I'm going to talk about Generic  
7                   Safety Issue 191. I would like to touch on the key technical issues in  
8                   resolving Generic Safety Issue 191, assessment of debris accumulation  
9                   on pressurized water reactor sump performance.

10                  The Staff issued Bulletin 2003-01, potential impact of  
11                  debris blockage on emergency sump recirculation at PWRs, in June of  
12                  2003 asking licensees to confirm compliance with existing applicable  
13                  regulatory requirements or describe any compensatory measures  
14                  implemented to reduce the potential risk due to post-accident debris  
15                  blockage until evaluations to confirm compliance are completed.

16                  From the responses to the Bulletin and the requests for  
17                  additional information, the Staff has concluded that plants are  
18                  implementing interim compensatory measures to reduce risk of operation  
19                  while permanent solutions are being analyzed.

20                  The Staff has also reviewed the first of two responses to  
21                  Generic Letter 2004-02, potential impact of debris blockage on a  
22                  emergency recirculation during design basis accidents of pressurized  
23                  water reactors.

24                  This letter requested licensees to perform an evaluation  
25                  of the emergency core cooling system and containment spray system

1 recirculation functions and, if appropriate, take additional actions to  
2 ensure system function.

3           Generic Letter 2004-02 required responses by March,  
4 identifying the methodology used in their analysis and responses by  
5 September identifying the results of their sump analyses, their intended  
6 sump modifications and the schedule for their completion.

7           The final Generic Letter responses are due from all 69  
8 pressurized water reactor plants in September of 2005. From the review  
9 of these responses, a sample of plants will be chosen for a more detailed  
10 staff evaluation.

11           Although the industry guidance and the Staff safety  
12 evaluation provide an acceptable approach that should facilitate  
13 consistency, we anticipate that the very plant specific features and a  
14 range of corrective actions selected, will require considerable staff effort.

15           In addition, despite the substantial experience and  
16 information base regarding PWR sump performance, deficiencies in data  
17 and knowledge do exist in certain technical areas, for example, codings,  
18 chemical precipitation, and downstream effects. The Office of Nuclear  
19 Regulatory Research has ongoing and planned testing in these areas.

20           Licensees have been strongly advised to provide  
21 sufficient margin in any design modifications they propose to account for  
22 these uncertainties.

23           The Staff will continue to communicate the results of  
24 additional RES activities to industry as testing is completed. In the

1 interim, the Staff will continue to deal with licensee-specific performance  
2 deficiencies such as degraded codings.

3 Next slide, please. I'll talk about Operating Experience  
4 now. At the time of the Davis-Besse Lessons Learned Task Force  
5 briefing last December, we were in the final stages of launching our new  
6 Operating Experience Program.

7 The new program was implemented on January 1, 2005,  
8 and is codified in draft Management Directive 8.7, which will be used on a  
9 trial basis for one year to receive feedback and make adjustments.

10 All of the Davis-Besse Lessons Learned Task Force  
11 Operating Experience action items have been completed. Also, a 2004  
12 audit of the Operating Experience Program conducted by the Office of  
13 the Inspector General provided a number of recommendations that have  
14 been resolved.

15 One audit recommendation to issue Management  
16 Directive 8.7 will be fully implemented following the one year trial use of  
17 the draft Management Directive.

18 As discussed in the December Commission briefing, the  
19 cornerstone of the new Operating Experience Program is the  
20 clearinghouse, which serves as a single organization to collect, make  
21 available and communicate and manage the evaluation and application  
22 of Lessons Learned from operating experience.

23 We plan to strengthen the interface between the  
24 clearinghouse and other technical organizations, including the regional  
25 offices. At present, all four regions in NRR are participating in an

1 operating experience benchmarking task group to review regional  
2 practices associated with operating experience and to identify best  
3 practices which can be used by the regions to implement consistent  
4 regional programs.

5 In the near future we plan to create teams of technical  
6 staff that will automatically receive and systematically assess operational  
7 data in their specialized areas to identify trends and recommend action  
8 accordingly.

9 In the international community I am the NRC Senior  
10 Management Representative on a Nuclear Energy Agency's committee  
11 for nuclear regulatory activity senior level task group on regulatory  
12 challenges in using operating experience.

13 This group will meet for the first time in May to examine  
14 ways to improve the collection analysis and use of operational experience  
15 data. This completes my part of the presentation. I would now like to  
16 turn it back over to Jim.

17 MR. DYER: Thank you Brian. Slide 18 please.  
18 Chairman and Commissioners, we've gone through a lot of information in  
19 a short period of time.

20 In our presentation we identified a number of future  
21 policy issues. Obviously there are several rulemaking activities that Brian  
22 described, as well as some of the activities that may come about  
23 because of our new reactor activities and plans in that area.

1                   We have no shortage of challenges, as you can see.  
2           These challenges I break down fall into three areas. One, are key  
3           challenges in the area of planning.

4                   We have the emerging issues in the security area that  
5           we are working closely with the Office of Nuclear Security and Incident  
6           Response as well as more on a longer term the uncertainty as to what's  
7           going to happen with the new reactor area.

8                   We also have technical challenges as Brian described,  
9           certainly with the power uprate program, the GSI-191 sump issues, and  
10          some of the fire protection emerging issues.

11                  And lastly we have concerns that we fall into the Human  
12          Capital area. Obviously we have an aging workforce that we're looking at  
13          succession planning and knowledge transfer as well as emerging skills  
14          and changing skills as the NRC becomes more advanced in the nuclear  
15          reactor oversight and review areas.

16                  Having acknowledged these challenges, NRR has  
17          developed a number of approaches to address them, as I said earlier. In  
18          coordination with the Office of Research, Nuclear Security and Incident  
19          Response, and our NRC Staff Offices, we have emphasized our  
20          commitment to safety and continuous improvement in our overall  
21          approach to our duties and responsibilities.

22                  This completes my part of the presentation. I'll turn it  
23          back over to Bill.

24                  MR. KANE: That completes the Staff's presentation.

1 CHAIRMAN DIAZ: Thank you, Bill, Jim, Brian. I  
2 appreciate the presentation. And, of course, we appreciate the work that  
3 you do. And I think today is Commissioner Lyons' turn to go first.

4 COMMISSIONER LYONS: Thank you. And thanks to  
5 all of you for a very, very good briefing. The first couple of questions I  
6 have would be more in the area of, Brian, that you just discussed.

7 You mentioned Hemyc and the use at 11 plants. Would  
8 you just help me understand a little bit better where in the application of a  
9 technology like Hemyc do we do this testing?

10 I'm curious that we're testing it now that it's installed in 11  
11 plants. And why not sooner? Or were we relying on other data, or I just  
12 curious.

13 MS. BLACK: Let me answer. Actually, there was testing  
14 of this material over 20 years ago. But the test standards have changed  
15 and we have learned additional information through the thermolag  
16 testing.

17 And so, we understood that there were different  
18 materials in use. Thermolag was the one we went after first because it  
19 was used in most applications.

20 And then we had Kaowool. And then this was just the  
21 NRR plan, the next process we did. We asked the industry to test it. And  
22 they wanted to stand behind their current test reports.

23 And so we had to take it on as an agency. It's kind of a  
24 burden of proof of whether the material was good enough or not.

1                   COMMISSIONER LYONS: Well, it just strikes me as  
2                   unfortunate to find out now. But I'm sure it strikes you that way too.

3                   MR. MERSCHOFF: Actually, Commissioner, I think  
4                   that's a real success for the Research program. The industry is  
5                   responsible for the testing and assuring that this component is acceptable  
6                   for use.

7                   We were doing confirmatory testing and found a  
8                   significant lapse there. Now, we can and need to go back to the  
9                   decisions that were made by the industry to employ it in the field.

10                  But, I think Research scored a homerun here in terms of  
11                  doing the testing and finding the problem.

12                  COMMISSIONER LYONS: Okay, thank you. A  
13                  comment on license renewals. Certainly a very, very impressive  
14                  performance, all kinds of kudos on that. But I think also it's probably  
15                  kudos due on the point that you emphasized that there have been two  
16                  recent instances where concerns have been expressed in a renewal  
17                  application and the Commission has acted appropriately.

18                  And I hope that's sending a very strong message to  
19                  industry that these renewal applications have to be treated very carefully,  
20                  very seriously, and will be treated thus by your team.

21                  So, on the one hand, a very, very impressive  
22                  performance on the numbers and the timeliness. But I couldn't help  
23                  thinking that also very impressive performance on identifying the  
24                  occasional outliers and saying so.

1                   On the power uprates, I was curious if you could expand  
2                   a little bit on progress that we maybe make, that I hope we're making on  
3                   understanding some of the vibration issues in the steam dryer cracking  
4                   like has been observed at Quad Cities recently.

5                   Is there a path through this to better understand this  
6                   issue?

7                   MR. SHERON: Yes. We have been working very  
8                   closely with the industry, both with General Electric since these failures  
9                   have mostly occurred in boiling water reactors.

10                  I think they have all occurred in boiling water reactors,  
11                  the cracking. They are working to try and improve their analysis methods  
12                  for predicting the loads on the dryers so they can determine where the  
13                  high stress points are and make design modifications accordingly.

14                  Most recently, Exelon, in replacing the steam dryers in  
15                  Quad Cities Unit 2, has instrumented the dryers. They put a number of  
16                  string gauges and accelerometers within, I think, the dryer assembly, as  
17                  well as on the steam line -- all designed to get data to help confirm the  
18                  analysis methods.

19                  And the approach then is to try and get confirmation of  
20                  the analysis methods such that we can now predict these in the future so  
21                  that when licensees design their new dryers they'll be able to get the  
22                  loads correctly, put in the right stiffeners and get the right strengths so  
23                  that we would avoid the cracking.

24                  COMMISSIONER LYONS: Is it anticipated that the  
25                  problem is going to boil down to something like stiffeners in the right



1 place or perhaps heavier gauges as opposed to -- I can't imagine what  
2 else it could be, but could it be more something more fundamental?

3 MR. SHERON: Well, it may just be the nature of a  
4 certain type of dryer. We've only seen this cracking in the square hood  
5 dryers, which are the older ones.

6 The plants that have the newer, the slant hood or the  
7 rounded hood dryers have not seen the cracking. So it may just be  
8 unique -- we just don't know yet -- to this kind of dryer.

9 But we're hoping that, with the analysis methods, that will  
10 help confirm why we're seeing it in this one kind of dryer.

11 COMMISSIONER LYONS: On the license  
12 amendments, you mentioned the research reactors, which are kind of a  
13 subject of great interest to me personally.

14 I think they play a very, very critical role in the overall  
15 educational process across the country. In fact, I'll be visiting the  
16 University of Missouri next week and their research reactor.

17 But I was curious on one particular comment that just  
18 confused me. In the text there's a statement that the FY '05 target -- this  
19 is with regard to RTR licensing actions -- that the FY '05 target may not  
20 be achieved due to limited inventory.

21 And I couldn't understand what inventory are we talking  
22 about?

23 MR. DYER: Commissioner, I think we were looking at --  
24 I think that might have -- I can't remember the exact title. We didn't have  
25 that many in.

1                   We didn't have that many submittals in for whatever the  
2 particular licensing category that we were measuring in our operating  
3 plan. I can get back to you on the exact details of that.

4                   COMMISSIONER LYONS: So that's what the reference  
5 to limited --

6                   MR. DYER: Yes, sir.

7                   COMMISSIONER LYONS: I'm sorry, okay. I was just  
8 very puzzled by that.

9                   MR. DYER: We estimated that we would have such a  
10 demand from the industry, and, in fact, we didn't have that demand in that  
11 particular area.

12                  COMMISSIONER LYONS: Okay. That makes a lot of  
13 sense, now that you say it that way.

14                  CHAIRMAN DIAZ: The English might not be right, but --  
15 (Laughter.)

16                  COMMISSIONER LYONS: A question on the Human  
17 Capital area, which I applaud you for. I've been very, very impressed with  
18 what I've seen throughout the NRC in this area.

19                  And you mentioned a similar program within Carl  
20 Paperiello's area in Research. I'm just curious if you could talk a little bit  
21 about how these activities you're doing, Carl's doing, is HR involved in  
22 coordination? Or how are you folks coordinating these across the  
23 agency? You did refer to some coordination. But, could you expand on  
24 that a little bit?

1 MR. DYER: Yes, sir. I think -- and I'll let Cindy pick up  
2 the details of it. Carl and I talked initially about where we have the similar  
3 needs.

4 And we wanted to come up with a consistent program.  
5 So, as Carl described the knowledge transfer process that he was very  
6 focused on, actually, as we were starting up our program, Carl came over  
7 and explained Research's.

8 He made a presentation to the Executive Team and the  
9 Leadership Team, and NRR, and had all the references. And he had  
10 done a lot of work on it.

11 And we chose to follow much in his footsteps in the  
12 same kinds of programs as far as the knowledge transfer goes. But, at  
13 the same time, we have different -- what I would say software packages,  
14 such as the Standard Review Plan that Research doesn't have, such as  
15 the training and qual guides that would be different for our types of  
16 personnel. So I don't -- Cindy if you --

17 MS. CARPENTER: And the Office of HR is involved in  
18 this also. There is an expert knowledge interview that they're doing. And  
19 I know the Office of Research is involved in that, and so is NRR. And so,  
20 we're following what Research is doing. And they are following what we  
21 are doing. And so, we're trying to coordinate. But, we do have other  
22 needs also. So, we're trying to get out ahead of all of this.

23 COMMISSIONER LYONS: I think that's very positive.  
24 And I might mention that, when Commissioner Jaczko and I were down

1 on the Hill for our confirmation hearing or whatever you want to call the  
2 hearing --

3 (Laughter.)

4 COMMISSIONER LYONS: But, in any case, for our  
5 hearing today. Yes, it may have been a get-to-know-you hearing. In any  
6 case, there were at least a couple of Senators who addressed issues with  
7 Human Capital and expressed great interest, great support, strong  
8 enthusiasm for the types of activities going on within NRC, and also  
9 interest in the legislative vehicles that are now pending, which hopefully  
10 will also help in this area.

11 MR. DYER: In his absence, I have to give a lot of credit  
12 to Bill Borchardt. He really drives the program in NRR. Those monthly  
13 meetings are -- whatever they are -- the first Monday.

14 And it's blocked out the calendar from two o'clock until  
15 they finish. And sometimes that's around six o'clock. And they go  
16 through a very thick notebook full of agenda items that's maintained by  
17 Cindy's staff.

18 COMMISSIONER LYONS: One more? Or should I  
19 stop?

20 CHAIRMAN DIAZ: You can do one more.

21 COMMISSIONER LYONS: Okay. On the  
22 communications program, certainly I'm very, very impressed with the  
23 number of different vehicles that you discussed and the much improved  
24 or greater emphasis on communications, both inward and outward, very,  
25 very positive.

1                   But it also strikes me that the next step after improved  
2 communication is to be sure, if you will, that those communications are  
3 being used effectively and that they're resulting in increased  
4 collaboration, more efficient work relationships.

5                   So, on the one hand, I congratulate you on the  
6 communications. But I'm just wondering if you're starting to see benefits  
7 of that emphasis on communications in some of the other work  
8 processes.

9                   MR. DYER: I think from my perspective, where we've  
10 seen the most benefit is what I would call rumor control. We get the  
11 message out before the message comes back to us about what your  
12 motives are, what your plans are, and what's going on within the office.

13                   That's been the value of a lot of these communication  
14 plans, is when we implement something we don't get the message out  
15 piece meal or that. And, as far as working together, I think -- and I'll give  
16 credit Sam Collins.

17                   He initiated this team, this leadership team, which is the  
18 division directors within the office. And they meet for planning purposes.  
19 And so, to develop a plan, the leadership develops a plan, the divisions  
20 execute it.

21                   And so I think that's -- I came in and I haven't noticed a  
22 significant change. But that effort, I was very impressed with in overall  
23 the way NRR conducts its business.

1 MR. MERSCHOFF: If I can add one thought to that, the  
2 IG will be beginning their third of a culture survey for the NRC. That has  
3 a communications dimension to it.

4 And that will provide us some measurable results of  
5 these communication efforts that we can compare to 1998, 2002, and  
6 2005.

7 COMMISSIONER LYONS: That should be interesting.  
8 And that really was the kind of point I was trying to get to, that the  
9 communications are certainly very, very important.

10 But the reason for the communications is to facilitate the  
11 other work processes. And hopefully that will show in the survey. Thank  
12 you.

13 CHAIRMAN DIAZ: Thank you Mr. Lyons. Let me start  
14 with the Mission Statement. You commented that you have a Mission  
15 Statement and then every office has a Mission Statement.

16 I am bound to believe that you have used this Mission  
17 Statement to clarify the roles of each one of the offices and make sure  
18 that each one of them fits into each other and eventually results in your  
19 overall Mission Statement.

20 MR. DYER: Yes, sir. I think the interesting thing is  
21 we've gone through this cascading down of Mission Statements, is where  
22 we find out we duplicated effort.

23 That's one of the things that we're looking for. And I  
24 think the -- I reviewed each of the divisions all the way down to the  
25 section chief statement.

1 Identifying -- I think your term -- interconnectivity, where  
2 we have reached out and particularly where we're interfacing with  
3 Research, and identify how we can do that better, and centralize it, and  
4 look at what we need to do.

5 CHAIRMAN DIAZ: So, your Mission Statements and  
6 the way they cascade down actually do help you to improve  
7 accountability and connectivity.

8 CHAIRMAN DIAZ: Okay. Right. On the issue of  
9 communications, you know, I've beaten you enough on that issue. But, if  
10 you want to look at slide nine -- you don't need to look at it now.

11 But, it's, I think somebody went a little bit outside of the  
12 scope. And it says review of internal information. You actually mean  
13 review of internal communication, don't you?

14 MR. DYER: Slide nine? Oh, yes, sir.

15 CHAIRMAN DIAZ: All right. Then I got it. No problem.  
16 In the issue of power uprates and we talk about license renewals and  
17 Commissioner Lyons already mentioned the fact that we are very, very  
18 serious about the quality of the applications.

19 And we have been running a little late on some of the  
20 power uprates because of the quality of the applications. Are we sending  
21 the same message to the licensees that fundamentally where there's a  
22 power uprate, we realize some of them don't have the same safety  
23 significance as standard power rates that the quality of the application is  
24 a very important issue, because it would allow us to do things very well,  
25 put safety in the right place and within a timely manner.

1 MR. DYER: Yes, sir. I think one of the things we've  
2 done as a result of the lessons learned as the first license renewal  
3 package that we couldn't approve it, and in fact, at the time we finally  
4 made that decision, we'd already realized we were going to miss our  
5 timeliness metric, our goal for 22 months for the review.

6 And, as a result of that, we went back and started --  
7 we're taking a systematic look at all our licensing actions. Do we have  
8 clear acceptance criteria?

9 Are they communicated to the licensees? And do we  
10 live by them? And, in particular, the Waterford 3 package, we're doing a  
11 lessons learned on that.

12 It took longer than we anticipated. I can't remember how  
13 long it was. It was the first time we used the new review standard for an  
14 extended power uprate.

15 And we significantly over-expended our planned  
16 resources to accomplish that review. And so, one of the things that we  
17 need to do is to go look back.

18 But we have taken that going forward. And at the point  
19 now, it's important that we do the acceptance review. And it's during that,  
20 you know, 30 day period when we're reviewing that we used to just have  
21 a checklist. Did they address? Now we're taking it to the next step and  
22 saying up-front does it technically make sense? Is it something we can  
23 work for.

24 And we need to, of course, communicate that with the  
25 industry and provide that feedback when we get it.



1                   CHAIRMAN DIAZ: I think it is a very important issue,  
2 because timeliness is not only, you know, what we do, but it depends on  
3 the quality and thoroughness, completeness of the application so we can  
4 address every issue, especially every safety issue.

5                   Talk a little bit about one of my favorite subjects, fire.  
6 Our we there yet?

7                   (Laughter.)

8                   CHAIRMAN DIAZ: Are we getting closer?

9                   MS. BLACK: Of course.

10                  MR. SHERON: We are getting closer.

11                  (Laughter.)

12                  CHAIRMAN DIAZ: You are getting closer. Let me put a  
13 checkmark in here.

14                  MS. BLACK: Do you want more detail?

15                  COMMISSIONER MCGAFFIGAN: Is the rate of getting  
16 closer this or this?

17                  COMMISSIONER MERRIFIELD: Suzie, you may want  
18 to bring that microphone a little closer to you.

19                  MS. BLACK: Okay. I think this year we have the new  
20 risk informed rule. We have at least one licensee expressing interest in  
21 it, another licensee expressing some interest in it.

22                  We have the manual actions rule that's out for public  
23 comment. We restarted the circuit inspections. And we've tested  
24 Hemyc. We have one more material to test, which we're testing this  
25 month.

1 And so, I see things coming together.

2 CHAIRMAN DIAZ: I just want to repeat, we have two  
3 new Commissioners now that the older Commissioners -- maybe that --  
4 yes, that's right, older, been here for a longer period of time.

5 Some of us are younger than others. We do have a  
6 significant interest in making sure that every one of the key issues in fire  
7 protection arena is brought to closure or close to closure.

8 And this is something that I believe will receive  
9 significant review in the months ahead. I want to tell you that I personally  
10 think this is an area that we are due for closure, and/or significant  
11 improvement. Let me just stop right there.

12 COMMISSIONER MERRIFIELD: Mr. Chairman, before  
13 you stop, I'd just like to say, like you, I've had a long-standing interest in  
14 fire protection especially in FPA-805. And I would concur with your  
15 comments in terms of the desirability to try to come to closure on these  
16 issues.

17 COMMISSIONER MCGAFFIGAN: Speaking as another  
18 one of the older Commissioners, I agree. But my test is whether the STP  
19 for fire protection results in timeliness less than infinity. And so that, you  
20 know --

21 CHAIRMAN DIAZ: Well, that's not difficult. You have  
22 taken it very --

23 MR. MERSCHOFF: We want that measure, we can  
24 meet that one.

25 (Laughter.)

1 CHAIRMAN DIAZ: You shall not have it. All right.  
2 Thank you very much Suzie. Commissioner McGaffigan?

3 COMMISSIONER McGAFFIGAN: Thank you, Mr.  
4 Chairman. I need to check something with Ellis, namely whether he's  
5 coming next week to the grid stability.

6 MR. MERSCHOFF: Yes, sir.

7 COMMISSIONER McGAFFIGAN: Okay. So, we don't  
8 have to fetch you today. Beware next week. I thought they might give  
9 you a day off the last couple days you're here, but I guess not.

10 CHAIRMAN DIAZ: No way, he's acting EDO.

11 (Laughter.)

12 COMMISSIONER McGAFFIGAN: Well, that perhaps  
13 leads to a subject. In today's news clips -- and I do this -- it may sound  
14 somewhat funny at times.

15 But, there was a staff to Clinton yesterday talking about  
16 the early site pyramid. And Sandy Lindberg from "No New Nukes", did  
17 the usual talking point that some public interest groups use about this.

18 Her quote was, " the NRC must become a watchdog and  
19 not a lap dog for the nuclear industry." So, I'm going to ask a couple  
20 questions. Whichever of you wants to answer, probably Mr. Dyer.

21 And then some of them have been anticipated by my  
22 colleagues. But, I'm trying to decide which category you all think you're  
23 in.

1 I know where you are. But let's just try a few. Isn't it true  
2 that you returned the Beaver Valley license renewal application? I'm just  
3 doing the last couple of weeks.

4 MR. DYER: Yes, sir.

5 COMMISSIONER McGAFFIGAN: The Beaver Valley  
6 license renewal application.

7 MR. DYER: We did not accept --

8 COMMISSIONER McGAFFIGAN: Because it was not  
9 an acceptable quality.

10 MR. DYER: We performed the acceptance review on  
11 Beaver Valley and did not accept it.

12 COMMISSIONER McGAFFIGAN: Did not accept it.  
13 Isn't it true that you gave the Nine Mile license renewal application a 90  
14 day cooling off period or whatever, again because you were having to  
15 inspect repeatedly and you weren't liking the results? You had already  
16 done five inspections.

17 MR. DYER: Yes, sir. In that case we stopped the review  
18 and returned it to the licensee. That was after we had performed five  
19 audits, when normally we usually don't do more than three.

20 COMMISSIONER McGAFFIGAN: We've already talked  
21 about Hemyc testing. I always mis-pronounce it. I'm following Brian  
22 here. And, Mr. Merschoff described this as a homerun for Research.

23 And I agree. Isn't it true that your staff is now  
24 aggressively pursuing the results of the Hemyc testing?

1 MR. DYER: Yes, sir. We've issued an Information  
2 Notice. And we're meeting with the industry to discuss the next steps.

3 COMMISSIONER McGAFFIGAN: Isn't it true that your  
4 staff is aggressively pursuing simulator fidelity issues that have come up  
5 in our inspection process?

6 MR. DYER: Yes, sir.

7 COMMISSIONER McGAFFIGAN: Very aggressively?

8 MR. DYER: Yes, sir. We're working INPO, and NEI and  
9 individual licensees as part of our pre-qual program and initial licensing.

10 COMMISSIONER McGAFFIGAN: Isn't it true that, you  
11 know, I think Ellis himself as acting EDO praised a recent Point Beach  
12 preliminary inspection finding that was NRC inspection at its absolute  
13 best?

14 MR. DYER: I think that was a good teamwork effort  
15 between Region III and NRR.

16 COMMISSIONER McGAFFIGAN: Right.

17 MR. DYER: Because the inspector identified the issue  
18 and then the NRR staff reviewed the entire licensing basis to make sure  
19 we had the full scope of it.

20 COMMISSIONER McGAFFIGAN: Isn't it true that you're  
21 aggressively pursuing GSI-191, including additional research with the  
22 Office of Research to fully understand the chemical codings issue.

23 MR. DYER: I think those are two examples. Hemyc and  
24 GSI-191 are clearly examples where we have been linked closely with the

1 Office of Research and looking at the regulatory implications of their  
2 work.

3 COMMISSIONER McGAFFIGAN: I could go through  
4 more. I think I'm making my point. But, the bottom line, I just ask you or -  
5 - do you think of yourself more as a Rottweiler or a Bichon Frise. I  
6 needed help on the Bichon Frise by the way from my staff.

7 (Laughter.)

8 COMMISSIONER McGAFFIGAN: Bichon Frise  
9 apparently sat on Marie Antoinette's lap and quietly sat there --

10 CHAIRMAN DIAZ: They do bite.

11 MR. DYER: Commissioner, I'm not a dog owner, but the  
12 acting EDO, Bill Kane, is so we'll let him answer.

13 MR. KANE: We owned Rottweilers for about 20 years,  
14 considered the middle linebackers of dogs, fast, strong and intelligent.  
15 But I think I would characterize -- I have difficulty in the analogy.

16 I would describe this agency and the Staff as tough, but  
17 fair. Unfortunately I would describe my Rottweiler as tough but not fair.

18 COMMISSIONER McGAFFIGAN: A German Shepard  
19 perhaps. Okay. But, as I get to be one of these elderly Commissioners --  
20 older Commissioners, I just tell you --

21 COMMISSIONER MERRIFIELD: Seasoned.

22 COMMISSIONER McGAFFIGAN: Seasoned. That's a  
23 good word. It just bothers me, and it bothers me that it's usually folks  
24 who can't win a technical argument, don't even try.

1                   But they want to question our motives. And this Staff,  
2 based on almost eight and two thirds or whatever, and counting, this Staff  
3 pursues issues.

4                   They pursue them aggressively. They drop everything if  
5 there's an important safety issue that comes to their attention. They find  
6 important safety issues.

7                   And we're very proud of them. And I'm proud of my  
8 fellow Commissioners. I don't think any of us, you know, whether we're  
9 German Shepards or Rottweilers, we're certainly not, as you know, we're  
10 not Bichon Frises.

11                  So, there wasn't really a question there, other than a  
12 bunch of rhetorical questions for Jim. But I feel very strongly about that.  
13 And I wish people would cut it out, but they won't, because it's a heck of a  
14 talking point, even though there's no truth to it.

15                  Let me ask one question and perhaps help my  
16 colleague, Commissioner Jaczko. Ellis and I had a recent final meeting  
17 and we were talking about a Stew Ebnetter rule, which was no guidance  
18 document will reach its fourth birthday in his Regions.

19                  Obviously we don't do that at headquarters. But some of  
20 the regions, according to Ellis, do. What would be a reasonable goal for  
21 the birthday of which guidance documents should be at least reviewed  
22 and said, yes, it's okay, or let's change it?

23                  I raise this particularly because of this knowledge  
24 transfer issue that our two colleagues have said the Senators are very  
25 interested in. A typical staffer -- and I've never been down there in the

1 typical staff -- but, an electrical engineer, mechanical engineer, he has  
2 the Standard Review Plan, he has a bunch of office memos, and he  
3 knows what he did on cases, or she did on cases X, Y, and Z.

4 It's written in notes probably somewhere. And those folks  
5 may not be here five years from now, probably many of them. So, it  
6 strikes me that keeping the guidance documents, following an amended  
7 Ebnetter rule could be terribly important to the effectiveness of this agency  
8 five or ten years from now.

9 So what -- this will be my final question -- what is a  
10 reasonable -- I've given them time to coordinate -- a reasonable Ebnetter  
11 rule for NRR?

12 MR. MERSCHOFF: Let me answer it and work  
13 backwards from the perspective of a person who won't have to do it. Five  
14 years is probably reasonable. The Ebnetter rule was that no regional  
15 office instruction will see its fourth birthday without being revised, even if  
16 it's revised with no changes, a human being will take a look at it an  
17 assure that it meets our intended process and can be handed to a new  
18 employee with some confidence that this is the way we do business.

19 Covey would put that work in quadrant two. It's  
20 important, but not urgent. And important not urgent work is often the  
21 victim of emerging important and urgent type crisis.

22 You can help us with this in budget space. As we  
23 continue -- this is infrastructure work. And, with the right amount of  
24 money invested in infrastructure, I'm sure that NRR as an example would  
25 take that money eagerly to invest it and update the Management



1 Directives and operating instructions and keep them that way. But it's not  
2 cheap.

3 CHAIRMAN DIAZ: Okay, thank you. Commissioner  
4 Jaczko.

5 COMMISSIONER MERRIFIELD: I'm still here  
6 Chairman.

7 (Laughter.)

8 CHAIRMAN DIAZ: Lately I am looking too much to the  
9 right. That's the second time, there won't be the third.

10 COMMISSIONER MERRIFIELD: No, that's fine. Well,  
11 not to continue the analogy too long with Commissioner McGaffigan's  
12 dog analogy. But, as the owner of a 140 pound Bernese Mountain Dog  
13 who sometimes think he's a lap dog, anybody who would like to call us a  
14 lap dog and would like to have my dog sit in their lap, I would be happy to  
15 let that occur.

16 Because, I think following the analogy, we're not. A  
17 couple of quick comments and I'll go into questions. The first one is  
18 relative to the comments that Jim Dyer made on the Convention on  
19 Nuclear Safety..

20 I did have the opportunity to go over and lead the  
21 delegation last week. And I would want to recognize the work that Luis  
22 Reyes and the entire team put in to making what I think was an  
23 exceptionally successful presentation on the part of the U.S.

1                   We received 266 questions from our international  
2 counterparts which, when you add up all the sub-questions, was probably  
3 more along the lines of 400 plus questions.

4                   There was an extraordinary amount of effort which went  
5 into a very high quality National report and very open and explicit answers  
6 to the questions by our international colleagues.

7                   A huge amount of effort went into that. We will hopefully  
8 appropriately recognize the team at some later point. But I certainly want  
9 to follow-up on your comments.

10                  The second comment I would make is in follow on to a  
11 comment by the Chairman. That's in part related to some of the  
12 applications that we have received lately.

13                  And we have talked about Beaver Valley, the Waterford  
14 issues that we are looking at right now. You know, at the end of the day  
15 while our licensees play our fees, because we are a fee-based agency,  
16 we are cluing up their contractor.

17                  And I would certainly encourage the Staff to continue  
18 their review of how we accept those applications. And, where  
19 appropriate, we should send them back.

20                  And I think the Staff is doing the right thing. Our ability to  
21 effectively manage our reviews in a timely and disciplined way is directly  
22 proportionate over the quality of the work that's provided by our licensees.

23                  And if they don't do the right job, they should get it sent  
24 right back ASAP. The third comment I would make -- and this is -- I put  
25 this on my sort of quibble scale with a comment that you made, Brian.

1                   In your presentation you said that Part 26 was, quote, on  
2                   schedule, unquote. Now, this particular one predates me, dating back to  
3                   1996, I believe.

4                   So I wouldn't, from a communication standpoint, ever  
5                   refer to Part 26 as being on schedule. But, you need not comment.

6                   DR. SHERON: It's on our current schedule.

7                   CHAIRMAN DIAZ: If I may add, there was a time when  
8                   nuclear power plant were being built in this country, and every six months  
9                   they were put on a new schedule.

10                  And they were always announced to be on schedule until  
11                  the next six months. I'm sorry.

12                  COMMISSIONER MERRIFIELD: Anyway, you'll get my  
13                  further comments on that later on. You made a -- I think the overall  
14                  presentation was very good. And I think we talk a lot about our Human  
15                  Capital Action Plan and getting the right people in the right places.

16                  And I think that NRR, along with others, has done a good  
17                  job in that regard. But I'm interested in sort of refining this a little bit.  
18                  We've done a lot of work to make sure that we're replacing folks.

19                  We're getting plenty of people on board, bright, young,  
20                  new people, mid-career people to fill vacancies. What are we doing to  
21                  make sure that it's not merely getting people to fill the slots but that we're  
22                  evaluating the skills that need to be maintained within a section to fill the  
23                  overall needs of the program?

24                  Can you give me some greater degree of resolution on  
25                  how you're doing?

1 MR. DYER: Commissioner, I think it starts off -- one of  
2 the things that, as we went through our planning capabilities and how  
3 much was the investment, and what kind of training investment do we  
4 need?

5 First of all, we had to define what the needs were. And,  
6 historically we've always had a mentor-mentee type relationship. And  
7 we've had that kind of staff.

8 One of the things we've found out now to define what the  
9 needs are or what does it take to get somebody qualified, we're starting  
10 to move into this qualification program.

11 We need to document, you know, what does it take to  
12 become a technical reviewer? And not just say, okay, you follow  
13 somebody around for six months and then you're doing your own  
14 independent reviews.

15 We need to make sure that these people know the  
16 licensing process, that they are up to date on their technical capabilities  
17 and they understand the overall regulatory process and they have those  
18 skills.

19 That being said, one of the things that we started looking  
20 at is, as I said, the work planning center has really been trying to come up  
21 to speed just to capture all of the stuff that we have working in progress  
22 and hold some accountability.

23 Now, as we're looking over the horizon, we're starting to  
24 see what are the major workloads coming in. And certainly license  
25 renewal used to be the largest.

1                   And what the skill sets were going to be needed for  
2 license renewals. Now we've been able to analyze what do we expect  
3 skill sets needed for the new reactor scenarios.

4                   And, in fact, it was taking a look at the -- superimposing  
5 just our major workloads between power uprates, license renewals and  
6 perspective ESBWR design certification application later this year that  
7 made us say, we need to put discipline into our process to make sure that  
8 we're not over-expending our budgets.

9                   We have to really start living by those budgets because  
10 there are some critical skills. And, as follow-up from the new reactors  
11 Commission meeting, I have an action item to go through and flush out  
12 some of that background material and superimpose the schedule and  
13 say, okay, where are my shortages?

14                   What are they? And so, hopefully, we'll get that into the  
15 strategic workforce planning and be able to forecast out what the nature  
16 and types that we're going to have.

17                   MS. CARPENTER: And one of the things that we've  
18 done is we are using the Agency's strategic workforce planning tool. And  
19 so, each section in the office has identified what are considered the most  
20 critical skills for their section.

21                   And we use that in we prioritized our training, our  
22 external training funds so that we're looking at those most critical skills  
23 and trying to maintain those skill sets.

1 MR. MERSCHOFF: And that's in Jim's performance  
2 appraisal and the Regional Administrator's performance appraisal, the  
3 rate at which that strategic workforce planning is employed.

4 COMMISSIONER MERRIFIELD: We talked a little bit  
5 about power uprates at Quad Cities. And, clearly in this case, Quad  
6 Cities, GE, and Exelon are going beyond merely adding some additional  
7 reinforcements.

8 They're going to the extent of actually building new  
9 steam dryers. I mean, these are -- having seen the first one that they  
10 were manufacturing, U.S. Tool and Dye, this is not a small effort by any  
11 stretch.

12 I mean, this is a major investment in the site. How are  
13 we inspecting that process? I mean, there a significant new component  
14 that's going into the plant that was constructed at U.S. Tool and Dye,  
15 some additional work is being done onsite in the Quad Cities area before  
16 that gets installed at some point down the line?

17 Tell me how our inspection program is following through  
18 in that particular regard.

19 MR. SHERON: Well I think the region does its normal  
20 inspection, the resident and so forth, in terms of when a new component  
21 comes on site and everything.

22 We also had our engineering staff. They've gone out. I  
23 can't remember if they actually went to the tool and dye.

24 MR. DYER: Yes.

1 MR. SHERON: They did. They were there to look at the  
2 manufacturing process and so forth. And then they've been on site as  
3 well. So we've been kind of following this closely.

4 We've had a number of meetings with the licensee in  
5 terms of understanding the details of the design, especially the  
6 instrumentation and so forth that they're installing.

7 So, I would say we've been actively involved and  
8 intimately involved basically.

9 COMMISSIONER MERRIFIELD: Mr. Chairman, I'll have  
10 some additional questions later.

11 CHAIRMAN DIAZ: All right, thank you so much.  
12 Commissioner Jaczko?

13 COMMISSIONER JACZKO: I just want to say I  
14 appreciate the comments talking a little bit about getting the guidance up  
15 to date. And I hear your point about the budget.

16 And I think we talked about this at a previous meeting.  
17 So, I'm sure we'll have further opportunity to discuss that in the budget  
18 context. I want to talk a little bit.

19 I'm happy to see the work that's gone on in the  
20 Operating Experience Program. And one of the things that I always like  
21 to talk about is the NRC's Mission Statement.

22 And you've done a nice job developing Mission  
23 Statements for NRR as well as the divisions. And the Operating  
24 Experience Program has kind of an objective.

1                   And that's to collect, evaluate, communicate, and apply  
2                   to support the Agency goal of assuring safety. And that's operating  
3                   experience information.

4                   Would the program, the status that it's in now, I guess in  
5                   January the new Operating Experience Program has been up and  
6                   running. Do you have any experience so far about how it's working?

7                   And specifically in that applied aspect, in getting the  
8                   operating experience information back into the regulatory framework or  
9                   kind of into the knowledge basis. If you could, comment on that a little  
10                  bit.

11                  MR. DYER: I do not know that I have any experience  
12                  where the use of our operating experience has directly resulted in an  
13                  inspector finding or an avoided plant transient or something like that.

14                  The one thing I was extremely impressed with -- and, if  
15                  you go to the NRR internal website with this ROP digital city and click on  
16                  the inspector forum section, you know, as a former inspector who used to  
17                  have to carry around these notebooks and prepare for inspections.

18                  Now you can go to the inspection procedure and click on  
19                  and it will print out, it will tell you which were the previous operating  
20                  experience that the NRC has issued that are relevant to that inspection  
21                  procedure.

22                  And, you know, I would just absolutely -- that is just  
23                  outstanding. So, Brian, I do not know if --



1 MR. SHERON: Yes, I've just got some statistics from  
2 the Staff. We had screened, since January 1<sup>st</sup>, we have screened over  
3 200 items in the Operating Experience Program.

4 One hundred and fourteen items were communicated on  
5 the operating experience forum, which is our internal communication  
6 mechanism. Thirty-seven were opened, we call them issues for  
7 resolution.

8 Nine of those have been closed. And we have issued  
9 twelve generic communications that they may not have been directly  
10 related from operating experience, but there was a relationship there.

11 And it evolved, so -- and as I said, the next step is to  
12 actually create teams within the Agency, Office of Research, Regions,  
13 Headquarters. For example, pump experts.

14 They would automatically get pump information, pump  
15 operating experience. We would expect them maybe once a quarter to  
16 get together, talk about the experience, ask themselves are there any  
17 trends here?

18 Is there anything we need to alert management to that  
19 we need to take action on? And report back to the operating experience  
20 staff. So we want to make it a much more formal process.

21 COMMISSIONER JACZKO: So, you think it's working?  
22 The mechanism is in place and that it's -- at this point it's successful?

23 MR. SHERON: Yes.

1                   COMMISSIONER JACZKO:    The Chairman and  
2                   Commissioner Lyons I think both addressed the issue of fire protection.  
3                   There's one issue that I wanted to raise on that.

4                   I think, Suzie, you mentioned that we have one more  
5                   material to test. Is that MT or -- MT. I guess none of them have simple  
6                   names. What is the -- is that a material that is widely used or less widely  
7                   used than Hemyc?

8                   MS. BLACK: There's only two plants that have that  
9                   application.

10                  COMMISSIONER JACZKO: Okay. The expectation is  
11                  there will we find something anomalous with the previous work that's  
12                  been done, or are you expecting that that's largely the testing that's done  
13                  is going to confirm what we think we know about the material?

14                  MS. BLACK: It's to confirm what we think we know. But,  
15                  based on the Hemyc test, I guess we'll find out. That testing is going to  
16                  be done next week. So we'll find out very soon.

17                  COMMISSIONER JACZKO: Okay. The additional issue  
18                  that I wanted to talk about is on safety culture, this is something where I  
19                  think we have, certainly have a lot of work that's been done.

20                  And there was a comment that was made at the RIC, I  
21                  think by somebody that our safety culture is not so much better than what  
22                  it is in the industry, which is something we can certainly discuss, whether  
23                  that's the case or not.

1                   And I'm just wondering where you think NRR is in terms  
2 of reacting to some of the issues that were raised in the Inspector  
3 General survey from 2002.

4                   I guess we're getting ready to do another one at the end  
5 of this month, and where you think things will come out in the end of that  
6 survey.

7                   MR. DYER: Commissioner, I wasn't here in 2002. I was  
8 out in the region at the time. I think, as a result of the IG cultural survey,  
9 the office took a real hard look and initiated some action.

10                  Some of these issues about the roles and  
11 responsibilities, teams, the communications initiatives and that, those  
12 were all a direct result of the IG.

13                  They were there to develop a solution. So we put a lot of  
14 energy into this. I think, going back to Commissioner Lyons' question too,  
15 you know, how do you know what you got?

16                  And we may find out. We get anecdotal feedback, I  
17 think.

18                  COMMISSIONER JACZKO: And what is it?

19                  MR. DYER: That it's improving.

20                  COMMISSIONER JACZKO: That it's improving?

21                  MR. DYER: Yes. We're getting this talk-back feature.  
22 You know, we get replies back from the Staff and I seem them and, you  
23 know, what they are.

24                  And so, we're trying to still improve our overall and get  
25 our message out. But it's still a challenge.

1 COMMISSIONER JACZKO: Thank you so much.

2 CHAIRMAN DIAZ: The second round we've got about  
3 20 minutes.

4 COMMISSIONER LYONS: Perhaps one question. Jim,  
5 you went through this. On slide eight, international activities, you talked  
6 about the Operational Experience Program.

7 It certainly struck me as very, very positive. I was  
8 curious, perhaps you could share a little bit more about your vision on  
9 how to extract the maximum value from this Operating Experience  
10 Program.

11 And I was also curious -- I'm guessing that some of the  
12 information you're going to extract is perhaps less relevant to the NRC  
13 and more relevant to industry.

14 I'm just wondering if there is a comparable -- to your  
15 knowledge -- role that industry is playing in an operating experience  
16 international view or whether industry is in fact perhaps a part of what's  
17 being done within the Commission.

18 MR. DYER: Yes, there is. And I think the World  
19 Association of Nuclear Operators, or WANO as it's often called, has its  
20 own program through INPO that there's this sharing of experience.

21 The IAEA -- part of our operating experience database is  
22 the IAEA incident reporting system or IRS. And so, we get that access  
23 internationally through the IAEA as part of our operating experience  
24 database.

1 I think the best sense that I had -- I can give you an  
2 example of where we've shared experience and are in the process of  
3 following up on it. During my most recent visit to Japan in one of the  
4 visits, one of the questions came up is has Japan experienced flaws or  
5 bottom nozzle cracking?

6 And that's, of course, a very important to us because,  
7 you know, we've had top of the nozzle cracking, but haven't explored any  
8 bottom nozzle cracking.

9 And that question is raised. And that's one of the issues  
10 that Suzie's placed on the agenda for her visit next month, to have a  
11 regulator-to-regulator exchange to make sure that they scrub their data  
12 and we fully understand what operating experience information in this  
13 important area is available to the regulator.

14 At the same time we raise this issue with NEI. And NEI  
15 was going through WANO to make sure that they could understand from  
16 their international database whether or not this issue is the same.

17 At the same time they've got a program underway to look  
18 at selected plants that are going through their ISI in the United States to  
19 answer this question and to try to get out ahead.

20 This is one of the materials reliability program initiatives  
21 where we're trying to get out ahead of a problem rather than waiting until  
22 we find a crack or an issue and then we're in a reactive mode.

23 So, I think from my perspective it was initiated when we  
24 got this potential information from Japan, which is when we -- the specific  
25 example that we looked at turned out to be a construction flaw.

1                   It wasn't actual cracking. But, now we're pursuing this  
2 further.

3                   MR. MERSCHOFF: If I could add one more thought.  
4 Domestically, INPO has the NPRDS database, which is a very extensive  
5 component level database that's fed by all the licensees.

6                   INPO is exploring modern IT techniques to mine that  
7 data and look for unexpected relationships and trends. And it's just the  
8 beginning process. But that's one that may bear fruit in terms of using  
9 this information.

10                  COMMISSIONER LYONS: And is there some  
11 coordination perhaps between the -- or is there a similar WANO database  
12 and INPO database that allows similar data mining on an international  
13 basis?

14                  MR. MERSCHOFF: I can't answer that. I can find out.  
15 But that question is the heart of the real problem. Most of the databases  
16 are separate. NPRDS is separate from our 50.72 and 50.73.

17                  The IAEA IRS is separate. And then most countries  
18 don't release their 50.72 and 50.73 data the way we do. So,  
19 internationally, there are many separate databases that we could be  
20 more effective in combining.

21                  MR. DYER: And I think one of the real successes of  
22 Operating Experience Program is we've worked at liaison with INPO as  
23 well as the international community to have access to that information.

1                   But we've got to build the firewalls up so the industry  
2                   can't use our database. Because of its connections with the international  
3                   reporting system.

4                   CHAIRMAN DIAZ: There are firewalls that are built in.  
5                   Some of those are more difficult to handle than others. Okay. Thank  
6                   you.

7                   COMMISSIONER LYONS: Thank you.

8                   CHAIRMAN DIAZ: I just have two quick questions. And  
9                   I'd like to get some specific quick answers because I do not have much  
10                  time. Let's see, on the issue, Brian, of the sump performance, which I  
11                  used to call long-term recirculation cooling.

12                 This issue is both an issue of accomplishing some  
13                 improvements that the plants need to do which are probably easier to  
14                 define and a series of complex issues that are coming in, whether it's the  
15                 chemical effects or where there is debris actually decreasing the  
16                 capability of the pumps.

17                 A lot of these issues are what I call either dynamic or  
18                 time dependent issues. I think we need to come to a point where we  
19                 need to say we are now making a determination that the plan of the  
20                 licensee is adequate. How close are we to that point?

21                 MR. SHERON: Well, the licensee's plans are not  
22                 supposed to be submitted, you know, their actual design plans until  
23                 September.

24                 CHAIRMAN DIAZ: I know. But, are we ready when they  
25                 submit it to be able to make that determination?

1 MR. SHERON: We believe we will be ready to be able  
2 to make that determination.

3 CHAIRMAN DIAZ: Okay.

4 MR. SHERON: As I said there are still some  
5 uncertainties. We will be getting some Research information in over the  
6 next several months. And we have talked to the industry extensively  
7 about making sure they include margin in their designs to account for  
8 some of these uncertainties.

9 CHAIRMAN DIAZ: Some of these uncertainties might  
10 be on the fourth or fifth significant figures. It is the one that are in the  
11 second significant figure that we are to be concerned about.

12 The other one is an interesting issue. And I just really  
13 want to go back to something you said, Jim, regarding how inspectors do  
14 the work. And it goes back to the central question that many years ago it  
15 was being debated in here that the things that the NRC does maintain  
16 safety.

17 And I strongly came out and said no, practically all of the  
18 things that we do when we do a review, when we do a research analysis,  
19 whenever we improve the inspection procedures, is to improve safety or  
20 enhance safety, or increase safety.

21 And you were just talking about how an inspector now  
22 when he's going to perform an inspection he not only has his own little  
23 book with a manual, but he has a reference that he can go back and  
24 compare what is happening.

25 Is that maintaining safety? Or is that increasing safety?



1 MR. DYER: I would say it's increasing safety.

2 CHAIRMAN DIAZ: You would say?

3 MR. DYER: I wouldn't say, it's the right answer, I know.

4 (Laughter.)

5 MR. DYER: And I would say it because it improves  
6 inspector efficiency and effectiveness.

7 CHAIRMAN DIAZ: Is that a category guess, Jim?

8 MR. DYER: Yes.

9 CHAIRMAN DIAZ: All right. Thank you very much.  
10 Commissioner McGaffigan?

11 COMMISSIONER MERRIFIELD: Thank you, Mr.  
12 Chairman. I do want to -- I should have done this earlier. But I was so  
13 tied up in my Rottweilers and Bichon Frises.

14 I do want to compliment Commissioner Merrifield and  
15 Luis, and Bill Borchardt, and Tom Hiltz, and everyone else who worked  
16 on the Convention on Nuclear Safety.

17 I know it's not over. Bill is still there. I particularly want  
18 to compliment them on something that isn't in our country report but  
19 Commissioner Merrifield has reported to us.

20 We often times get challenged on the fact that we don't  
21 have periodic safety reviews. And the response -- which I compliment  
22 Commissioner Merrifield and Luis, the team for -- is we do continuous  
23 safety reviews.

1                   We have the most aggressive reactor oversight  
2                   licensing, etcetera program on the face of the earth. There's nobody that  
3                   comes close as far as I'm concerned.

4                   And it's often times a matter of how you communicate  
5                   that. And so, I compliment the whole team. And I think we should adopt  
6                   continuous safety review as part of our lexicon because I think it's what  
7                   we do.

8                   The question I have is for Ellis. You, in December,  
9                   talked to us about a NRC corrective action program. And I think our SRM  
10                  said something to the effect that the Commission enthusiastically  
11                  supports this and looks forward to it being done by December of 2005.

12                  We didn't know at the time. And Luis turned to you and  
13                  said Ellis is in charge. We didn't know at the time -- at least I do not  
14                  remember when I knew -- that you were leaving.

15                  And I'm a little concerned about this March 31<sup>st</sup> memo to  
16                  us that looks like it may have morphed a little bit into -- the word  
17                  corrective action program is mentioned at one stage in there -- but it's  
18                  morphed into more of a lessons learned thing. And I think that's different.  
19                  I mean, I think they're not identical. Can you tell us as you leave -- I may  
20                  be already over -- no, not quite -- the status of what we talked about in  
21                  December and whether or not it has morphed to something different.

22                  MR. MERSCHOFF: I don't think so. We believe we are  
23                  developing the corrective action program that the Agency needs. We're  
24                  trying to link it very closely to knowledge management because, at the

1 end of the day, that's what it's really all about, to assure that we capture  
2 the lessons worth learning.

3 That's the corrective action program part of it, but then  
4 keep them, learned. And we changed the name to an Agency Lessons  
5 Learned System. And we're partnering with HR to assure that we move  
6 forward in one front on the Agency's knowledge management approach  
7 to this.

8 But, it's not a working level deficiency capturing system.  
9 This was not envisioned. Nor will it be a system that says the lights are  
10 out on the third floor.

11 This is a higher level for those islands that were  
12 discussed like Millstone and Davis-Besse and other issues that they get  
13 learned there. You verify periodically that you've kept learning them, that  
14 they're available to train new inspectors and to transfer that knowledge.

15 So we think that we've met the original intent and the  
16 original description to the Commission. But we have changed the name.

17 COMMISSIONER McGAFFIGAN: Well, Mr. Chairman, I  
18 guess I'll stop. My only concern is that a licensee corrective action  
19 program is fed in, has a low threshold for things to be considered.

20 And it isn't -- the threshold seems to be quite high to put  
21 something in the system. And I do not know. I just say that.

22 CHAIRMAN DIAZ: It might very well be that's an issue  
23 that the Commission will review. Commissioner Merrifield?

24 COMMISSIONER MERRIFIELD: Thank you, Mr.  
25 Chairman. When we had the last review of the safety culture issues, and

1 I remember back in '02 we were really looking quite hard at the results  
2 that IG had come up with, and we had certainly been looking at the  
3 differences between different offices. And, in that review NRR in the  
4 main did pretty well. But more recently -- just recently I had a chance to  
5 see sort of the break down between different divisions within NRR.

6 And there are some -- and I'm surprised at the degree of  
7 variation between some of those. Division of System Safety Analysis  
8 was -- didn't do quite so well.

9 Division of Reactor Improvement Programs did a whole  
10 lot better. But there were variations. There were variations. And I'm  
11 wondering how, if you could just briefly explain how your strategies go to  
12 seemingly, in some cases, significant differences in the way that different  
13 people within NRR understand where we're going as an Agency relative  
14 to our future, job satisfaction, our mission, or commitment.

15 MR. DYER: Yes, sir, Commissioner. I'm more familiar  
16 with the overall office initiatives in that. But I asked for this breakout  
17 when I got here because we found it particularly useful when I was in  
18 Region III and we had much worse scores.

19 So, one of the things it did is you recognized that you  
20 have pockets within the organization that are in different levels. And it  
21 appears to compare and contrast.

22 I think we've provided separately the Division of  
23 Engineering assessment of some of their specifics. As we did this, when  
24 we picked the two division directors to be in the front table, Suzie is the  
25 Division Director for DSSA.

1                   And, at the time Cindy was the Deputy Division Director  
2 for the Division of Inspection and Program Management. So let me ask  
3 Suzie to address some of the specific things that they did in response to  
4 the -- back in 2002 with DSSA.

5                   MS. BLACK: When we got the survey we had an offsite  
6 retreat with our managers to discuss the possible causes and solutions to  
7 that. But one of the things that I think the reason that the technical  
8 divisions have a worse score is there's always a sort of a natural tension  
9 between the production people, the projects people, and the technical  
10 people who feel like they're being pushed to meet a schedule in spite of  
11 maybe safety concerns they have.

12                   So, we have done a few things like we recognize the  
13 technical value that our staff has by -- we have a weekly electronic  
14 newsletter where we'll highlight like a good technical finding or things like  
15 that.

16                   We have technical brown bag seminars where we let  
17 people, you know, expound on their findings, that type of thing. And we  
18 also have taken potential pockets of -- with the disconcerted staff you  
19 might say who thinks he doesn't agree with a policy decision that's been  
20 made.

21                   And we allow that person to express that position to the  
22 actual leadership team to say, do the division directors understand that  
23 this is what their decisions are at the implementation level and to get the  
24 feedback?

1                   And so, I think we've been attempting to improve the  
2                   communications two ways, to explain why decisions aren't made to the  
3                   technical staff and vice-a-versa.

4                   MS. CARPENTER:   And, in the inspection program  
5                   branch, the management team took a hard look at what we did well and  
6                   what it was we weren't doing so well.

7                   We tried to continue to do the things well that we were  
8                   doing.  But we found some other things that we needed to improve on.  
9                   We needed to allow the section chiefs to do more, to have more of a  
10                  voice.

11                  We wanted to emphasize walking around and talking  
12                  with the Staff.  Sometimes they felt that the senior managers stayed in  
13                  their office and they didn't reach out to the Staff.

14                  We try to be more open to innovative ideas of the Staff if  
15                  they wanted to try some things.  Some of the things that came out that  
16                  were the inspector newsletter, the electronic library that the inspectors  
17                  have, some ideas that were tried.

18                  And, again, as DSSA did, more communications with the  
19                  Staff.  And one of the other things that the Division does is every week  
20                  the division Director and the division Director meet with the section chiefs.

21                  It's their hour to talk to the division Director one on one  
22                  about what's going on, what's on their mind.  There are no restrictions on  
23                  that.  So, more open communications with the Staff with the section  
24                  chiefs, and to be more open to innovative ideas that the Staff might bring  
25                  forward and just to point those ideas.

1 CHAIRMAN DIAZ: All right. Thank you. Commissioner  
2 Jaczko?

3 COMMISSIONER JACZKO: One other really positive  
4 thing I think I heard during the briefing is some of the good collaboration  
5 that's gone on with NRR and Research.

6 I think Hemyc is a good example of where that's  
7 happened. And also just in the Human Capital area. I was wondering if  
8 you can comment a little bit on how NRR is working with NSIR and what  
9 that coordination is like in areas where there may be need for better  
10 coordination and improvement in that area and things that are working  
11 well.

12 MR. DYER: Well, Commissioner, I think one of the key  
13 areas, of course, is the effort that Brian alluded to and Suzie heads up  
14 with our security safety interface panel where we look at where are we  
15 going to tread on each other?

16 Where are we going to initiate a security change that  
17 impact safety? Where are we going to initiate a safety change that may  
18 impact security?

19 And so that's been something that really evolved to the  
20 point now where this group has now got criteria to get out to both offices  
21 to try to flag and raise the kinds of issues that need to get brought before  
22 this panel.

23 I think also Roy and I have been -- Roy Zimmerman, the  
24 Office Director in Nuclear Security and Incident Response -- and I have  
25 been working closely with a lot of these initiatives.

1                   They're not just security folk requiring security talent.  
2                   They require a lot of engineering talent. And, to the extent that we can  
3                   understand and work with each other to understand what are the  
4                   demands going to be?

5                   What is the scope of work in where we're headed? I  
6                   think that that's an area that we're working on. The security area is still  
7                   very much an evolving issue.

8                   And it's one that I think we need to continue to try to look  
9                   forward and predict where we're going to be in that particular area.

10                  COMMISSIONER JACZKO: One kind of specific  
11                  question I have too, how does the interaction -- NRR has a responsibility  
12                  for kind of oversight and then the licensing, and then the regulatory  
13                  aspect.

14                  If there are, for instance, safeguards advisories and  
15                  things -- I think there was something recently with access control and  
16                  identity falsification.

17                  How does NRR follow-up or incorporate those kinds of  
18                  things into the --

19                  MR. DYER: We issue any generic correspondence.  
20                  [Note for clarity: NRR issues all generic correspondence; however,  
21                  safeguards advisories are not generic correspondence and are issued by  
22                  NSIR. Further clarification indicates that Commission Jaczko was  
23                  specifically interested in NRR's role in Safeguards Advisories. NRR's  
24                  role includes reviewing and concurring on all Safeguards Advisories to  
25                  ensure that operational safety and safeguards activities are appropriately



1 integrated.] If that's -- we're the choke flow or the funnel that goes and  
2 communicates with the industry through our Operating Experience  
3 Program.

4 MR. KANE: I just wanted to add, that is a very important  
5 area. But I don't want to leave out the third leg of the triangle, which is  
6 emergency and preparedness.

7 And it's a challenge as you separate the organizations to  
8 make sure that the interfaces are sound. And I think it works both ways  
9 as you have noted.

10 You can do things for operational safety that can in fact  
11 have an impact on security. And certainly the challenge that we have is  
12 looking at things that we do in security or changes that are made in  
13 security that can have an impact on operational safety.

14 And we must -- as well as emergency preparedness. So  
15 we need to continue to have strong and vital interfaces to make sure  
16 we're constantly testing those.

17 COMMISSIONER JACzKO: Do you --and this is very  
18 specific -- is there an equivalent to the safety security interface panel for  
19 emergency preparedness? Or do emergency preparedness issues get  
20 wrapped up in that panel?

21 MR. KANE: It certainly should be in the same panel. It's  
22 one meeting with all the issues.

23 COMMISSIONER JACZKO: Thank you.

1 CHAIRMAN DIAZ: Thank you Commissioner Jaczko. I  
2 want to thank my fellow Commissioners for their questions and their very,  
3 very good wrap-up of the many issues that are facing NRR.

4 I want to thank the Staff for their very good work and  
5 also for the presentation today. I had as my closing remarks to bring the  
6 issue of the Convention of nuclear safety and how that represents many  
7 of the things that we have done.

8 But I have been already superceded three times. So, I'm  
9 not going to go there anywhere. But that was a very good work of  
10 everybody. And, of course, I thank Commissioner Merrifield and Luis and  
11 everybody that contributed to that effort.

12 I wonder if, Ellis, is this your last meeting with the  
13 Commission?

14 MR. MERSCHOFF: No, sir. Well, with you, yes. The  
15 grid meeting next week that I think you'll be --

16 CHAIRMAN DIAZ: Oh, okay. And you know that I'm not  
17 going to be here.

18 MR. MERSCHOFF: Yes, sir.

19 CHAIRMAN DIAZ: Okay. I'll make sure that my fellow  
20 Commissioners treat you well at that time.

21 (Laughter.)

22 COMMISSIONER McGAFFIGAN: Speak for yourself.  
23 When the cat's away, the mice do play.

24 CHAIRMAN DIAZ: But, since this is my last opportunity  
25 across this table with you, and hopefully not the last opportunity to deal

1 with you I personally want to thank you on behalf of the Commission for  
2 your efforts all these years and your dedication to the work and to the  
3 safety of the American people.

4 I say that sometimes very frequently -- and I think you've  
5 done a wonderful job. And we want to make sure that you're fully  
6 recognized in this Agency and outside for what you have done.

7 MR. MERSCHOFF: Thank you very much Chairman.

8 CHAIRMAN DIAZ: And with that -- oh. Yes, sir?

9 COMMISSIONER MERRIFIELD: No, I'm sorry. I just  
10 have comments. I'm going to hold my fire. I just want to say, Mr.  
11 Chairman, I appreciate all the comments about the convention.

12 And, on behalf of Luis and the Staff I certainly want to  
13 thank you for that. I didn't get a chance to ask the question. And I'll have  
14 the Staff get back to this later on.

15 I'm interested, now that we, you know, had a great  
16 presentation and also learned a lot. And there's a lot that we received  
17 from the convention. I would be interested to get an answer of how we're  
18 going to incorporate that into our continuous movement for improvement  
19 and how that's going to be presented to the Commission.

20 But that will be a question that they can answer at some  
21 later point.

22 CHAIRMAN DIAZ: And I believe that you focused this  
23 meeting on what I will call an integral process, which is driving the NRR  
24 processes toward excellence or increasing not only the connectivity but  
25 the communications.

1   And that certainly will enhance your efforts and the  
2   efforts of the Agency. And with that, we are adjourned.

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