



UNITED STATES
NUCLEAR REGULATORY COMMISSION
ADVISORY COMMITTEE ON REACTOR SAFEGUARDS
WASHINGTON, D. C. 20555

March 13, 1998

The Honorable Shirley Ann Jackson
Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Chairman Jackson:

SUBJECT: PROPOSED IMPROVEMENTS TO THE SENIOR MANAGEMENT MEETING PROCESS

During the 448th and 449th meetings of the Advisory Committee on Reactor Safeguards, February 5-7 and March 2-4, 1998, respectively, we met with representatives of the NRC staff and the Nuclear Energy Institute (NEI) to discuss proposed improvements to the Senior Management Meeting (SMM) process and the efforts of the Integrated Review of Assessment (IRA) Team. Our Subcommittee on Plant Operations discussed these matters during a meeting on February 3, 1998. We also had the benefit of the documents referenced.

The proposed combined single process is an improvement over the existing three separate but related assessment processes. The new assessment process proposed by the IRA Team will retain many of the positive attributes of the current process. Also, the new process will not preclude taking appropriate regulatory action in a timely manner and will be closely aligned with the NRC's enforcement policy.

Recommendations

- We recommend that the documents being developed from the IRA effort not be released for public comment until the staff develops a set of explicit program requirements, quantitative if possible, for the plant performance assessment, completes its work on the Assessment Decision Logic Model, and presents both to the Committee for its review.
- The overall objectives stated in Attachment 1 of the draft Commission paper, which was received on February 18, 1998, are not sufficiently specific to allow evaluation of the proposed assessment process. We recommend the development of specific objectives and performance measures that can be applied directly to this process. The Assessment Decision

Logic Model should show how the selected decision options noted in the draft paper will utilize these performance measures.

- We recommend that the staff work through at least one example that uses actual inspection reports to demonstrate that the implementation of the Assessment Decision Logic Model is fully understood and workable. This example should include the conversion of the report findings to numerical scores, the processing of these scores through the model, and the decision reached. We would like to review the example before public comments are solicited.
- We recommend that the six categories of the proposed template be evaluated to determine that they are at the appropriate level and whether they overlap unnecessarily. This evaluation must be done in the context of the Assessment Decision Logic Model.
- We recommend that the staff complete the development and testing of the tools for assessing management and operational effectiveness. The Committee is interested in discussing the results of this effort with the staff when they have completed their work.
- We recommend that economic indicators in their present form not be used in the decisionmaking process at this time and that additional research be performed.
- Indicators that measure plant performance at a more global level, such as those discussed by the industry, would be more useful. We would like to see the staff and NEI agree on a set of performance indicators.
- We recommend that the assessment process contain strong provisions to ensure that consistent results are obtained among the Regions.

Discussion

The Committee has had discussions with the staff and NEI on the status of the NRC Integrated Review of Assessment (IRA) process for operating nuclear power plants. Although the staff has acted upon some previous Committee recommendations, additional work remains to be done. As discussed in our September 10, 1997 report to the Commission, the development of a hierarchical structure of program requirements and decision logic for the assessment process is important to the design of the new process.

In transitioning from a process that had three separate assessments -- systematic assessment of licensee performance (SALP), plant performance review (PPR) and the senior management meeting (SMM) -- to a single assessment process, it is essential to ensure that the requirements of the agency will still be met. These requirements for the single process should be expressed in explicit terms, quantitative if at all possible. A list of these requirements would be useful for evaluating alternate approaches to the assessment process.

The staff is assessing the inputs to the Plant Issues Matrix that include most of the licensee performance indicators from the existing assessment process. We believe that these indicators measure performance at such a low level that the nexus between this performance level and overall plant safety is not evident. We believe that the use of indicators that measure performance at a more global level (such as those discussed by the industry) would be more useful. We would like to see the staff and NEI agree to a set of performance indicators. This work could be accomplished during the workshops planned by the NRC staff.

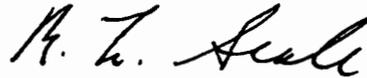
At present, the staff has found that economic indicators alone are not useful plant performance indicators. They may have value when used in conjunction with technical plant performance indicators but in their present form are not essential for decisions that have to be made. Because economic pressures arising from deregulation may have a significant effect on long-term safety performance, additional research on economic indicators is needed.

The new assessment process moves the evaluation and decisionmaking back to the Regional Offices, where it was before the Senior Management Meeting process began. A key requirement for the new process is that the tools employed, i.e., the Plant Issues Matrix and Assessment Decision Logic Model, contain provisions to ensure that consistent results are obtained among the Regions.

The staff has not completed its work on the Integrated Assessment Process and has not developed an agreed-upon set of requirements for the new process. The process by which the plant performance template leads to the formulation of decisions is not apparent. Development of a hierarchical structure begins with the desired outcome, considers alternate ways to achieve it, and then works down to the most effective means to ensure this outcome. The Committee has yet to see such a design process applied to this issue. We do not believe the staff will receive useful public comment on the proposed IRA documents as they now exist. We recommend that the documents not be released for public comment until the staff develops a set of requirements for the plant performance assessment

program, describes the Assessment Decision Logic Model in sufficient detail, and presents both to the Committee for its review.

Sincerely,



R. L. Seale
Chairman

References:

1. Draft Commission paper from L. Joseph Callan, Executive Director for Operations, NRC, to the Commissioners, Subject: Update on the Status of the Integrated Review of the NRC Assessment Process for Operating Commercial Nuclear Reactors, received February 18, 1998, (Predecisional)
2. Draft report (LA-UR-97-4911) dated December 17, 1997, Prepared by Los Alamos National Laboratory for Office of Nuclear Reactor Regulation, "Integrated Review of the Nuclear Regulatory Commission Assessment Process for Operating Commercial Nuclear Reactors," Working Report 3: Conceptual Design of the Revised Assessment Process. (Predecisional)
3. Note dated February 27, 1998, from Jack E. Rosenthal, Office for Analysis and Evaluation of Operational Data, NRC, to Michael T. Markley, ACRS, transmitting Draft Report AEOD/S98-xx, Prepared by William S. Raughley, AEOD, "Special Study Identifying Financial Indicators," dated February 27, 1998. (Predecisional)
4. Memorandum dated January 20, 1998, from Richard J. Barrett, AEOD, to John T. Larkins, ACRS, transmitting AEOD draft report, "Interim Report on the Development of the Plant Performance Template," dated January 22, 1998. (Predecisional)
5. Memorandum dated November 6, 1997, from C. E. Rossi, AEOD, to Addressees, Subject: Request for Review of Interim Report - Development and Findings of the Performance Trending Methodology. (Predecisional)
6. Memorandum dated February 10, 1998, from John C. Hoyle, Secretary of the Commission, to L. Joseph Callan, Executive Director for Operations, NRC, Subject: Staff Requirements - Briefing on Operating Reactors and Fuel Facilities, January 21, 1998
7. Memorandum dated October 24, 1997, from John C. Hoyle, Secretary of the Commission, to L. Joseph Callan, Executive Director for Operations, NRC, Subject: Staff Requirements - Briefing on Improvements in Senior Management Assessment Process for Operating Reactors, September 19, 1997.
8. Report dated September 10, 1997, from R. L. Seale, Chairman, NRC, to Shirley Ann Jackson, Chairman, NRC, Subject: Staff Action Plan to Improve the Senior Management Meeting Process

9. Memorandum dated September 11, 1997, from John T. Larkins, ACRS, to the Commissioners. Subject: ACRS Letter on the Senior Management Meeting Process, September 11, 1997.

