POLICY ISSUE
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January 2, 2009 SECY-09-0002

FOR: The Commissioners

FROM: Eric J. Leeds, Director
Office of Nuclear Reactor Regulation

SUBJECT: REVISION TO THE REACTOR OVERSIGHT PROCESS IMPLEMENTATION GUIDANCE

PURPOSE:

To inform the Commission of the status of on-going improvement activities within the Reactor Oversight Process (ROP). This document does not contain any new commitments, recommendations or request for resources.

BACKGROUND:

On January 8, 1999, the staff issued SECY-99-007, "Recommendations for Reactor Oversight Process Improvements," outlining the ROP, which integrates the NRC's inspection, assessment, and enforcement programs. In its staff requirements memorandum, the Commission directed the staff to proceed with ROP implementation and stressed the need to solicit structured stakeholder feedback.

The framework and components of the ROP are described in Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program." Since its implementation, various changes to the ROP have been made, some in response to Commission direction. The results of these changes were documented in IMC 0305 and other ROP program documents. In accordance with Commission Policy, and in the spirit of continuous process improvement, IMC 0305 is routinely updated to incorporate stakeholder feedback solicited as part of the ROP self-assessment process. Performance indicator (PI) frequently asked questions (FAQs) and

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associated FAQ appeal decisions are reflected in periodic updates to IMC 0305 as well. In addition, changes to IMC 0305 have been made in response to lessons learned evaluations associated with industry operating experience, such as the 2001 Davis-Besse reactor vessel head degradation. While routine updates to IMC 0305 may not involve changes in Commission Policy, some are of interest to Commission.

DISCUSSION:

The staff has recently completed an update to IMC 0305 that includes routine guidance improvements and incorporates lessons learned from the 2007 Palo Verde performance issues and associated regulatory response. Of particular note is a revised definition of "repetitive degraded cornerstone" that clarifies licensee performance criteria that would result in a licensee entering Column 4 of the Action Matrix.

Under the ROP, as described in IMC 0305, Column 4 of the Action Matrix is the Multiple/Repetitive Degraded Cornerstone column. The definition of a repetitive degraded cornerstone is a single cornerstone of licensee performance under the ROP framework that is degraded (two or more white inputs or one yellow input) for five or more consecutive quarters. Over the course of the ROP, several changes have been made to the evaluation of inputs for determining whether a cornerstone is degraded in the fifth quarter. However, these previous changes created a situation whereby inspection findings were treated differently than PIs.

Both internal and external stakeholders have expressed concerns with the potential that two PIs that linger in the Action Matrix could drive a licensee to Column 4 of the Action Matrix. Stakeholders also found that portions of the existing definition were written in confusing jargon. The staff intends to address stakeholder concerns on Column 4 entries based on two inputs, and to revise the wording in the existing definition to make it more transparent and user friendly. This revised definition continues to require 5 consecutive quarters of degraded cornerstone performance; however, at least one of the 5 quarters must have at least three inputs into the Action Matrix. This new definition clarifies the criteria for entering Column 4 of the Action Matrix and makes the handling of PIs consistent with the handling of inspection findings. In evaluating this change, the staff ensured that the change would have captured, under a Column 4 assessment, those licensees who were previously assessed as Column 4 performers.

The staff believes the change to IMC 0305 is consistent with Commission Policy on the need to accommodate future changes to the ROP as set forth in SECY 99-007 and as endorsed by the June 18, 1999, staff requirements memorandum. The staff plans to implement this new definition with the January 08, 2009, issuance of IMC 0305; the change will be effective upon issuance of the manual chapter.

COORDINATION:

The Office of the General Counsel reviewed this package and has no legal objection.

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