August 15, 2008

Mr. Felix M. Killar, Jr.
Senior Director, Fuel Supply/Material Licensees
Nuclear Generation Division
Nuclear Energy Institute
1776 I Street NW, Suite 400
Washington, D.C. 20006

SUBJECT: RESPONSE TO THE NUCLEAR ENERGY INSTITUTE'S JULY 18, 2008, CORRESPONDENCE REGARDING THE SAFETY CULTURE PILOT.

Dear Mr. Killar:

Thank you for your letter of July 18, 2008, submitting comments on behalf of the Nuclear Energy Institute (NEI) and the fuel cycle industry with regard to the U.S. Nuclear Regulatory Commission (NRC) - Office of Nuclear Material Safety and Safeguards' (NMSS') Safety Culture Pilot Initiative (hereafter referred to as the Pilot). Although NEI's comments did not directly address any of the Pilot Implementation options, the comments conveyed that the fuel cycle industry believes that safety culture is important to maintaining facility operational safety and its desire for the US Nuclear Regulatory Commission (NRC) to develop consistent safety culture principles that are applied across all NRC-licensed facilities. The comments indicated that NEI is unclear about the Pilot's purpose and scope and the basis for "… NRC's initiative to increase its regulatory role, beyond an oversight function ..."

Regarding the Pilot's purpose and scope as presented at the Fuel Cycle Information Exchange (FCIX) Workshop, NMSS' goal is to improve our regulatory process and develop tools to make better use of insights from the current oversight program, but that NMSS would not take action unless there are performance deficiencies that are determined to be regulatory violations. The Pilot's initiative is to assist the staff in determining to what extent the current Fuel Cycle Safety and Safeguards (FCSS) oversight program (i.e., inspection, assessment, enforcement) should be enhanced with respect to safety culture. Operational experience has shown that safety culture weaknesses have contributed to significant events, both in the fuel cycle industry as well as other industries. Therefore, the NMSS believes that safety culture enhancement to the FCSS oversight program could provide the Office with additional insights on performance problems that are related to areas important to safety culture, which would allow NMSS the ability to take appropriate regulatory response before serious problems arise. This activity is within the scope of NRC's regulatory role. The scope of the Pilot will be based on the implementation of the option that is selected (workshop slides 17-32).

Also, as was presented at the June 19, 2008, FCIX Workshop, the staff assessed the current FCSS oversight program for the extent to which it currently addresses the safety culture components, although the program requirements and guidance were not termed as such. Based on this assessment, the staff concluded that all the safety culture components were addressed in the current FCSS inspection and assessment programs.

However, some safety culture components were addressed more directly and/or thoroughly than others. In addition, the staff's site visits to two fuel cycle facilities affirmed that there were licensee programs and processes currently in place that are linked to all of the safety culture components, again, some more directly and/or thoroughly than others.

Another comment in NEI's July 18, 2008, letter was that NEI and the fuel cycle industry believe "… an increased, more prescriptive NRC regulatory role in safety culture could divert or degrade facility management's attention to operational safety." As presented at the FCIX Workshop, the NRC has not regulated, and does not have any intention of regulating, a licensee's safety culture or day-to-day facility management. NMSS is considering applying and assessing safety culture components, only as related to identified violations, in its oversight program. Therefore, NMSS' proposed approach would not be prescriptive and should not divert or degrade facility management's attention to operational safety.

The staff is considering NEI's comments as provided in the July 18, 2008, letter, as it develops a recommendation for NMSS' Senior Management consideration as to which Pilot implementation option to select. At this time, the five Pilot implementation options that were presented at the FCIX Workshop have not changed, and no new options have been developed. Also, the NRC has not received any other comments regarding the Pilot or the Pilot options. I anticipate that a decision about the selected Pilot option will be made in August 2008. The staff plans to provide additional opportunities for the public and stakeholder interactions after the option is selected and throughout the Pilot development and implementation process.

Please note that the NEI's July 18, 2008, letter, the Pilot Workshop presentation, as well as a summary of the Pilot Workshop are being shared internally, as well as with stakeholders and the public. This information will be placed on the NRC Web-site in two locations: 1) on the FCIX Conference Web Site (http://www.nrc.gov/public-involve/conferences.html), and 2) the Office of Enforcement's Safety Culture Web-site (http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html).

Regarding NEI's letter dated June 27, 2008, to NRC's Office of Nuclear Reactor Regulation, expressing concern about the NRC reactor safety culture initiative, I agree that it is important for NMSS to keep abreast of other NRC safety culture activities to help ensure that consistent safety culture principles are applied across all NRC licensed facilities. However, this must be done in conjunction with taking into account that there are different inspection and assessment approaches for different types of licensees; NRC will not take a "one size fits all" approach for different types of licensees. However, since the fuel cycle baseline inspection and assessment program is consistent for all fuel cycle facilities, and the safety culture components discussed at the workshop apply to all fuel cycle facilities, as expressed by approximately 50 fuel cycle licensee-interviewees during phase I of the Pilot, the staff does not see any specific reason why safety culture enhancements to the fuel cycle inspection and assessment program should not be applied in a consistent manner to all fuel cycle facilities licensees.

We would like to thank you again for submitting comments regarding the Pilot, for our consideration. I am looking forward to additional opportunities to inform stakeholders and the public of our progress and to solicit input on upcoming FCSS inspection and assessment program matters related to safety culture. Should you have any questions concerning this letter, please contact us.

Sincerely,

/RA/

Amy M. Snyder, Senior Project Manager
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
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Office of Nuclear Material Safety
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