



UNITED STATES
NUCLEAR REGULATORY COMMISSION
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OFFICE OF THE
INSPECTOR GENERAL

November 6, 2009

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

FROM: Stephen D. Dingbaum/**RA**/
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF NRC'S
LICENSE RENEWAL PROGRAM (OIG-07-A-15)

REFERENCE: DIRECTOR, OFFICE OF NUCLEAR REACTOR
REGULATION, MEMORANDUM DATED SEPTEMBER 24,
2009

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated September 24, 2009. Based on the response, recommendation 4 is closed and recommendation 7 remains resolved. Recommendations 1, 2, 3, 5, 6, and 8 were previously closed. Please provide an update on the one resolved recommendation by April 30, 2010.

If you have questions or concerns, please call me at 415-5915, or Sherri Miotla, Team Leader, at 415-5914.

Attachment: As stated

cc: N. Mamish, OEDO
J. Andersen, OEDO
J. Arildsen, OEDO
C. Jaegers, OEDO

Audit Report

AUDIT OF NRC'S LICENSE RENEWAL PROGRAM

OIG-07-A-15

Status of Recommendations

Recommendation 4: Establish requirements and management controls to standardize the conduct and depth of license renewal operating experience reviews.

Agency Response Dated
September 24, 2009:

Current Status

As discussed in the February 25, 2009, response to the OIG (ML090540383), the Division of License Renewal (DLR) staff held follow-on discussions with regional staff involved with license renewal inspections to assess the audit and inspection operating experience processes. The DLR staff determined that the headquarters-based audit teams would enhance their operating experience reviews (guidance is provided to verify applicant-provided operating experience information through searching applicant databases, such as condition report and corrective action databases). Additionally, the staff's conclusion on acceptability of NUREG-1801, "Generic Aging Lessons Learned (GALL) Report," items would be made after reviewing operating experience in both the audit and regional inspection.

The staff previously committed in the February 25, 2009, response to update guidance by June 30, 2009. The new process was first piloted during the license renewal audit for the Cooper Nuclear Station conducted during the week of April 20, 2009. The pilot process continued for subsequent audits at Kewaunee Power Station during the week of June 8, 2009, and Crystal River Unit 3 Nuclear Generating Plant during the week of July 13, 2009. The process was finalized for future audits and issued in a revision to License Renewal Project Manager Handbook Attachment 31, "Operating Experience Review Responsibilities" (ML092230094). This attachment was initially developed to provide guidance and controls to standardize the conduct and depth of license renewal operating experience reviews. The revision to the attachment includes the additional responsibilities for

Audit Report

AUDIT OF NRC'S LICENSE RENEWAL PROGRAM

OIG-07-A-15

Status of Recommendations

Recommendation 4 (continued):

headquarters-based staff audit teams when conducting operating experience reviews. The DLR staff also created License Renewal Project Manager Handbook Attachment 32, "Audit Report Guidance" (ML092370603), to provide report-writing standards including documenting the audit team's operating experience reviews and database searches.

In addition, the processes and guidance provided in NRR Office Instruction LIC 111, "Regulatory Audits" (ML082900195), and License Renewal Project Manager Handbook Attachment 29, Revision 1, "Safety Evaluation Report Writing Guidelines and Samples" (ML092470481), guide the staff to make a final acceptability determination on the operating experience review following both the audit and regional inspection. Attachment 29 contains expectations that any issues concerning the independent verifications of operating experience are addressed in the safety evaluation report.

OIG Analysis:

OIG reviewed the supporting documents referenced in the agency's response. As recommended, the agency's guidance reflect management's expectations that license renewal audit teams will independently verify the operating experience information provided by the licensee in its application. The agency's actions satisfy the intent of this recommendation; therefore, recommendation 4 is now closed.

Status:

Closed.

Audit Report

AUDIT OF NRC'S LICENSE RENEWAL PROGRAM

OIG-07-A-15

Status of Recommendations

Recommendation 7: Establish a review process to determine whether or not Interim Staff Guidance meets the provisions of 10 CFR 54.37(b), and document accordingly.

Agency Response Dated
September 24, 2009:

Current Status

The DLR staff, working with the Office of the General Counsel, has completed a revision to the staff's LR-ISG process (ML091950069). The revised process includes provisions to determine and document whether 10 CFR 54.37(b) applies to an LR-ISG.

The staff committed in its February 25, 2009, response to the OIG to issue the final LR-ISG process revision by June 30, 2009. However, after publishing the draft LR-ISG process for public comment on March 26, 2009, the staff granted a 30-day extension to the comment period at the request of stakeholders. Additionally, the staff held a public meeting on April 29, 2009, to discuss comments with stakeholders prior to issuance of the final LR-ISG process. The staff discussed the resolution of stakeholder comments in a July 29, 2009, public meeting and, subsequently, issued the final LR-ISG process on August 7, 2009.

OIG Analysis:

OIG reviewed the LR-ISG process document referenced in the agency's response. As recommended, the agency's guidance reflects enhancements to clarify the applicability as related to the provisions of 10 CFR 54.37(b). The LR-ISG process document also directs staff to consult NRC Regulatory Issue Summary (RIS) 2007-16, which clarifies implementation of 10 CFR 54.37(b). According to the LR-ISG process document, the RIS is under revision pending staff evaluation of public comments on the proposed revision. Among other things, draft RIS 2007-16, Rev. 1, clarifies the definition of "newly identified systems,

Audit Report

AUDIT OF NRC'S LICENSE RENEWAL PROGRAM

OIG-07-A-15

Status of Recommendations

Recommendation 7 (continued):

structures, and components” as well as clarifies the applicability of the backfit rule. OIG will close the recommendation once the RIS is finalized and submitted for OIG's review to determine that the finalized version contains the enhanced language that satisfies the intent of the recommendation.

Status: Resolved.