MANUAL CHAPTER FCOP ASSESSMENT

FUEL CYCLE FACILITY ASSESSMENT PROGRAM

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XXXX-01 PURPOSE

01.01 The Fuel Cycle Oversight Process (FCOP) integrates the U.S. Nuclear Regulatory Commission's (NRC) inspection, assessment, and enforcement programs. The Fuel Cycle Facility Assessment Program evaluates the overall safety and security performance of operating fuel cycle facilities and communicates those results to licensee management, members of the public, and other government agencies. (In this document, licensee refers to facilities licensed under 10 CFR Parts 40 and 70, and facilities certified under, 10 CFR Part 76.)

01.02 The assessment program collects information from inspections to enable the agency to arrive at objective conclusions about a licensee's safety and security performance. Based on this assessment information, the NRC determines the appropriate level of agency response, including supplemental inspection and pertinent regulatory actions ranging from management meetings up to orders for plant shutdown. The assessment information and agency response are then communicated to the public, except for certain security-related information associated with the security Strategic Performance Area that the Commission has determined to withhold from public disclosure. Follow-up agency actions, as applicable, are conducted to ensure that the corrective actions designed to address performance deficiencies were effective.

XXXX-02 OBJECTIVES

02.01 To collect information from inspection findings.

02.02 To arrive at an objective assessment of licensee safety and security performance using inspection findings.

02.03 To assist NRC management in making timely and predictable decisions regarding appropriate agency actions used to inspect, assess, and oversee licensee performance.

02.04 To provide a method for informing the public and soliciting stakeholder feedback on the NRC's assessment of licensee performance.

02.05 To provide a process to follow up on areas of concern utilizing additional inspections and the supplemental inspection process.

XXXX-03 APPLICABILITY

This inspection manual chapter (IMC) applies to all fuel cycle facilities except uranium recovery facilities, whose oversight is defined in IMC 2641 "In-Situ Leach Facilities Inspection Program" and IMC 2801, "Uranium Mill 11e.(2) Byproduct Material Disposal Site and Facility Inspection Program." The contents of this IMC do not restrict the NRC from taking any necessary actions to fulfill its responsibilities under the Atomic Energy Act of 1954 (as amended).

XXXX-04 DEFINITIONS

04.01 Agency Action Review Meeting. An Agency Action Review Meeting (AARM) is conducted several weeks after issuance of the end-of-cycle or mid-cycle assessment letters. This meeting is a collegial review by senior NRC managers of the appropriateness of agency actions for facilities with significant performance issues.

04.02 Assessment Cycle. Normally a 24-month assessment period runs from January 1 through December 31 of the following year.

04.03 Assessment Inputs. As used in this IMC, assessment inputs are inspection findings used in the assessment process to determine appropriate agency actions.

04.04 Assessment Period. A rolling 24-month period, that contains four, six-month review periods of inspection findings.

04.05 Cornerstone. A central element of the FCOP which is essential for the safe and secure operation of the fuel cycle facility. Cornerstones are grouped under the categories of facility operations safety, radiological materials safety, and security.

04.06 Cross-Cutting Area[1]. Fundamental performance attributes that extend across all of the FCOP cornerstones of safety and security. These areas are human performance (HU), problem identification and resolution (PI&R), and safety conscious work environment (SCWE).

04.07 Cross-Cutting Aspect[2]. A performance characteristic that is the most significant contributor to a performance deficiency.

~~04.08 Cross-Cutting Area Component[2]. A component of safety culture that is directly related to one of the cross-cutting areas. The cross-cutting area components in alphabetical order are: Corrective Action Program; Decision-Making; Environment for Raising Concerns; Operating Experience; Preventing, Detecting, and Mitigating Perceptions of Retaliation; Resources; Self and Independent Assessments; Work Control; and Work Practices.~~ The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.

04.09 Cross-Cutting Theme[2]. Multiple inspection findings (i.e., four or more) that are assigned the same cross-cutting aspect.

Note: “Area”, “Aspect”, “Component”and “Theme” may be imposing an unncecessary level of complexity for FCFs in the cross-cutting arena. Suggest simplifying this concept.

[1] Development of Substantive Cross-Cutting Issues for the Revised Fuel Cycle Oversight Process will be implemented in the future.

04.10 Degraded Cornerstone. A cornerstone that has two or more white inputs or one yellow input. This document should not use the colors of green/white/yellow/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities.

04.11 Fuel Cycle Significance Determination Process (FCSDP). A characterization process that is applied to inspection findings to determine their safety or security significance. Using the results of the FCSDP, the overall licensee performance assessment process can compare and evaluate the findings on a significance scale (i.e., green, white, yellow, red). This document should not use the colors of green/white/yellow/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities.

04.12 Multiple Degraded Cornerstones. Two or more cornerstones are degraded in any one six-month period.

04.13 Performance Indicators. **(Reserved)**

04.14 Plant Performance Summary. A document prepared by Region II and used during the mid-cycle review, end-of-cycle review, and Agency Action Review (if applicable) meetings. This document is prepared for those facilities that: (1) for any six months period during the assessment period, have been in the degraded cornerstone, Multiple/Repetitive degraded cornerstone, or Unacceptable Performance column of the Action Matrix, or (2) have a current substantive cross-cutting issue.

04.15 Repetitive Degraded Cornerstone. A single cornerstone that is degraded for five or more consecutive six-month periods with at least one of the five six-month periods having: (1) three or more white inputs, or (2) one yellow and one white input. This document should not use the colors of green/white/yellow/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities. Also, the basis for these thresholds should be provided.

04.16 Review Period. Six-month periods within an assessment period in which a licensee's performance is reviewed to determine if NRC oversight adjustments should be revised.

04.17 Safety-Conscious Work Environment. An environment in which employees feel free to raise safety and security concerns, both to their management and to the NRC, without fear of retaliation and where such concerns are promptly reviewed, given the proper priority based on their potential safety and security significance, and appropriately resolved with timely feedback to employees.

~~04.18 Safety Culture. The assembly of characteristics and attitudes in organizations and individuals which establishes that, as an overriding priority, fuel cycle facility safety and security issues receive the attention warranted by their significance.~~

~~04.19 Safety Culture Assessment. A comprehensive evaluation of the assembly of characteristics and attitudes related to all of the safety culture components described in Appendix A of this IMC. Individuals performing the evaluation can be qualified through experience and formal training. A licensee independent safety culture assessment is performed by qualified individuals that have no direct authority and have not been responsible for any of the areas being evaluated (for example, staff from another of the licensee's facilities, or corporate staff who have no direct authority or direct responsibility for the areas being evaluated). A licensee third party safety culture assessment is performed by qualified individuals who are not members of the licensee's organization or utility operators of the plant (licensee team liaison and support activities are not team membership).~~

The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time. This is imposing requirements for independent assessments and third party reviews where there is no regulatory basis.

04.20 Safety- or Security-Significant Finding. An inspection finding having greater than very low safety or security significance.

04.21 Substantive Cross-Cutting Issue (SCCI)[2]. An SCCI is a cross-cutting theme that has been identified in PI&R or HU, about which the NRC staff has a concern with the licensee's scope of efforts or progress in addressing the cross-cutting theme. An SCCI in the SCWE cross-cutting area, if there is a finding with a documented cross-cutting aspect in the area, or the licensee has received a chilling effect letter Need to define what a "Chilling Effect Letter" is, or the licensee has received correspondence from the NRC which transmitted an enforcement action with a Severity Level of I, II, or III, and which involved discrimination, or a confirmatory order which involved discrimination, and the Agency has a concern with the licensee's scope of efforts or progress in addressing the safety conscious work environment concern is a Substantive Cross-Cutting Issue. See Section 13 of this IMC for more details.

XXXX-05 RESPONSIBILITIES AND AUTHORITIES

05.01 Executive Director for Operations (EDO)

a. Oversees the activities described in this IMC.

b. Approves all deviations from the Action Matrix. Considering the number of management layers between the inspector and the EDO (7 or more), this process could result in lengthy delays between inspector identification of the issue and ultimate disposition. A more efficient and timely process should be implemented.

c. Informs the Commission of all approved deviations from the Action Matrix.

[2] Development of Substantive Cross-Cutting Issues for the Revised Fuel Cycle Oversight Process will be implemented in the future.

05.02 Director, Office of Nuclear Material Safety and Safeguards (NMSS)

a. Implements the requirements of this IMC within NMSS.

b. Develops assessment program policies and procedures.

c. Ensures uniform program implementation and effectiveness.

d. Concurs on regional requests for deviation from the Action Matrix.

05.03 Regional Administrator

a. Implements the requirements of this IMC for the Safety Performance Area.

b. Develops and issues assessment letters to each licensee.

c. Directs allocation of inspection resources within Region II based on the Action Matrix.

d. Establishes a schedule and determines a suitable location for involvement of the public in the discussion of the results of the NRC's annual assessment of the licensee's performance to ensure a mutual understanding of the issues discussed in the annual assessment letter.

e. Initiates requests for deviations from the Action Matrix.

05.04 Director, Office of Public Affairs (OPA)

Issues press releases following the completion of the mid-cycle and end-of-cycle review meetings.

05.05 Director, Division of Fuel Cycle Safety and Safeguards (NMSS/FCSS)

a. Develops assessment program guidance.

b. Collects feedback from Region II and assesses execution of the Fuel Cycle Facility Assessment Program to ensure consistent application.

c. Recommends, develops, and implements improvements to the Fuel Cycle Facility Assessment Program.

d. Provides oversight of the mid-cycle and end-of-cycle review meetings.

e. Concurs on proposals by Region II to extend an inspection finding in the assessment process beyond the normal period in accordance with Section 12.04.

f. Concurs on proposals by Region II to initiate a parallel inspection finding in accordance with Section 12.04.

g. Concurs on the supplemental inspection plan for facilities in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

05.06 Director, Division of Fuel Facility Inspection (Region II/DFFI).

a. Chairs the mid-cycle and end-of-cycle review meetings.

b. Approves proposals by Region II to extend an inspection finding in the assessment process beyond the normal four quarters in accordance with Section 12.04.

c. Approves proposals by Region II to initiate a parallel inspection finding in accordance with Section 12.04.

d. Approves the supplemental inspection plan for facilities in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

e. Briefs the Region II administrator and NMSS director on the results of the mid-cycle and end-of-cycle review meetings.

05.07 Director, Office of Enforcement (OE). Provides any significant insights from the enforcement program to Region II during the mid-cycle and end-of-cycle review meetings. Provides any significant insights from the NRC's allegation program to Region II in preparation for the mid-cycle and end-of-cycle review meetings for discussions related to the SCWE cross-cutting area.

05.08 Director, Office of Investigations (OI). Provides any significant insights from the Office of Investigations to Region II during the end-of-cycle review meeting.

05.09 Director, Office of Nuclear Regulatory Research (RES). Provides any significant insights from the Office of Nuclear Regulatory Research to Region II during the mid-cycle and end-of-cycle review meetings.

05.10 Director, Office of Nuclear Security and Incident Response (NSIR).

a. Provides any significant security-related licensee performance insights to Region II.

b. Provides guidance to Region II on performing the assessment program for the security cornerstone.

c. Implements the requirements of this IMC within NSIR.

d. Develops assessment program policies and procedures. for the security cornerstone (?).

e. Ensures uniform program implementation and effectiveness. for the security cornerstone (?).

f. Develops and implements improvements to this IMC related to physical security, ~~information security~~ this topic has not been fully identified and therefore should not be included at this point in time and Material Control and Accounting (MC&A).

XXXX-06 ASSESSMENT PROCESS OVERVIEW

06.01 Period of Review. Licensee performance is reviewed over a 24 month period through the fuel cycle assessment process (Exhibit 1). Included in the process are Performance Reviews as detailed in Section 7, Program Reviews as detailed in Section 8, and Public Stakeholder Involvement as detailed in Section 9.

06.02 Use of Inspection Findings. Safety-significant and security-significant inspection findings will only be considered in the assessment process after the final determination of significance is made through the FCSDP, and the licensee has been informed of the decision. The finding will be dated back to the end of inspection period, regardless of when the exit meeting was conducted, that initially resulted in designating the issue as an apparent violation (AV), violation (VIO), finding (FIN), or non-cited violation (NCV) in the fuel cycle program system (FCPS). A safety- or security-significant inspection finding is carried forward for four six-month review periods or until appropriate licensee corrective actions have been completed, whichever is greater. Therefore, an inspection finding will no longer be considered in the assessment process after four review periods unless Region II has justification to keep the finding open in accordance with Section 12.04 of this IMC. Additionally, findings whose technical aspects have been adequately addressed by the licensee may be closed even if there are outstanding investigations by external agencies. What is the basis or logic for potentially carrying over minor violations for 2 years?

06.03 Use of Unresolved Items (URIs). URIs should be dispositioned according to IMC 0616 “Fuel Cycle Safety and Safeguards Inspection Reports” and appropriately updated in RPS when additional information becomes available.

06.04 Use of Traditional Enforcement Outcomes. The NRC’s enforcement policy may also apply to violations that involve willfulness (including discrimination) that the FCSDP process can not evaluate directly for safety or security significance. If applicable, the underlying technical issue should be evaluated separately using the FCSDP and the results considered in the assessment program. The violations not associated with an FCSDP finding should be considered when determining (1) the range of agency actions

within the appropriate column of the Action Matrix and (2) whether a substantive cross-cutting issue exists in the SCWE area (See Appendix A).

XXXX-07 NRC RESPONSES TO LICENSEE PERFORMANCE

07.01 Description of the Action Matrix. The Action Matrix (Exhibit 2) identifies the range of NRC and licensee actions and the appropriate level of communication for different levels of licensee performance. The Action Matrix describes a graded approach in addressing performance issues and was developed with the philosophy that, within a certain level of safety or security performance (e.g., the licensee response band), licensees would address their performance issues without additional NRC engagement beyond the baseline inspection program. Agency action beyond the baseline inspection program will normally occur only if assessment input thresholds are exceeded.

The following terms are used throughout the discussion of the Action Matrix.

a. Regulatory Performance Meetings. Regulatory performance meetings are held between licensees and the agency to discuss corrective actions associated with safety- or security-significant inspection findings. The purpose of the meeting is to provide a forum in which to develop a shared understanding of the performance issues, underlying causes, and planned licensee actions for each safety- or security-significant assessment input.

   These meetings may take place during periodic inspection exit meetings between the agency and the licensee, a periodic NRC management visit, conference calls, or public meetings after completion of the supplemental inspection. These meetings are documented in either an inspection report or a public meeting summary, as appropriate.

b. Licensee Action. Anticipated licensee actions in response to overall performance are identified for each column of the Action Matrix. If these actions are not being taken by the licensee then the agency may consider expanding the scope of the applicable supplemental inspection to appropriately address the area(s) of concern. This would not be considered a deviation from the Action Matrix in accordance with Section 12.06 (?) of this IMC.

c. NRC Inspection. The range of NRC inspection activities to be conducted in response to licensee performance is identified for each column of the Action Matrix.

d. Regulatory Actions. The range of actions that may be taken by the agency in response to licensee performance identified for each column of the Action Matrix.

e. Communication. Communication between the licensee and the NRC is based on a graded approach. Normally, declining licensee performance will result in higher

levels of agency management reviewing and signing the assessment letters and conducting the end-of-cycle public meeting.

07.02 Expected Responses for Performance in Each Action Matrix Column. The Action Matrix lists expected NRC and licensee actions based on the inputs to the assessment process. Actions are graded such that the agency becomes more engaged as licensee performance declines. Listed below are the ranges of expected NRC and licensee actions for each column of the Action Matrix:

a. Licensee Response Column.

All assessment inputs are green. This document should not use the colors of green/white/yellow/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities. This applies to the use of colors in the balance of this section.

1.

2. The licensee will receive the complete baseline inspection program and any identified deficiencies will be addressed through the licensee's corrective action program.

b. Regulatory Response Column.

1. Assessment inputs result in no more than one white see above input in any cornerstone and no more than two white See above inputs in any strategic performance area.

2. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes.

3. The licensee's evaluation will be normally reviewed during IP 950X2, "Fuel Cycle Supplemental Inspection for One or Two White see above Inputs in a Strategic Performance Area."

4. Following completion of the inspection, the branch chief or something is missing as this does not make any sense as drafted.should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting will normally occur at an inspection exit meeting, at a periodic NRC management visit, or a conference call between the licensee and the appropriate branch chief.

c. Degraded Cornerstone Column.

1. Assessment inputs result in a degraded cornerstone (two or more white see above inputs or one yellow input in any cornerstone) or three white see above inputs to any strategic performance area.

The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation should also determine whether deficient safety culture The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.
components caused or significantly contributed to the risk-significant performance issues. If so, those safety culture The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.

2. deficiencies should be entered into the plant's corrective action program.

The licensee's evaluation will be reviewed during IP 950X2, "Fuel Cycle Supplemental Inspection for One Degraded Cornerstone or Any Three White see comment on use of colors Inputs in a Strategic Performance Area." Region II will also perform an independent assessment of the extent of condition using appropriate inspection procedures chosen from the tables contained in Appendix X of IMC XXXX, "Fuel Cycle Facility Inspection Program—Operations Phase.

Additionally, the NRC may request that the licensee complete an independent assessment of safety culture, The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.

if the NRC identified through the IP 950X2 inspections and the licensee did not recognize that one or more safety culture component deficiencies caused or significantly contributed to the risk-significant performance issues. See Section 04.16 for the definition of "independent assessment of safety culture."

Will NRC update IP 88152 to risk inform its approach based on the revised oversight process? If so, when and if not, why not? The staff will use IP 88152, "Identification and Resolution of Problems at Fuel Cycle Facilities" to perform follow-up when the NRC requests the licensee to perform an independent safety culture assessment. The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.
The focus of the follow-up effort will be to confirm that the licensee is appropriately dealing with the weaknesses identified by their safety culture assessment.

3. Following completion of the inspection, the Region II Division Director or Deputy should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee. The regulatory performance meeting will normally consist of a public meeting between the licensee and the Region II Division Director or Deputy.

4. Any licensee remaining in the Degraded Cornerstone Column for ~~three~~ two years this is to be consistent with the 24 month review cycle.or more

may be invited to meet with the Executive Director of Operations (EDO) to discuss performance issues and their plan for addressing those issues.

d. Multiple/Repetitive Degraded Cornerstone Column.

1. Assessment inputs result in a repetitive degraded cornerstone; multiple degraded cornerstones, multiple yellow inputs, or a red input. See note on use of colors

2. The licensee is expected to place the identified deficiencies in its corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation may consist of a third party assessment. There is no basis for the NRC to require or expect a third party assessment.

The licensee is also expected to perform a third-party assessment of their safety culture. The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.
See Section 04.19 for the definition of "third party assessment of safety culture."

IP 950X3, "Fuel Cycle Facility Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input, see note on the use of color codes" will be performed to review the breadth and depth of the performance deficiencies, assess the licensee's evaluation of their safety culture**,** The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.
and independently perform a graded assessment of the licensee's safety culture**.** A decision not to independently perform an assessment of the licensee's safety culture would be a deviation from the Action Matrix and would have to be approved in accordance with Section 12.06. However, the staff can use the results from a licensee's third party safety culture assessment and the licensee's root cause evaluation to satisfy the inspection requirements if the staff has completed a validation of the third party assessment methodology and assessment effort and root cause evaluation. This situation would not be a deviation to the Action Matrix. The supplemental inspection plan must be approved by the DFFI division director with concurrence of the FCSS director.

3. Following the completion of the inspection, the EDO or his designee, in conjunction with the Region II administrator and the Director, NMSS, will decide whether additional agency actions are warranted. At a minimum, Region II will issue a Confirmatory Action Letter (CAL) to document the licensee's commitments, as discussed in their performance improvement plan, and any other written or verbal commitments. The CAL should explicitly identify licensee actions that, when effectively implemented and validated by the NRC, will provide the necessary bases to transition the plant out of the Multiple/Repetitive Degraded Cornerstone Column. These

actions need to be as clear and objective as possible. It is unclear why this paragraph does not reflect involvement by the Office of Enforcement.

~~3.4~~.

Other actions will also be considered including performing additional supplemental inspections, issuing a demand for information or an order; up to and including a plant shutdown. The regional administrator should document the results of the staff's decision in a letter to the licensee. These regulatory actions may also be considered prior to the completion of IP 950X3, if warranted. The regulatory performance meeting will normally consist of a public meeting between the licensee and the EDO/Deputy EDO (or designee). This level of senior NRC involvement represents an increase over current management involvement practices and should be reconsidered as it may cause members of the public to be inadvertently and unnecessarily alarmed about the facility's performance.

Note: Other than the CAL, the regulatory actions listed in this column of the Action Matrix are not mandatory. However, Region II should consider each of these regulatory actions when significant new information about licensee performance becomes available.

Due to the depth and/or breadth of performance issues reflected by a plant being in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix, it is prudent to ensure that actual performance improvements (which typically take longer than several quarters to achieve) have been made prior to closing out the inspection findings and exiting the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix.

Region II should consider the following as indicative of actual performance improvements:

(a) New plant events or findings do not reveal similar significant performance weaknesses.

(b) The licensee's performance improvement program is this the same as the corrective action program? has demonstrated sustained improvement. over what period?.

(c) NRC supplemental inspections show licensee progress in the principal areas of weakness.

(d) There were no issues that led the NRC to take additional regulatory actions beyond those listed in the Multiple/ Repetitive Degraded Cornerstone Column of the Action Matrix.

(e) Additionally, the licensee has made significant progress on any regulatory actions imposed (i.e. CALs, orders) because of the performance deficiencies leading to the Multiple/Repetitive Degraded Cornerstone designation.

5. After the original findings have been closed, the licensee will return to the Action Matrix column that is represented by the other outstanding safety- or security-significant inspection findings.

Additionally, for a period of up to ~~two~~ one ~~years~~ year after the initial findings have been closed, Region II may use some actions that are consistent with the Degraded Cornerstone or Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix in order to ensure the appropriate level of agency oversight of licensee improvement initiatives.

These actions, which do not constitute a deviation from the Action Matrix, include:

- senior management participation at periodic meetings or site visits focused on reviewing the results of improvement initiatives (such as efforts to reduce corrective action backlogs and progress in completing the Performance Improvement Plan),
- conducting non-baseline IP 950XX and CAL follow-up inspections (not to exceed 200 hours of direct inspection over a maximum two-year period) without concurrence from the FCSS Director,
- annual public meetings, and authorization of the contents of the subsequent assessment letters.

The actions taken above those required by the Action Matrix shall be discussed at the following mid-cycle and end-of-cycle review meetings to ensure an appropriate basis for needing the additional actions to oversee the licensee improvement initiatives. These actions will also be described in the following mid-cycle and annual assessment letters until the end of the extended period of time. All assessment letters that address these additional actions shall include the FCSS on concurrence.

Region II must convey the specific actions that the licensee needs to address to remove the findings that caused the licensee to enter the Multiple/Repetitive Degraded Cornerstone column from consideration in the assessment program. The correspondence to the licensee describing the extension of the inspection finding(s) in the assessment program beyond the normal four quarters must be authorized by the DFFI director with the concurrence of the FCSS Director.

In addition, ~~a licensee is expected to meet with~~ the Commission may request a meeting with the licensee within 6 months of the licensee entering Column 4 to discuss the licensee's~~ir~~ plans for addressing the performance deficiencies and the~~ir~~ plans for improvement.

e. Unacceptable Performance column.

1. Licensee performance is unacceptable and continued plant operation is not permitted within this column. Unacceptable performance represents situations in which the NRC lacks reasonable assurance that the licensee can or will conduct its activities to ensure protection of public health and safety and security. Examples of unacceptable performance may include:

(a) Multiple significant violations of the license, license application requirements, technical safety requirements, regulations, or orders.

(b) Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with ~~the design basis~~its license conditions and or commitments (e.g., multiple safety- or security-significant examples where the facility was determined to be outside of its ~~design basis~~commitments, either due to inappropriate modifications, ~~the unavailability of design basis information~~, inadequate configuration management, or the demonstrated lack of an effective PI&R).

(c) A pattern of failure of licensee management controls to effectively address previous significant concerns to prevent recurrence. In general, it is expected, but not required, that entry into the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix and completion of supplemental IP 950X3 will precede consideration of whether a plant is in the Unacceptable Performance Column.

Note: If the agency determines that a licensee's performance is unacceptable then a shutdown order will be issued.

2. The licensee is also expected to perform a third-party assessment of their safety culture. The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.

3. ~~The NRC will assess the licensee's evaluation of their safety culture, and independently perform a graded assessment of the licensee's safety culture using the guidance contained in IP 95003. A decision not to independently perform an assessment of the licensee's safety culture would be a deviation from the Action Matrix and would have to be approved in accordance with Section 12.06. However, the staff can use the results from a licensee's third-party safety culture assessment and the~~

~~licensee's root cause evaluation to satisfy the inspection requirements, if the staff has completed a validation of the third-party assessment methodology and assessment effort and root cause evaluation~~ The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.

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4. The EDO/Deputy EDO (or designee) will meet with senior licensee management in a regulatory performance meeting to discuss the licensee's degraded performance and the corrective actions. The Commission will also meet with senior licensee management to discuss the issues which will need to be taken before operation of the facility can be resumed.

5. The NRC oversight of plant performance will also be placed under a restart oversight plan.

f. Restart Process Column.

1. The criteria for entrance into the Restart process, as discussed in Section 11.01 of this IMC, has been met and subsequent management review of licensee performance has determined that entrance into the Unacceptable Performance column is not warranted at this time. Facilities under the Restart process are considered to be outside of the normal assessment process and under the control of the Restart Oversight Plan. However, this column has been added to the Action Matrix for illustrative purposes to demonstrate comparable agency response and communications and is not necessarily representative of the worst level of licensee performance.

2. NRC management will review licensee performance on a quarterly basis to determine if entrance into the Unacceptable Performance Column is warranted.

3. The licensee is expected to place the identified deficiencies into their ~~performance improvement plan~~Corrective action program? and perform an evaluation of the root and contributing causes for both the individual and collective causes.

4. As defined in the Restart Oversight Plan, Region II will conduct baseline and supplemental inspections as appropriate, as well as special inspections per the restart checklist. Facilities under a Restart Oversight Plan should be discussed at the mid-cycle and end-of-cycle reviews to integrate inspection planning efforts across Region II and to keep internal stakeholders abreast on ongoing inspection and oversight activities. Mid-cycle or annual assessment letters are generally not issued for these facilities. Annual public meetings will not be conducted for these facilities as Region II conducts periodic public meetings to discuss licensee performance.

5. As discussed in Section 11.02, Region II may use some actions that are consistent with the Degraded Cornerstone or Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix in order to ensure the appropriate level of agency oversight of licensee improvement initiatives as the licensee exits the Restart Oversight Process.

XXXX-08 PERFORMANCE REVIEWS

The assessment process consists of a series of reviews which are described below.
Note: it appears that this "series" is derived from the Reactor Oversight Process. Consideration should be given to risk informing it based on the relative risks posed by FCFs and whether the site has an ISA or other safety assessments or features? One size may not fit all.

08.01 Continuous Review. The resident inspectors (where applicable) or project inspectors and branch chiefs in Region II continuously monitor the performance of their assigned facilities using the results of inspection findings. Inspections are conducted on a continuous basis in accordance with IMC XXXX, "Fuel Cycle Facility Inspection Program—Operations Phase."

Between the normal six-month assessments, Region II should issue an assessment follow-up letter and address an issue in accordance with the Action Matrix if a safety-significant or security-significant inspection finding is finalized. The assessment follow-up letter may also serve as the final FCSDP determination letter. The assessment follow-up letter should discuss the planned actions and make appropriate changes to the Action Matrix Summary.

08.02 Periodic Review. (at six month and 18 month points).

a. Requirements. Region II conducts a review every six months for each licensee using inspection findings compiled over the previous 24 months. This review is conducted within five weeks after the conclusion of each review period of the assessment cycle. The most recent applicable inspection findings shall be considered in determining agency actions in accordance with the Action Matrix.

b. Preparation. The responsible Region II/DFFI branch chief reviews the most recent inspection findings contained in the plant issues matrix (PIM) to identify performance trends. The branch chief uses the Action Matrix to determine if there are NRC actions that should be considered which are not already incorporated into the existing inspection plan.

c. Conducting the periodic review. When Region II determines that a plant ~~will~~ has If "will" is used then Region II is forecasting which may or may not occur. reach a repetitive degraded cornerstone, an assessment letter will be issued stating that the changes to the planned actions are consistent with the Multiple/Repetitive

Degraded Cornerstone Column in the Action Matrix and make the appropriate change to the Action Matrix Summary.

Additionally, for facilities whose performance is in the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix, consideration shall be given at each periodic review of engaging senior licensee and agency management in discussions associated with (1) declaring licensee performance to be degraded in accordance with the guidance contained within this IMC, and (2) taking additional regulatory actions (as appropriate).

d. Periodic review output. The output of the periodic review is a summary of the meeting results documented in a separate letter.

08.03 Mid-Cycle and End-of-Cycle Reviews.

a. Requirements. Region II conducts the mid-cycle and end-of-cycle reviews for each plant using the most recent inspection findings compiled over a rolling 24 months period. The mid-cycle review incorporates activities from the periodic review that followed the end of the first six months of the assessment period and will be completed within seven weeks. Additional activities include planning inspection activities for approximately 24 months
The mid-cycle and end-of–cycle reviews and subsequent letters should only discuss issues from inspections that were completed prior to the end of the reviews.

b. Preparation. In preparation for the mid-cycle and end-of-cycle reviews, Region II shall:

1. Develop a meeting agenda. The meeting agenda will identify the areas that should be addressed by Region II for all facilities, except those that are required to prepare a Plant Performance Summary. A single written agenda is sufficient to conduct the meeting. Each page of the meeting agenda should be clearly marked as “pre-decisional” to ensure that the document is not inadvertently released to the public.

2. Compile the plant issues matrix and the proposed inspection plan for each plant.

3. Develop a Plant Performance Summary for those facilities whose performance has been in the Degraded Cornerstone, Multiple/Repetitive Degraded Cornerstone, or Unacceptable Performance Columns of the Action Matrix.

4. The Plant Performance Summary packages will form the basis for the mid-cycle letter, as well as providing input to the next end-of-cycle review meeting. For the end-of-cycle review meeting, the Plant Performance Summary packages will assist Region II in conducting the meeting, will form the basis for the end-of-cycle assessment letter, and will also be

used to provide input to the Agency Action Review Meeting (if applicable). Each page of the Plant Performance Summary should be clearly marked as "pre-decisional" to ensure that the document is not inadvertently released to the public.

The Plant Performance Summary should include the following:

- an operating summary
- a performance overview (current overall assessment and previous assessment results)
- inspection results by cornerstones
- other issues (i.e., cross-cutting issues, non-FCSDP enforcement actions of at least severity level III over the past 24 months)
- a proposed inspection plan

5. Prepare a plant-specific action matrix as an attachment to the Plant Performance Summary. The plant specific action matrix should show the timeline and consideration of inspection findings in the assessment program and display the six-month status of safety- or security-significant inspection findings and the associated action matrix column over a sufficient timeline.

c. Conducting the review. The mid-cycle review meeting is chaired by the Director or Deputy of DFFI, and the end-of-cycle review meeting is chaired by the Region II Administrator. For the mid-cycle review meeting, the Region II/DFFI branch chiefs should take the lead in presenting the overall results of the review of their facilities to the division director. For the end-of-cycle review meeting, the Region II/DFFI division director and/or branch chiefs present the results of the end-of-cycle review to the Region II Administrator. The Region II branch chief responsible for physical security~~,~~ and the FCSS branch chiefs responsible for nuclear criticality safety and material control and accounting (MC&A~~), and the NSIR branch chief responsible for information security~~ information security is bnot developed to the point that is can be included in this document coordinates with the appropriate DFFI branch chiefs to provide adequate support for the presentation and the development of the inspection plan.

Other participants shall include resident inspectors for facilities with resident inspectors. Additional participants may include the Region II allegations coordinator or the agency allegations advisor, and any other additional resources deemed necessary by Region II.

Representatives from OI, OE, NSIR, and RES should participate if their support is needed when discussing specific inspection findings or pertinent performance issues that should be factored into the performance for a particular plant.

A senior risk analyst is not required to attend the meeting if their insights on safety- or security-significant performance issues have been provided before the meeting. The agency allegations advisor will provide any significant insights to

Region II at least one week in advance of the mid-cycle cycle and end-of-cycle review meeting.

The average time allocated for each plant review is intended to be between 20 minutes and one hour. The time allotted per review should be consistent with the number and significance of plant issues.

d. Mid-cycle and End-of Cycle Review output. The output of each review is two letters. One letter will be publically available and will discuss safety issues. The other will not be publically available and will would discuss security issues. The letters shall be issued within nine weeks of the end of the completion of each review period.

Signature authority for the mid-cycle and end-of-cycle letters is determined by the most significant column of the Action Matrix that the licensee has been in over the first two review periods of the current assessment cycle. However, the time frame is expanded to cover the four review periods of the current assessment cycle. For example, findings from the previous assessment cycle which are no longer active in the assessment process during the first two review periods of the current assessment cycle would not factor in to the signature authority determination.

The letters shall contain:

1. A summary of safety- or security-significant inspection findings for the two most recent six month periods as well as discussion of previous action taken by the licensee and the agency relative to these issues. Any changes in Action Matrix column status since the end of the previous cycle assessment period shall be noted.

   Performance issues from previous periods may be discussed if:

   (a) The agency's response to an issue had not been adequately captured in previous correspondence to the licensee.

   (b) These issues, when combined with assessment inputs from the most recent period, result in increased regulatory oversight that would not be apparent from reviewing only the most recent period's results.

2. A discussion of any approved deviations from the Action Matrix during the assessment period.

3. For licensees that have remained in the Degraded Cornerstone Column for three years or more, a discussion on why the licensee has remained in this column and how they plan to address the performance issues.

4. For facilities that are in the Multiple/Repetitive Degraded Cornerstone Column, a discussion of the performance issues contributing to the licensee being placed in this column and the licensee actions being taken to address the performance problems.

5. A discussion of non-FCSDP enforcement actions having Severity Level III or greater significance.

6. A discussion of findings that are currently being evaluated by the FCSDP that may affect the inspection plan.

7. A statement of any actions to be taken by the agency in response to safety-significant or security-significant issues, as well as any actions taken by the licensee.

8. An inspection plan consisting of approximately 15 months (from the issuance of the mid-cycle letter and end-of-cycle letter, respectively) of activities. The inspection plan will consist of Report 22 from the RPS.

In addition to the mid-cycle and end-of-cycle letter, the Region II/DFFI director may, at mid-cycle and end-of-cycle, conduct a public meeting near the site for any facility where the licensee's performance or local public interest in the licensee warrant a public meeting. This decision should be with the concurrence of the NMSS/FCSS director.

08.04 Public Mid-Cycle and End-of-Cycle Summary Meetings. Mid-cycle and end-of-cycle summary meetings are conducted at their conclusion to summarize the results of the review with the Director, NMSS (or another member of the NMSS Executive Team) and the Region II Administrator or designee.

a. Requirements. The purpose of the meetings is for the Region II/DFFI director to engage headquarters management in as a means of ensuring awareness of the facilities to be discussed at the AARM and the agency actions already taken in response to plant performance. The summary meetings are informational rather than decision-making meetings.

   The mid-cycle and end-of-cycle summary meetings will be scheduled within one week after the completion of the last mid-cycle and end-of-cycle review meetings, respectively. These meetings will occur after the completion of all the meetings but before the issuance of the assessment letters.

b. Preparation. Region II/DFFI, in coordination with NMSS/FCSS, will develop an agenda for the meeting.

c. Conducting the mid-cycle and end-of-cycle summary meetings. The Region II staff will: summarize the results of the mid-cycle and end-of-cycle reviews for those licensees whose performance in one or more review periods in the past 24 months has been in the Degraded Cornerstone column, Multiple/Repetitive

Degraded Cornerstone column, or Unacceptable Performance column of the Action Matrix.

During the mid-cycle and end-of-cycle summary meetings, the Region II/DFFI director will lead the discussion, supported by the NMSS/FCSS director.

XXXX-09 PROGRAM REVIEWS

09.01. Agency Action Review Meeting. An Agency Action Review Meeting (AARM) is conducted several weeks after issuance of the end-of-cycle or mid-cycle assessment letters. This meeting is attended by appropriate senior NRC managers and is chaired by the Executive Director for Operations (EDO) or designee.

Management Directive 8.14, "Agency Action Review Meeting," includes a more complete description of the meeting.

09.02 Commission Meeting. The EDO will brief the Commission annually to convey the results of the AARM, including a discussion of any deviations from the FCOP Action Matrix. The Commission should be briefed within approximately four weeks of the AARM, consistent with Commission availability, to ensure that the information presented is current.

XXXX-10 PUBLIC STAKEHOLDER INVOLVEMENT

10.01 Scheduling. Involvement of the public in the discussion of the results of the NRC's annual assessment of the licensee's performance can occur in various ways once the end-of-cycle or mid-cycle assessment letters have been issued. Licensee security performance will not be discussed at public meetings.

Public stakeholder involvement in the discussion of the results of the NRC's annual assessment of the licensee's performance should be conducted no earlier than one week after the end-of-cycle or mid-cycle assessment letters are issued in order to allow time for the licensee to review the contents of the letter.

For facilities that have been in the Degraded Cornerstone, Multiple/Repetitive Degraded Cornerstone, or Unacceptable Performance Column of the Action Matrix, involvement of the public in a meeting or some other appropriate venue should be generally scheduled within 16 weeks of the end of the end-of-cycle or mid-cycle assessments.

For facilities that have been in the Licensee Response or Regulatory Response Column of the Action Matrix during the entire assessment period, public stakeholder involvement must be scheduled within six months of the issuance of the end-of-cycle or mid-cycle assessment letter.

Region II should use this opportunity to engage interested stakeholders on the performance of the facility and the role of the agency in ensuring safe facility operations.

Public involvement can include a formal public meeting with the licensee, a meeting tailored to the public, an open house for the public, poster sessions, or other similar activities. Two separate venues/events can be considered, such as a public assessment meeting with the licensee, and a public event to discuss topics of interest, including areas of public interest.

The event should be conducted onsite or in the vicinity of the site and should be scheduled to ensure that it is accessible to members of the public. In determining what type of event or forum to conduct, the regions should consider, among other things, plant performance, public interest in plant performance, any discussion the regions need to have with the licensee, and any public interest areas.

10.02 Preparation

Region II shall notify:

- those on distribution for the annual assessment letters of the opportunity for public involvement in the discussion of the results of the NRC's annual assessment
- the media and State and local government officials of the event with the licensee and the issuance of the annual assessment letter.

Region II should consider the level of historical interest and performance issues, and should use the following additional tools, as appropriate, to inform members of the public of the event: press releases, advertisements in local newspapers, or letters soliciting attendance and/or interest to known parties.

Region II should also consider:

- practice sessions before meetings/events. Prior to the annual meeting(s), Region II should map out a strategy for the public meetings and conduct preparation sessions for higher-profile meetings, as needed.
- using the same agency spokesperson(s) at more than one site to give a consistent message and developing standard responses to repeated questions.

Region II should also consult with the regional public affairs staff in determining the end-of-cycle meetings and/or events at each site. NRC management, as specified in the Action Matrix, should normally be involved at the event. The appropriate level of NRC involvement is determined by the most significant column of the Action Matrix that the facility has been in over the assessment cycle. For facilities that have been in the Degraded Cornerstone, Multiple/Repetitive Degraded Cornerstone, or Unacceptable Performance Column of the Action Matrix, a formal public meeting with the licensee is required, at a minimum. These facilities may also be required to meet with the Commission depending on the circumstances as discussed in Section 10.02.

10.03 Conducting Public Stakeholder Involvement. The involvement of the public in the results of the NRC's assessment of licensee performance is intended to provide an opportunity for the NRC to engage interested stakeholders on the performance of the plant and the role of the agency in ensuring safe plant operations.

The assessment letters provide the minimum performance information that should be conveyed to the licensee in a public meeting, if conducted. However, this does not preclude the presentation of additional plant performance information when placed in the proper context. The licensee should be given the opportunity to respond at the meeting to any information contained in the annual assessment letter. The licensee should also be given the opportunity to present to the NRC any new or existing programs that are designed to maintain or improve their current performance.

If a meeting is held with a licensee, it will be a Category 1 public meeting in accordance with the Commission's policy on public meetings, with the exception that the meeting must be closed for such portions which may involve matters that should not be publicly disclosed under Section 2.390 of Title 10 of the *Code of Federal Regulations* (10 CFR 2.390). Members of the public, the press, and government officials from other agencies are considered as observers during the conduct of the meeting. However, attendees should be given the opportunity to ask questions of the NRC representatives after the conclusion of the meeting.

Public involvement in the results of the NRC's assessment of licensee performance should focus on topics of interest to the public. The format for the public involvement should not be limited to a Category 1 type meeting; it could include an open house, round table discussion, or poster board session. For higher-profile events, consideration should include agency or non-agency facilitators.

XXXX-11 ACTION MATRIX GUIDANCE

11.01 Treatment of Items Associated with Enforcement Discretion. A finding that includes a violation that meets all applicable requirements for enforcement discretion and meets the criteria discussed below, will be processed as specified in this section. The intent of this section is to establish FCOP guidance that supports the objective of enforcement discretion, which is to encourage licensee initiatives to identify and resolve problems, especially those subtle issues that are not likely to be identified by routine efforts.

The purpose of this approach is to place a premium on licensees initiating efforts to identify and correct safety- or security-significant issues that are not likely to be identified by routine efforts before degraded safety or security systems are called upon to work. The assessment program evaluates current performance issues.

Findings that include a violation subject to enforcement discretion must be dispositioned under one of the following categories:

a. Violations in Specified Areas of Interest Qualifying for Enforcement Discretion. Findings that include violations subject to the following enforcement discretion may be dispositional as described below: : Note: "Specified Areas of Interest" is unclear and warrants clarification.

The NRC will normally refrain from processing the related inspection finding through FCSDP and into the Action Matrix, if applicable. The finding must be documented in an inspection report noting that the related violation meets all applicable requirements for enforcement discretion as explicitly provided for in the associated authorizing document, and further meets the criteria listed below.

1. The licensee places the finding into their corrective action program. Licensees may track pre-existing performance deficiencies/violations and findings identified.

2. In cases where the authorizing document requires that a finding being given discretion must not be evaluated as ~~red~~see note on use of color codes, the staff may meet this provision if they determine that an NRC response at a level for a ~~Red~~ see note on use of color codes finding is not necessary to assure public health and safety and security. The staff does not need to complete an FCSDP to make this determination.

3. Licensees will implement appropriate compensatory measures for each finding immediately upon identification.

If the above criteria are not met, the staff may take whatever action is deemed necessary and appropriate, including the issuance of enforcement action, entry into the FCSDP and (if applicable) the Action Matrix, and implementation of supplemental inspections.

The cover letter that informs the licensee of the staff's exercise of enforcement discretion should include a clear explanation of the staff's basis for exercising enforcement discretion, including a reference to the applicable authorizing document(s) and this section of IMC XXXX. Cover letters should also be consistent with the guidance provided in the Enforcement Manual.

If a single finding has multiple related violations of which only a subset are eligible to be granted enforcement discretion, then the finding will be dispositioned in accordance with the normal FCSDP and Action Matrix process using the assumption that only the violations not subject to enforcement discretion existed. The violations subject to enforcement discretion will be processed and documented as findings in accordance with the provisions of this section.

11.02 "Counting" Inspection Findings in the Assessment Program. The start date used for consideration of inspection findings in the assessment program is the end of the inspection period that designates the issue as an AV, violation (VIO), finding (FIN), or non-cited violation (NCV) in the ~~reactor program system (RPS).~~What is this? How does it relate to fuel cycle facilities? Unresolved Items should be dispositioned according to IMC 0616 "Fuel Cycle Safety and Safeguards Inspection Reports", and appropriately updated in ~~RPS~~ see note above when additional information becomes available. For integrated inspection reports, this date should be the end of the quarterly inspection

period regardless of when the exit meeting was conducted. After a final determination of the significance of an inspection finding is made, Region II shall refer back to the appropriate date discussed above to determine if any additional action would have been taken had the significance of the inspection finding been known at that time.

11.03 Including and Removing Inspection and Parallel Inspection Findings in the Assessment Program.

a. An inspection finding should only be considered in the assessment program for four periods, unless it is held open based on the results of the supplemental inspection or because a supplemental inspection has not been conducted.

If the corresponding supplemental inspection reveals substantive inadequacies in the licensee's (1) evaluation of the root causes of the original inspection finding, (2) determination of the extent of the performance problems, or (3) actions taken or planned to correct the issue, then additional agency action, including additional enforcement actions or an expansion of the supplemental inspection procedure may be needed to independently acquire the necessary information to satisfy the inspection requirements.

In these situations, the original performance issue will remain open and will not be removed from consideration in the assessment program until the weaknesses identified in the supplemental inspection are addressed and corrected, or a supplemental inspection has been completed successfully. In the associated inspection report, Region II must convey the specific weaknesses that the licensee needs to address in order to remove this finding from consideration in the assessment program. The correspondence to the licensee describing the extension of an inspection finding in the assessment process beyond the normal four periods due to a significant weakness in the licensee's evaluation of the performance issue must be authorized by the DFFI division director after consulting with the FCSS director.

If inspection findings are extended beyond the original four periods, the findings will be removed from consideration in the Action Matrix after the period in which the successful supplemental inspection was completed. For example, if the inspection period for the successful inspection is in the second period, and the exit meeting and inspection report are issued in the third period, the finding would be considered in the Action Matrix during the second period, but not the third period.

11.04 Additional Supplemental Inspection and FCOP Action Matrix Guidance.

Note: A flow chart would greatly enhance an inspector's, licensee's and the public's understanding of the following discussion on the action matrix as it is somewhat difficult and tedious to follow based on the paragraphs below.

a. Generally, the supplemental inspection procedure associated with the most significant applicable column of the Action Matrix should only be performed

once. Until that supplemental inspection is satisfactorily completed, the licensee shall remain in the applicable column of the Action Matrix, even though subsequent quarters might indicate that one or more, ~~greater-than-green~~ See note on use of color codes inspection findings are no longer present in the Action Matrix.

b. The scope of supplemental inspections should include all ~~white, yellow, or red~~ see note on use of color codes performance issues in all cornerstones and strategic performance areas. For example, if an IP 950X2 inspection is being performed due to a see note on use of color codes~~yellow~~ finding in the Chemical Process cornerstone, the scope should also include any white inspection findings in that cornerstone or any other area.

If an IP 950X2 inspection is being performed due to three see note on use of color codes~~white~~ findings in the safety strategic performance area, the scope should include all see note on use of color codes~~white~~ inspection findings in all strategic performance areas and cornerstones.

c. If a see note on use of color codes ~~greater-than-green~~ inspection finding is approaching the end of the four periods it is considered in the Action Matrix and the licensee is ready for the supplemental inspection, the IP 950X1 inspection can be conducted, even though this finding and other Action Matrix inputs will be subject to a future IP 950X2 inspection.

If the IP 950X1 inspection is successful, the licensee would stay in the Degraded Cornerstone Column of the Action Matrix until the IP 950X2 is successful. However, the closed finding would not be used to determine whether the licensee will transition to the Multiple/Repetitive Degraded Cornerstone column.

For example, if an inspection finding starts in period one and the licensee has two or more greater-than- see note on use of color codes~~green~~ inputs in period three, the NRC can conduct the IP 950X1 inspection on the first issue in period four if the licensee is ready, even though they are not ready for the IP 950X2 inspection.

> Example: A plant has a see note on use of color codes~~white~~ finding starting in period one, the NRC completes an IP 950X1 inspection in period three, and the plant has another see note on use of color codes~~white~~ input starting in period four. Since the plant would be in the degraded cornerstone Column in period four, the licensee would stay in the Degraded Cornerstone Column until the IP 950X2 inspection is completed satisfactorily (even though the initial see note on use of color codes~~white~~ finding would no longer be active in the Action Matrix). The initial see note on use of color codes~~white~~ finding would also not be used to determine whether the plant would transition to the Multiple/Repetitive Degraded Cornerstone Column.

If the IP 950X1 inspection is completed successfully in the fourth period, the licensee will remain in the Degraded Cornerstone Column until all aspects of the IP 950X2 inspection scope are successfully completed. However, the closed inspection finding (which started in period one) will not be used when determining if the licensee should transition to the Multiple/Repetitive Degraded Cornerstone Column.

Likewise, any inspection finding that is satisfactorily inspected and resolved through the conduct of a IP 950X2 inspection, and is considered isolated from the other findings, can be removed from consideration in the Action Matrix once the finding has been input into the Action Matrix for four periods. The basis for the NRC's actions should be stated in the inspection report cover letter. The cover letter should also include the licensee actions necessary to close the remaining (held open) issues.

d. If a see note on use of color codes~~white~~ inspection finding subsequently occurs in an unrelated cornerstone or strategic performance area, the associated supplemental inspection should be conducted at the appropriate level.

For example, if two see note on use of color codes~~white~~ findings are discovered in the criticality safety cornerstone, Region II or FCSS inspects using IP 950X2. If an additional white inspection finding is discovered in the occupational radiation safety cornerstone, then Region II should inspect this finding using IP 950X1.

11.05 Deviations from the Action Matrix. There may be rare instances in which the regulatory actions dictated by the Action Matrix may not be appropriate. In these instances, the agency may deviate from the Action Matrix (which is described in Section 10.01 of this IMC) to either increase or decrease agency action.

a. A deviation is defined as any regulatory action taken that is inconsistent with the range of actions discussed in Section 10.02 of this IMC. Deviations from the Action Matrix shall be documented in the appropriate letter to the licensee (i.e., assessment follow-up letter, mid-cycle or annual assessment letter) or separate docketed correspondence.

b. The EDO shall approve all deviations from the Action Matrix and inform the Commission when deviations are approved and annually at the Commission meeting on the results of the AARM.

1. Memoranda requesting deviations from the Action Matrix should be initiated by the Region II administrator to the EDO and should go through the Office Director of NMSS for program office approval. Any deviations from the Action Matrix shall be documented in the subsequent mid-cycle or assessment letter.

2. Letters requesting deviations from the Action Matrix should include a synopsis of the licensee performance deficiencies, the required NRC actions per the Action Matrix for these inputs, the proposed alternative actions, and Region II's rationale for requesting the deviation.

   Deviations from the Action Matrix may be considered for such things as:

   (1) multiple examples of non-FCSDP Severity Level III or greater enforcement actions, or (2) a type of finding unanticipated by the FCSDP that results in an inappropriate level of regulatory attention when entered into the Action Matrix.

11.06 Problem Identification and Resolution Inspections. Each time a facility enters the Degraded Cornerstone Column of the Action Matrix, Region II should assess the benefit of performing an additional PI&R team inspection in accordance with IP 88152. A maximum of one additional inspection should be considered for the two-year period following the period in which the facility reached the Degraded Cornerstone Column of the Action Matrix. In those instances where an additional inspection is deemed appropriate, Region II should provide the basis for its decision to conduct the inspection in the appropriate assessment letter (assessment letter, mid-cycle letter, or assessment follow-up letter) to the licensee.

11.07 Transitioning to the Restart Process. The normal criteria for considering a plant for the Restart process are: (1) plant performance is in the Multiple/Repetitive Degraded Cornerstone Column or the Unacceptable Performance Column of the Action Matrix, or a significant operational event has occurred as defined by Management Directive 8.3; (2) the plant is shutdown or has committed to shutdown the plant to address these performance issues (whether voluntary or via an agency order to shutdown); (3) a regulatory hold is in effect, such as a Confirmatory Action Letter (CAL) or an agency order; and (4) an agency management decision is made to place the plant in the Restart process.

During the Restart process, periodic assessment of licensee performance is no longer under the auspices of this IMC but is now under a Restart process developed for the specific licensee based on performance problems.

The following are examples of the appropriate level of regulatory engagement between the agency and a licensee once a plant has entered the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix and how the Restart process may be applied:

1. Plant A continues to operate and regulatory engagement is dictated by the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix. The agency performs supplemental IP 950X3 (if not already performed) and the plant remains under the level of oversight dictated by this IMC and is not transferred to the Restart Oversight process.

2. Plant B performs a voluntary shutdown to address performance issues. The agency performs supplemental IP 950X3 (if not already performed) and

issues a confirmatory action letter (CAL) to document licensee commitments to the agency. The plant remains under the level of oversight dictated by this IMC and is not transferred to the Restart Oversight process.

3. Plant C performs a voluntary shutdown to address performance issues. The agency issues a CAL to ensure a common understanding of licensee commitments to address the underlying performance deficiencies. The entry conditions for Restart process have been met and agency management determines that this process should be implemented. At this point, periodic assessment of licensee performance is no longer dictated by this IMC and is transferred to the Restart process. Plant performance is not determined to be unacceptable.

4. Plant D voluntarily shuts down to address performance issues. The agency determines that one of the criteria in Section 10.02.e. for unacceptable performance is met. The plant is considered to be in the Unacceptable Performance column of the Action Matrix and a shutdown order is issued by the agency. The plant is transferred to the Restart process.

5. Plant E, which is operating, is issued an order by the agency to shutdown because it is considered to have met one of the criteria in Section 10.02.e. The licensee's performance is declared to be unacceptable and the plant will be transferred to the Restart process.

11.08 Transitioning out of the Restart Process. Once the conditions for restart have been completed the Region II administrator will issue a restart authorization letter. The restart authorization letter will include the basis for restart.

Additionally, for a period of up to two years after the plant has exited the Restart process, Region II may use some actions that are consistent with the Degraded Cornerstone or Multiple/Repetitive Degraded Cornerstone column of the Action Matrix in order to ensure the appropriate level of agency oversight of licensee improvement initiatives.

These actions do not constitute a deviation from the Action Matrix. Actions can include senior management participation at periodic meetings/site visits focused on reviewing the results of improvement initiatives (such as efforts to reduce corrective action backlogs and progress in completing the Performance Improvement Plan), the annual public meetings, authorization of the contents of the subsequent assessment letters, and non-baseline Order and CAL. The actions taken, above those required by the Action Matrix, shall be discussed at the following mid-cycle and end-of-cycle review meetings. These actions will also be described in the following mid-cycle and annual assessment letters until the end of the extended period of time. All assessment letters that address these additional actions shall include the Director, FCSS, on concurrence.

XXXX-12 SUBSTANTIVE CROSS-CUTTING ISSUES[3]

The FCOP was developed with the presumption that facilities which had significant performance issues with cross-cutting areas would be revealed through the existence of safety- or security-significant inspection findings. Accordingly, in identifying a SCCI, there must be an NRC concern that the licensee has had multiple performance deficiencies that had commonality in the central cross-cutting aspects.

12.01 Identifying Cross-Cutting Aspects and Cross-Cutting Themes. In order to determine whether SCCIs exist at a site, an assessment must be performed during the preparation for the mid-cycle and end-of-cycle assessment meetings. This is a three step process:

a. Identify cross-cutting aspects. During inspections, findings (and any subsequent developments associated with the issue) are reviewed by the inspector to identify the cause(s) associated with the cross-cutting aspects, if any exists. Inspectors should have made this decision based on available causal information. The level of information available on the cause(s) for an issue is normally commensurate with the significance of the issue. For risk-significant issues, licensees will typically perform a root cause evaluation. For issues having low risk significance, licensees will typically perform an apparent cause evaluation. As part of the inspection process, inspectors should have identified the cause(s) that provides the most meaningful insight into the performance deficiency. Inspectors are not expected to perform independent causal evaluations beyond what would be appropriate for the risk significance of the issue to obtain more precise causal information.

> For example, an inspection finding associated with an operator not restoring a component to its proper position as required by procedure is the result of a procedure step being missed because the operator failed to use the expected human error prevention tool, Place Keeping. The cross-cutting aspect in HU of that finding is a failure to implement an expected human error prevention technique, NOT a failure to follow procedure

Assessing whether a finding has a cross-cutting aspect under SCWE is focused on the environment for raising concerns rather than an individual performance issue. As a result, the inspector should have: (1) confirmed that the behavior or interaction which impacted the free flow of information relative to nuclear safety occurred; (2) that other individuals witnessed the behavior or interaction; (3) that the behavior or interaction would reasonably discourage individuals from raising safety or security issues; and (4) that other individuals perceived the behavior or interaction as discouraging the raising of safety or security concerns. During the inspection, the inspector and their branch chief should contact the SCWE Finding Review Group (chaired by the Agency Allegation Advisor) to discuss the potential assignment of a SCWE cross-cutting aspect.

[3] Development of Substantive Cross-Cutting Issues for the Revised Fuel Cycle Oversight Process will be implemented in the future.

Inspectors should have also identified whether a cross-cutting aspect should be assigned to any finding associated with traditional enforcement actions. If there is no finding associated with the traditional enforcement action (i.e. not processed through the FCOP significance determination process), then no cross-cutting aspect assignment is considered.

In order to support the evaluation of findings with their assigned cross-cutting aspect(s), the inspectors should have provided sufficient detail in the PIM and provided periodic updates as new information becomes available in accordance with IMC XXX (0306) (LATER) and IMC 0616. In accordance with IMC 0616, if the cross-cutting aspect assignment to a finding changes following issuance of an inspection report, the change should also be discussed with the licensee in a re-exit and documented in the integrated report that is open at the time of the revision. Transmittal letters for inspection reports that contain findings with associated cross-cutting aspects, should request licensees who disagree with the assigned cross-cutting aspect to respond in writing within 30 days of the date of the inspection report and provide the basis for their disagreement to Region II.

b. Evaluate findings. Prepare for the mid-cycle and end-of-cycle meetings by evaluating the findings that have been previously documented with a cross-cutting aspect in the applicable inspection report in accordance with IMC 0616. The findings should be evaluated on a site-wide (i.e. multi-unit) basis, along with the assigned cross-cutting aspect(s) of the cross-cutting area components which are described in Appendix A of this IMC. There should typically be only one principal cause and one cross-cutting aspect associated with each finding. However, on rare occasion it may be appropriate for some unique or complex inspection findings with multiple root causes to be associated with more than one cross-cutting aspect. In these cases, Region II must obtain concurrence from the FCSS director or his/her designee.

c. Identify cross-cutting themes. The findings should be examined to identify whether there are four or more findings that have the same assigned cross-cutting aspect. The cause of the findings should not be evaluated with any greater degree of precision, such as attempting to identify a partial cross-cutting aspect.

12.02 Criteria for a Substantive Cross-Cutting Issue.

a. Problem identification and resolution or human performance. A SCCI in these cross-cutting areas would exist if the following two criteria are met:

1. There are four or more see note on use of color codes~~green~~ or safety- or security-significant inspection findings in the PIM for the current assessment period with the same documented cross-cutting aspect (i.e., a cross-cutting theme(s)) in the cross-cutting areas of human performance or problem identification and resolution.

Observations or violations that are not findings should not be considered in this determination.

2. The Agency has a concern with the licensee's scope of efforts or progress in addressing the cross-cutting theme(s). In evaluating whether this criterion is met, Region II should consider if any of the following situations exist:

   (a) The licensee had not identified or recognized the cross-cutting theme(s) affected other areas and had not taken any actions to address it.

   (b) The licensee recognized the cross-cutting theme(s) affected other areas but failed to schedule or take appropriate corrective action.

   (c) The licensee recognized the cross-cutting theme(s) affected other areas but waited too long in taking corrective actions. very subjective, needs to be clarified

   (d) The licensee has implemented a range of actions to address the cross-cutting theme(s); however, these actions have not yet proven effective in substantially mitigating the cross-cutting theme(s) even though a reasonable duration of time has passed (for example: During an exit meeting in December a licensee was informed of multiple findings with the same cross-cutting aspect. It is unlikely that when the potential for a SCCI is evaluated at the end-of-cycle meeting, that a reasonable duration has passed for the licensee actions to be proven effective. In this case, it would not be appropriate to identify a SCCI.).

b. Safety conscious work environment. A SCCI in this cross-cutting area would exist if, during an 18-month period, the following two criteria are met:

   1. There was an impact on safety conscious work environment that was not isolated, and at least one of the following three conditions exists:

      (a) There is a see note on use of color codes ~~green~~ or safety- or security-significant inspection finding in the PIM with a documented cross-cutting aspect in the area of safety conscious work environment. Observations or violations that are not findings should not be considered in this determination,

      (b) The licensee has received a ~~chilling effect letter~~define,

      (c) The licensee has received correspondence from the NRC which transmitted an enforcement action with a Severity Level of I, II, or III,

and which involved discrimination, or a confirmatory order which involved discrimination.

> Note: For the purpose of meeting this criteria, "not isolated" is defined as "an impact where the sphere of influence spans beyond one individual, such that multiple individuals, involving different groups (i.e., each shift crew, and each functional group such as electrical maintenance, is considered a different group within the organization) within the organization or levels of the organization are affected. Consideration should be given to the roles, responsibilities, and job functions of the impacted individuals, as well as insights from the most recent PI&R inspection and the number and nature of allegations received during the review period."

2. The Agency has a concern with the licensee's scope of efforts or progress in addressing the individual and collective performance deficiencies that satisfied the previous criteria for SCWE. In evaluating whether these criteria are met, Region II should consider if any of the following situations exist:

   (a) The licensee had not identified or recognized the SCWE concern affected other areas and had not taken any actions to address it.

   (b) The licensee recognized the SCWE concern affected other areas but failed to schedule or take appropriate corrective action.

   (c) The licensee recognized the SCWE concern affected other areas but waited too long in taking corrective actions.

   (d) The licensee has implemented a range of actions to address the SCWE concern; however, these actions have not yet proven effective in substantially mitigating the area of concern even though a reasonable duration of time has passed.

The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.~~12.03 Safety Culture Components within the Cross-Cutting Areas. The cross-cutting area components (i.e., the components of safety culture directly related to one of the cross-cutting areas) are described in Appendix A of this IMC. Descriptions of these components provide cross-cutting aspects that are associated with findings by the inspector and used in the evaluation conducted to identify cross-cutting themes.~~

~~12.04 Other Safety Culture Components. Some components of safety culture are not associated with cross-cutting areas. These components, when combined with the cross-cutting area components described above for human performance, problem identification and resolution and safety conscious work environment, comprise the safety culture components. The other safety culture components are described in more detail in the last section of this Appendix and are considered during the conduct of the~~

~~supplemental inspection program, while the cross-cutting area components are considered during the conduct of both the baseline and supplemental inspection programs.~~

12.05 Documentation and Follow-Up Actions.

a. The assessment letter should summarize the specific SCCI in one to two paragraphs of text including:

1. Identifying the findings and their common cross-cutting aspects used to identify the SCCI,

2. Identifying both the single SCCI and each individual cross-cutting theme of that SCCI,

3. Placing the cross-cutting issue into the proper safety perspective,

4. Describing the agency's action in the baseline program to monitor the issue, specifically indicating how the staff will follow-up on the SCCI. The following are examples of how the staff may follow-up on a SCCI:
   - through semi-annual trend reviews conducted during the End-of-Cycle and Mid-Cycle reviews;
   - as a PI&R follow-up inspection item performed in accordance with IP 88152, "Fuel Cycle Facility Identification And Resolution of Problems," Section 03.02, "Selected Issue Follow-up Inspection;" or
   - during a PI&R inspection in accordance with IP 88152, "Fuel Cycle Facility Identification and Resolution of Problems."

5. Stating the agency's assessment of the licensee's ability to address the SCCI or the licensee's progress to correct the issue, and

6. Defining criteria for clearing the cross-cutting issue. Examples of criteria include but are not limited to:
   - Fewer findings with the same causal factor. In this case, if the number of findings in the current assessment was less than the number when the cross-cutting issue was opened, then the SCCI would be cleared.
   - More confidence in the licensee's corrective action program and their ability to correct the issues. In this case, if the staff had confidence in the licensee's program, even in situations where the SCCI threshold was exceeded, then the SCCI would be cleared.
   - The trend in the number of findings with the same cross-cutting aspect as the SCCI during the two most recent 6-month period can also be evaluated when considering whether to clear the SCCI.

   For a SCCI with multiple cross-cutting themes, all of the cross-cutting themes need to be cleared before the SCCI can be cleared.

b. In the absence of clarification in the assessment letter, the decision to continue to highlight a SCCI in the next assessment will be based on the criteria used to initiate a SCCI. In this case, the PI&R and HU findings for a 12-month window or the SCWE findings for the three assessment period window will be analyzed against the conditions listed in Section 2.2.

   If the number of findings in the current assessment is less than the SCCI threshold, the existing SCCI will be cleared, unless there is an overlapping Confirmatory Action Letter that remains open.

c. If a plant has been issued a CAL that contains improvement issues similar to the cross-cutting areas, then follow-up is not based on meeting the conditions for a SCCI since the completion of the licensee's commitments as specified in the CAL takes precedence.

d. When the NRC identifies a SCCI in the mid-cycle or assessment letter, the licensee should place this issue into its corrective action program, perform an analysis of causes of the issue, and develop appropriate corrective actions. The licensee's completed evaluation may be reviewed by Region II and documented in the next mid-cycle or assessment letter.

e. If a SCCI is discussed in a mid-cycle or annual assessment letter, then the next annual or mid-cycle assessment letter should address the licensee's performance in this area. Region II will evaluate the findings for the current assessment period with cross-cutting aspects against the above listed criteria and the criteria for clearing the SCCI as outlined in the assessment letter.

   The next mid-cycle or annual assessment letter will state one of the following:

   1. The issue has been satisfactorily resolved and referenced the inspection report that documented the follow-up or summarize the agency's assessment against the above listed criteria,

   2. The licensee still meets criterion in Section 2.2; however the agency does not have a concern with the licensee's scope of efforts or progress in addressing the issue and therefore the SCCI has been closed , or

   3. A summary of the licensee's progress in addressing the issue.

f. In the second consecutive assessment letter identifying the same SCCI with the same cross-cutting aspect, Region II may consider requesting that:

   1. The licensee provide a response at an annual public meeting,

   2. The licensee provide a written response to the substantive cross-cutting issues raised in the assessment letters, or

   3. A separate meeting be held with the licensee.

If a meeting with the licensee is requested, the guidance discussed in Section 07.01.a. for a regulatory performance meeting will be used to determine the appropriate level of management to chair the meeting and whether a public meeting is required. The Region II branch chief or division director should chair the meeting for facilities within the Licensee Response Column of the Action Matrix.

Region II should use an IP 88152 inspection(s) to evaluate the licensee's progress in addressing the SCCI as part of the more in-depth annual review sample.

g. The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.~~In the third consecutive assessment letter identifying the same substantive cross-cutting issue with the same cross-cutting aspect, Region II would typically request that the licensee perform an assessment of safety culture. Region II could conclude a safety culture assessment request is not warranted if the licensee has made reasonable progress in addressing the issue but has not yet met the specific closure criteria for the issue. Typically, this safety culture evaluation would consist of a licensee independent assessment.~~

~~Region II should review the licensee's safety culture assessment using appropriate elements from IP 950X3. Amplified guidance is being provided in IP 88152 on how the staff will perform follow-up when the NRC requests the licensee to perform a safety culture assessment. The focus of the follow-up effort will be to confirm that the licensee is appropriately dealing with the weaknesses identified by their safety culture assessment.~~

The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.~~The overview of NRC's assessment should be documented in the next mid-cycle or assessment letter. If Region II believes the licensee has failed to resolve the SCCI in a timely manner, Region II should consider conducting a focused IP 88152 team inspection to ensure an appropriate level of oversight of the corrective actions involving the safety culture of the facility.~~

In recognition that SCWE related SCCIs are much more difficult for licensees to address, and for licensee remedial actions to take affect, Region II can defer requesting the licensee to conduct a safety culture assessment, and the consideration of conducting the IP 88152 follow-up team inspection until the fourth consecutive assessment letter identifying the same SCCI with the same SCWE cross-cutting aspect.

END

APPENDIX:

A Potential Safety Culture Components

EXHIBITS:

1. Process Activities
2. Action Matrix

ATTACHMENT:

1. Revision History

Appendix A

The NRC has not released its policy statement or has regulations for safety culture, therefore it is not appropriate to include this item at this time.**Potential Safety Culture Components**

The following list of potential safety culture components and aspects are taken from the current Reactor Oversight Program (see Inspection Manual Chapter 0305, "Operating Reactor Assessment Program," Appendix A). Specific description details may need to be revised to be more applicable to the fuel cycle environment. These changes will be considered and developed in the future, in conjunction with related agency wide safety culture activities.

Components within the Cross-Cutting Areas

Human Performance (H).

1. Decision-Making. - Licensee decisions demonstrate that nuclear safety and security are overriding priorities. Specifically (as applicable):

   (a) The licensee makes safety- and security-significant or risk-significant decisions using a systematic process, especially when faced with uncertain or unexpected plant conditions, to ensure safety and security are maintained. This includes formally defining the authority and roles for decisions affecting nuclear safety and security, communicating these roles to applicable personnel, and implementing these roles and authorities as designed and obtaining interdisciplinary input and reviews on safety- and security-significant or risk-significant decisions. H.1(a)

   (b) The licensee uses conservative assumptions in decision making and adopts a requirement to demonstrate that the proposed action is safe in order to proceed rather than a requirement to demonstrate that it is unsafe in order to disapprove the action. The licensee conducts effectiveness reviews of safety- and security-significant decisions to verify the validity of the underlying assumptions, identify possible unintended consequences, and determine how to improve future decisions. H.1(b)

   (c) The licensee communicates decisions and the basis for decisions to personnel who have a need to know the information in order to perform work safely, in a timely manner. H.1(c)

2. Resources - The licensee ensures that personnel, equipment, procedures, and other resources are available and adequate to assure nuclear safety and security. Specifically, those necessary for:

(a) Maintaining long term plant safety by maintenance of design margins, minimization of long-standing equipment issues, minimizing preventative maintenance deferrals, and ensuring maintenance and engineering backlogs which are low enough to support safety. H.2(a)

(b) Training of personnel and sufficient qualified personnel to maintain work hours within working hour guidelines. H.2(b)

(c) Complete, accurate and up-to-date design documentation, procedures, and work packages, and correct labeling of components. H.2(c)

(d) Adequate and available facilities and equipment, including physical improvements, simulator fidelity and emergency facilities and equipment. H.2(d)

3. Work Control - The licensee plans and coordinates work activities, consistent with nuclear safety. Specifically (as applicable):

(a) The licensee appropriately plans work activities by incorporating H.3(a):

- risk insights;
- job site conditions, including environmental conditions which may impact human performance; plant structures, systems, and components; human-system interface; or radiological safety; and
- the need for planned contingencies, compensatory actions, and abort criteria.

(b) The licensee appropriately coordinates work activities by incorporating actions to address H.3(b):

- the impact of changes to the work scope or activity on the plant and human performance,
- the impact of the work on different job activities, and the need for work groups to maintain interfaces with offsite organizations, and communicate, coordinate, and cooperate with each other during activities in which interdepartmental coordination is necessary to assure plant and human performance,
- the need to keep personnel apprised of work status, the operational impact of work activities, and plant conditions that may affect work activities,
- The licensee plans work activities to support long-term equipment reliability by limiting temporary modifications, operator work-arounds, safety systems unavailability, and reliance on manual actions. Maintenance scheduling is more preventive than reactive.

4. Work Practices - Personnel work practices support human performance. Specifically (as applicable):

(a) The licensee communicates human error prevention techniques, such as holding pre-job briefings, self and peer checking, and proper documentation of activities. These techniques are used commensurate with the risk of the assigned task, such that work activities are performed safely. Personnel are fit for duty. In addition, personnel do not proceed in the face of uncertainty or unexpected circumstances. H.4(a)

(b) The licensee defines and effectively communicates expectations regarding procedural compliance and personnel follow procedures. H.4(b)

(c) The licensee ensures supervisory and management oversight of work activities, including contractors, such that nuclear safety and security are supported. H.4(c)

Problem Identification and Resolution (P)

1. Corrective Action Program - The licensee ensures that issues potentially impacting nuclear safety or security are promptly identified, fully evaluated, and that actions are taken to address safety and security issues in a timely manner, commensurate with their significance. Specifically (as applicable):

   (a) The licensee implements a corrective action program with a low threshold for identifying issues. The licensee identifies such issues completely, accurately, and in a timely manner commensurate with their safety or security significance. P.1(a)

   (b) The licensee periodically trends and assesses information from the CAP and other assessments in the aggregate to identify programmatic and common cause problems. The licensee communicates the results of the trending to applicable personnel. P.1(b)

   (c) The licensee thoroughly evaluates problems such that the resolutions address causes and extent of conditions, as necessary. This includes properly classifying, prioritizing, and evaluating for operability and reportability conditions adverse to quality. This also includes, for significant problems, conducting effectiveness reviews of corrective actions to ensure that the problems are resolved. P.1(c)

   (d) The licensee takes appropriate corrective actions to address safety or security issues and adverse trends in a timely manner, commensurate with their safety- or security-significance and complexity. P.1(d)

   (e) If an alternative process (i.e., a process for raising concerns that is an alternate to the licensee's corrective action program or line management) for raising safety or security concerns exists, then it results in appropriate and timely resolutions of identified problems. P.1(e)

2. Operating experience - The licensee uses operating experience (OE) information, including vendor recommendations and internally generated lessons learned, to support plant safety and security. Specifically (as applicable):

   (a) The licensee systematically collects, evaluates, and communicates to affected internal stakeholders in a timely manner relevant internal and external OE. P.2(a)

   (b) The licensee implements and institutionalizes OE through changes to station processes, procedures, equipment, and training programs. P.2(b)

3. Self- and Independent Assessments - The licensee conducts self- and independent assessments of their activities and practices, as appropriate, to assess performance and identify areas for improvement. Specifically (as applicable):

   (a) The licensee conducts self-assessments at an appropriate frequency; such assessments are of sufficient depth, are comprehensive, are appropriately objective, and are self-critical. The licensee periodically assesses the effectiveness of oversight groups and programs such as CAP, and policies. P.3(a)

   (b) The licensee tracks and trends safety and security indicators which provide an accurate representation of performance. P.3(b)

   (c) The licensee coordinates and communicates results from assessments to affected personnel, and takes corrective actions to address issues commensurate with their significance. P.3(c)

Safety Conscious Work Environment (S)

1. Environment for Raising Concerns - An environment exists in which employees feel free to raise concerns both to their management and/or the NRC without fear of retaliation and employees are encouraged to raise such concerns. Specifically (as applicable):

   (a) Behaviors and interactions encourage free flow of information related to raising nuclear safety and security issues, differing professional opinions, and identifying issues in the CAP and through self assessments. Such behaviors include supervisors responding to employee safety and security concerns in an open, honest, and non-defensive manner and providing complete, accurate, and forthright information to oversight, audit, and regulatory organizations. Past behaviors, actions, or interactions that may reasonably discourage the raising of such issues are actively mitigated. As a result, personnel freely and openly communicate in a clear manner

conditions or behaviors, such as fitness for duty issues that may impact safety and security, and personnel raise nuclear safety and security issues without fear of retaliation. S.1(a)

(b) If alternative processes (i.e., a process for raising concerns or resolving differing professional opinions that are alternates to the licensee's corrective action program or line management) for raising safety and security concerns or resolving differing professional opinions exists, then they are communicated, accessible, have an option to raise issues in confidence, and are independent, in the sense that the program does not report to line management (i.e., those who would in the normal course of activities be responsible for addressing the issue raised). S.1(b)

2. Preventing, Detecting, and Mitigating Perceptions of Retaliation - A policy for prohibiting harassment and retaliation for raising nuclear safety and security concerns exists and is consistently enforced in that:

(a) All personnel are effectively trained that harassment and retaliation for raising safety and security concerns is a violation of law and policy and will not be tolerated. S.2(a)

(b) Claims of discrimination are investigated consistent with the content of the regulations regarding employee protection and any necessary corrective actions are taken in a timely manner, including actions to mitigate any potential chilling effect on others due to the personnel action under investigation. S.2(b)

(c) The potential chilling effects of disciplinary actions and other potentially adverse personnel actions (e.g., reductions, outsourcing, and reorganizations) are considered and compensatory actions are taken when appropriate. S.2(c)

Other Safety Culture Components

This section describes components of safety culture which are not associated with cross-cutting areas. These components, when combined with the cross-cutting area components described above for human performance, problem identification and resolution and safety conscious work environment, comprise the safety culture components. Components in this section are considered during the conduct of the supplemental inspection program, while the cross-cutting area components are considered during the conduct of both the baseline and supplemental inspection programs. [C4]

1. Accountability - Management defines the line of authority and responsibility for nuclear safety and security. Specifically (as applicable):

(a) Accountability is maintained for important safety and security decisions in that the system of rewards and sanctions is aligned with nuclear safety and security policies and reinforces behaviors and outcomes which reflect safety and security as an overriding priority.

(b) Management reinforces safety and security standards and displays behaviors that reflect safety and security as overriding priorities.

(c) The workforce demonstrates a proper safety and security focus and reinforces safety and security principles among their peers.

2. Continuous learning environment - The licensee ensures that a learning environment exists. Specifically (as applicable):

(a) The licensee provides adequate training and knowledge transfer to all personnel on site to ensure technical competency.

(b) Personnel continuously strive to improve their knowledge, skills, and safety and security performance through activities such as benchmarking, being receptive to feedback, and setting performance goals. The licensee effectively communicates information learned from internal and external sources about industry and plant issues.

3. Organizational change management -Management uses a systematic process for planning, coordinating, and evaluating the safety and security impacts of decisions related to major changes in organizational structures and functions, leadership, policies, programs, procedures, and resources. Management effectively communicates such changes to affected personnel.

4. Safety and security policies - Safety and security policies and related training establish and reinforce that nuclear safety and security are overriding priorities in that:

(a) These policies require and reinforce that individuals have the right and responsibility to raise nuclear or security issues through available means, including avenues outside their organizational chain of command and to external agencies, and obtain feedback on the resolution of such issues.

(b) Personnel are effectively trained on these policies.

(c) Organizational decisions and actions at all levels of the organization are consistent with the policies. Production, cost and schedule goals are developed, communicated, and implemented in a manner that reinforces the importance of nuclear safety and security.

(d) Senior managers and corporate personnel periodically communicate and reinforce nuclear safety and security such that personnel understand that safety and security is of the highest priority.

Exhibit 1 - Process Activities

Level of Review	Frequency/ Timing	Participants (* indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	SRI, RI, regional inspectors, SRAs	Performance awareness	None required, notify licensee by an Assessment Follow-Up letter only if thresholds crossed.
Periodic (Quarterly or Semi-annually)	Once per quarter/semi-annual - Five weeks after end of quarter	DRP: BC*, PE, SRI, RI	Input/verify PIM data, detect early trends	Update data set, notify licensee by an Assessment Follow-Up letter only if thresholds crossed.
Mid-Cycle	At mid-cycle/ Seven weeks after end of second period	DFFI and FCSS DD*, DFFI, FCSS and security BCs	Detect trends, plan inspection	Mid-cycle letter with an inspection plan of approximately 15 months.
End-of-Cycle	At end-of-cycle/ Seven weeks after end of assessment cycle	DFFI and FCSS DD, RA*, BCs, principal inspectors, SRAs, HQ offices as appropriate.	Assessment of plant performance, oversight and coordination of regional actions	Annual assessment letter with an inspection plan of approximately 15 months.
End-of-Cycle Summary Meeting	The end-of-cycle summary meeting will be scheduled within one week after the completion of the last regional end-of-cycle review	DIR NMSS, RA, BCs, OE, OI, other HQ offices as appropriate.	Summarize results of the end-of-cycle review	Information to be discussed at Agency Action Review Meeting.
Agency Action Review	Annually/ Several weeks after issuance of the assessment letters	EDO*, DIR NMSS, RA DFFI and FCSS DDs, OE, OI, other HQ offices as appropriate.	Review of the appropriateness of agency actions	Commission briefing, followed by public meetings with individual licensees to discuss assessment results, as appropriate.

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		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/ Repetitive Degraded Cornerstone Column	Unacceptable Performance Column	Restart Process
RESULTS		All Inspection Findings) This document should not use the colors of green/white/yello w/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities. ~~Green;~~ Cornerstone Objectives Fully Met	One or Two This document should not use the colors of green/white/yellow/ red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities. ~~White~~ Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Met	One Degraded Cornerstone (2 White Inputs or 1 Yellow Input) or any 3 White Inputs in a Strategic Performance Area; Cornerstone Objectives Met with Moderate Degradation in Safety and security Performance This document should not use the colors of green/white/yello w/red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities.	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input; Cornerstone Objectives Met with Longstanding Issues or Significant Degradation in Safety and security Performance This document should not use the colors of green/white/yellow/ red without a clear definition for each as it relates to risk and how they will be applied across the fuel cycle facilities.	Overall Unacceptable Performance; Facilities Not Permitted to Operate Within this Band, Unacceptable Margin to Safety and security	Facilities in a shutdown condition with performance problems placed under the IMC Restart process
RESPONSE	Regulatory Performance Meeting	None	Branch Chief (BC) or Division Director (DD) Meet with Licensee	Regional Administrator (RA) (or Designee) Meet with Senior Licensee Management.	EDO/DEDO (or Designee) meet with Senior Licensee Management	EDO/DEDO (or Designee) Meet with Senior Licensee Management	RA/EDO (or Designee) Meet with Senior Licensee Management
	Licensee Action	Licensee Corrective Action	Licensee Root cause Evaluation and corrective action with NRC Oversight	Licensee cumulative root cause evaluation with NRC Oversight	Licensee Performance Improvement Plan with NRC Oversight		Licensee Performance Improvement Plan / Restart Plan with NRC Oversight
	NRC Inspection	Risk-Informed Baseline Inspection Program	Baseline and supplemental inspection procedure 950X1	Baseline and supplemental inspection procedure 950X2	Baseline and supplemental inspection procedure 95003		Baseline and Supplemental as Practicable, Plus Special Inspections per Restart Checklist.
	Regulatory Actions[2]	None	Supplemental inspection only	Supplemental inspection only Plant Discussed at AARM if Conditions Met	-10 CFR 2.204 DFI - CAL/Order Plant Discussed at AARM	Order to Modify, Suspend, or Revoke Licensed Activities Plant Discussed at AARM	CAL/Order Requiring NRC Approval for Restart. Plant Discussed at AARM
CATION	Assessment Letters	BC review/sign assessment report (w/ inspection plan)	DD review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)		N/A. RA Review/ Sign Restart-Related Correspondence

	Annual Involvement of Public Stakeholders	SRI or BC Meet with Licensee	BC or DD Meet with Licensee	RA (or Designee) Discuss Performance with Senior Licensee Management	EDO/DEDO (or Designee) Discuss Performance with Senior Licensee Management		N/A. Region II Conduct Public Status Meetings Periodically
	Commission Involvement	None	None	Possible Commission Meeting if Licensee Remains for 3 yrs	Commission Meeting with Senior Licensee Management Within 6 mo.	Commission Meeting with Senior Licensee Management	Commission Meetings as Requested, Restart Approval in Some Cases.
	INCREASING SAFETY AND SECURITY SIGNIFICANCE ---------->						

Exhibit 2 – ACTION MATRIX

[1] The Restart Process column is included for illustrative purposes only and is not necessarily representative of the worst level of licensee performance. Facilities under the Restart oversight process are considered outside the auspices of the FCOP Action Matrix.
[2] Other than the CAL, the regulatory actions for facilities in the Multiple/Repetitive Degraded Cornerstone column and Restart column are not mandatory agency actions. However, Region II should consider each of these regulatory actions when significant new information regarding licensee performance becomes available

ATTACHMENT 1

Revision History for IMC-FCOP Assessment

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number