

NRC INSPECTION MANUAL

CAEB

MANUAL CHAPTER 2505

PERIODIC ASSESSMENT OF
CONSTRUCTION INSPECTION PROGRAM RESULTS

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2505-01 PURPOSE

01.01 To establish a transparent and predictable process that objectively evaluates licensee performance of construction activities and the effectiveness of licensee/contractor oversight and quality assurance (QA) efforts associated with construction.

01.02 This is a revision to Inspection Manual Chapter (IMC) 2505. The staff recognizes that this IMC will continue to be revised during the next several years as both internal and external stakeholders provide feedback. This revision is intended to provide interim guidance while the Commission makes a determination on the approach to assess construction activities. The staff has incorporated areas important to safety culture in the construction assessment program; however, the details of how areas important to safety culture will be assessed could change as further guidance is provided by the Commission. Timeframes listed for conducting or performing various activities associated with the assessment process are considered initial estimates, and any necessary changes will be made after the NRC has experience in implementing this IMC.

2505-02 OBJECTIVES

02.01 To collect assessment information from construction inspections.

02.02 To arrive at an objective assessment of licensee oversight performance using construction substantive cross-cutting issues (cSCCIs) and violations identified during inspections.

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

02.04 To provide a process for informing the licensee and the public of the NRC's assessment and resultant adjustment in inspection oversight when the changes are a result of licensee performance issues.

02.05 To provide a process to follow up on areas of concern.

2505-03 APPLICABILITY

This IMC applies to all commercial nuclear reactors in the construction phase under the 10 CFR Part 52 licensing process. Once the facility has fully transitioned to the Reactor Oversight Process (ROP), then IMC 0305, "Operating Reactor Assessment Program," will apply. 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). The guidance in IMC 0320, "Operating Reactor Security Oversight Program," will be used for the assessment of security-related inspection violations.

2505-04 DEFINITIONS

04.01 Assessment Inputs. As used in this IMC, assessment inputs are the violations and cSCCIs identified for a respective construction site. Violations identified in the assessment process will be used to determine appropriate agency actions in accordance with the construction action matrix (CAM) (Exhibit 2). Violations are normally considered in the assessment program for six months from the date of the inspection report in which the violation is issued or until the NRC accepts the licensee's corrective actions (i.e., the violation is closed in the Construction Inspection Program Information Management System (CIPIMS)), whichever is longer. During the semiannual performance review (SPR), the NRC will determine if cSCCIs exist based on the causes of violations identified during the assessment period.

04.02 Assessment Period. A rolling 6-month assessment period which includes two quarters of assessment inputs.

04.03 Combined License (COL). A combined construction permit and operating license with conditions for a nuclear power facility, issued pursuant to 10 CFR Part 52, Subpart C.

04.04 Communication. With regard to the CAM, communication between the licensee and the NRC is based on a graded approach. For declining licensee performance, higher levels of agency management will review and sign the assessment letters and conduct the annual public meeting.

04.05 Construction Assessment Process. A 6-month assessment period which starts after: 1) a limited work authorization (LWA) and/or a combined license (COL) has been issued; 2) the NRC has implemented either IMC 2503, "Construction Inspection Program: Inspections of Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC)," or IMC 2504, "Construction Inspection Program - Inspection of Construction and Operational Programs"; and 3) there is sufficient activity occurring for any assessment to be meaningful. The construction assessment process will continue until the ROP has been fully implemented.

04.06 Construction Action Matrix (CAM). A table (Exhibit 2) that identifies the range of NRC and licensee actions and the appropriate level of communication for various levels of licensee performance. Licensee performance will be assessed quarterly to determine if assessment input thresholds in the CAM are exceeded.

04.07 Construction Activities. An NRC regulated activity associated with the design, fabrication, construction, or testing of structures, systems, or components (SSCs) at the construction site.

04.08 Construction Finding. A regulatory violation that is of greater-than-minor significance and is not associated with a specific ITAAC.

04.09 Construction Inspection Program Information Management System (CIPIMS). The database that provides the means to document and track all NRC inspection

activities and their results, including both ITAAC and non-ITAAC related inspections.

04.10 Construction Plant Performance Summary (CPPS). A document prepared by the regional office and used during the SPR and Agency Action Review Meeting (AARM) (if applicable). This document is prepared for all plants.

04.11 Construction Substantive Cross-Cutting Issue (cSCCI). A cSCCI is a theme made up of four or more inspection findings (more than minor) that are assigned the same construction **cross-cutting** component aspect about which the NRC staff has a concern with the licensee's scope of efforts or progress in addressing the theme. The cSCCI theme will be identified as the safety focus component aspect. A cSCCI in the safety conscious work environment (SCWE) construction safety focus area exists if

- a. There is a single finding with a documented construction **cross-cutting** component aspect in the SCWE area
- b. The licensee has received a chilling effect letter
- 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
- d. A confirmatory order which involved discrimination and the agency has a concern with the licensee's scope of efforts or progress in addressing the SCWE concern.

04.12 Contractor. Any organization or individual under contract to furnish items or services to a licensee that is engaging in an NRC regulated activity. It includes the terms consultant, supplier, fabricator, constructor, vendor, and sub-tier levels of these organizations, where appropriate.

04.13 Family of ITAAC. A grouping of ITAAC that are related through similar construction processes, resulting products, and general inspection attributes.

04.14 Finding. A violation of regulatory requirements that has greater-than-minor significance. Examples of findings include a Construction Finding, an ITAAC-Related Construction Finding, or an ITAAC Finding, per the definitions and guidance in IMC 0613.

04.15 Inspection. (1) An NRC activity consisting of examination, observation, or measurement to determine applicant/licensee/contractor conformance with requirements and/or standards. (2) Applicant/licensee/contractor quality control measures consisting of examination, observation, or measurements to determine the conformance of materials, supplies, **SSCs**, parts, or processes to pre-determined quality requirements.

04.16 Inspection History. A compilation of the inspection results for all inspections conducted by the NRC.

04.17 Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC). Those inspections, tests, analyses, and acceptance criteria identified in the COL that, if met, are necessary and sufficient to provide reasonable assurance that the facility has been constructed and will operate in conformity with the COL, the provisions of the Atomic Energy Act, and the Commission's rules and regulations. The ITAAC identified in a COL referencing a certified design will include the ITAAC defined in the Tier 1 documentation. Site-specific ITAAC, which include emergency planning ITAAC and ITAAC that are not part of the certified design, will also be included in a COL. ITAAC are conditions of the COL and must be satisfactorily completed before an affirmative 10 CFR 52.103 (g) finding occurs.

04.18 ITAAC Attributes. A number of common, descriptive characteristics for each ITAAC that can be analyzed and weighted by a methodology that allows the ITAAC to be prioritized for inspection planning.

04.19 ITAAC Finding. A regulatory violation that is greater than minor, is associated with a specific ITAAC for which the licensee has issued the ITAAC closure letter, and is material to the ITAAC acceptance criteria. This type of finding could prevent the ITAAC from being closed and could require that previously closed ITAAC be re-opened. An ITAAC finding may be related to a single ITAAC or a family of ITAAC.

04.20 ITAAC Matrix. An inspection planning tool that identifies groups (i.e., families) of ITAAC, based upon common characteristics, which facilitate the ITAAC inspection sampling process and provide a consistent model for the inspection of ITAAC at plants of a similar design (see IMC 2503, Appendix B, for more details).

04.21 ITAAC-related Construction Finding. A regulatory violation that is of greater-than-minor significance and is associated with a specific ITAAC for which the licensee has not yet issued the ITAAC closure letter, and is material to the ITAAC acceptance criteria. This type of finding could prevent the ITAAC from being closed. An ITAAC-related Construction Finding may be related to a single ITAAC or a family of ITAAC.

04.22 Licensee Action. With regard to the CAM, a Licensee Action consists of anticipated licensee actions in response to overall performance indicated by the appropriate column of the CAM. If these actions are not being taken by the licensee, then the NRC may consider increasing NRC inspections to appropriately address the area(s) of concern.

04.23 NRC Inspection. With regard to the CAM, NRC Inspection consists of the range of NRC inspection activities in response to licensee performance indicated by the appropriate column of the CAM.

04.24 Quality Assurance (QA). QA comprises all those planned and systematic actions necessary to provide adequate confidence that an SSC will perform satisfactorily in service. QA includes quality control.

04.25 Regulatory Actions. With regard to the CAM, Regulatory Actions comprise the range of actions that may be taken by the NRC in response to licensee performance indicated by the appropriate column of the CAM.

04.26 Regulatory Performance Meetings. With regard to the CAM, Regulatory Performance Meetings are held between licensees and the NRC to discuss corrective actions associated with violations. Each significant assessment input shall be discussed in one of the forums listed below in order to arrive at a shared understanding of the performance issues, underlying causes, and planned licensee actions. These meetings may take place at periodic inspection exit meetings between the NRC and the licensee, at periodic NRC management visits, during conference calls, or at public meetings after completion of the construction supplemental inspection. This meeting should be documented in an inspection report or a public meeting summary, as appropriate.

04.27 Safety Conscious Work Environment (SCWE). An environment in which employees feel free to raise safety 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 significance, and appropriately resolved with timely feedback to employees.

04.28 Safety Culture (as it applies in the new reactor construction environment). That assembly of characteristics and attitudes in organizations and individuals which establishes that, as an overriding priority, a nuclear plant is constructed as designed with a focus on quality.

04.29 Semiannual Performance Review (SPR). An assessment conducted on a rolling 6-month timeframe that is principally focused on licensee performance and the need to reallocate resources and/or add resources to address licensee performance. The SPR assessment results will be communicated to the licensee and the public via an SPR assessment letter.

04.30 Site Construction Team. The core group of NRC inspectors assigned to a site under the leadership of a senior resident inspector.

04.31 Targeted ITAAC. Targeted ITAAC are ITAAC that have been rank-ordered based on attributes and associated ITAAC impact. The targeted and other (e.g., site-specific) ITAAC selected for direct inspection constitute the baseline inspection that will be done for a particular design.

2505-05 RESPONSIBILITIES AND AUTHORITIES

05.01 Executive Director for Operations (EDO).

- a. Oversees the activities described in this IMC.
- b. Approves all deviations from the CAM.
- c. Informs the Commission of all approved deviations from the CAM.

05.02 Director, Office of New Reactors (NRO).

- a. Provides overall program direction for the reactor construction inspection program.
- b. Assesses the effectiveness, uniformity, and completeness of implementation of the construction inspection assessment program.
- c. Ensures that the public is informed of the results of the construction inspection assessment program, as appropriate.

05.03 Deputy Regional Administrator for Construction (DRAC).

- a. Provides program direction for management and implementation of the construction assessments performed by the regional office.
- b. Ensures that the regional office staff includes adequate numbers of inspectors in the various disciplines necessary to carry out the construction assessment program as described in this IMC.
- c. Ensures that the public is informed of the results of the construction assessment program as appropriate.

05.04 Director, Office of Public Affairs. Issues press releases following the completion of the SPRs.

05.05 Director, Division of Construction Inspection and Operational Programs (DCIP), NRO.

- a. Develops construction assessment process guidance.
- b. Collects feedback from the regional office and assesses execution of the construction inspection assessment program to ensure consistent application.
- c. Recommends, develops, and implements improvements to the construction assessment process.
- d. Concurs on proposals by the regional office to extend a violation resulting in escalated enforcement beyond that allowed by subsection 06.01 of this IMC.
- e. Concurs on the increased targeted inspection plan for plants in the Degraded Performance and Unacceptable Performance columns of the CAM.

05.06 Director, Regional Division of Construction Projects (DCP).

- a. Chairs the SPR meeting.
- b. Approves proposals to re-allocate resources as a result of licensee performance issues.

05.07 Branch Chiefs, Regional Division of Construction Projects (DCP).

- a. Conducts continuous and quarterly assessment reviews.
- b. Approves proposals to re-allocate resources for other than licensee performance issues

05.08 Regional Construction Inspection Staff.

- a. Administers and implements the construction inspection program and issues inspection reports.
- b. Provides NRO with the status of inspections related to specific ITAAC.
- c. Acts as the licensee's primary NRC contact for the construction inspection program.
- d. Coordinates the development of, and revision to, the site inspection plan.
- e. Integrates all of the inspection violations and other inputs to develop an overall assessment of licensee performance.

2505-06 REQUIREMENTS

06.01 Program Overview. Licensee performance is reviewed using the construction assessment process (Exhibit 1) to periodically evaluate the inspection history of selected construction activities, other inspection activities (e.g., IP 35007, "Quality Assurance Program Implementation During Construction"), enforcement history, allegations, and safety culture to determine licensee (as well as licensee oversight of contractor activities) effectiveness in assuring construction quality. Based on the assessment results, NRC management will determine the appropriate level of response to licensee performance in accordance with the CAM (Exhibit 2). Exhibit 3 illustrates how the assessment process fits into the overall construction inspection program.

06.02 Construction Assessment Process. The construction assessment process will begin after an LWA and/or a COL has been issued, the NRC has implemented either IMC 2503 or 2504, and there is sufficient activity occurring for any assessment to be meaningful. The NRC will notify the licensee when the construction assessment process begins. The construction assessment process consists of a rolling 6-month assessment period that contains two quarters of assessment inputs and will continue until the ROP has been fully implemented. The assessment period will use the anniversary date that the construction assessment process began. Once a plant transitions to the ROP, the assessment process will revert to the calendar year process outlined in IMC 0305.

The construction assessment process collects oversight information from continuous NRC inspections of ongoing construction activities, the results of periodic IP 35007 inspections, enforcement history, allegation trends, and safety culture to provide an integrated assessment of licensee performance. The assessment process will examine

inspection observations and violations documented in **CIPIMS** to determine if the licensee has demonstrated that its control and oversight of construction programs and processes **have** resulted in quality products.

The construction assessment process is divided into three basic parts: continuous assessment, quarterly assessment, and SPR assessment. The site construction team (including the branch chief) will continuously assess licensee performance in accordance with **subsection** 06.03.a of this IMC by evaluating violations as they are identified and monitoring the licensee's schedule, and will make inspection plan adjustments as necessary. A mid-quarter assessment letter may be issued when an escalated enforcement action has been issued.

Quarterly assessments will be conducted by the site construction team (including the branch chief) in accordance with **subsection** 06.03.b of this IMC. The team will evaluate violations identified during the most recent quarter and will determine the appropriate **CAM** column that applies to licensee performance. If the licensee has entered a **CAM** column requiring increased regulatory response from the previous quarter and a mid-quarter assessment letter has not been issued, a quarterly assessment letter will be issued to the licensee.

SPR assessments will be conducted in accordance with **subsection** 06.03.c of this IMC. Violations identified during the previous 6 months or remaining open from previous quarters will be evaluated to determine if a common cause exists for the violations warranting the identification of a **cSCCI**. **Violations** will be used as inputs to determine the appropriate column of the **CAM** that applies to the licensee's performance. The SPR assessment results will be communicated to the licensee and the public via an SPR assessment letter. Agency response to assessment results will also be communicated to the licensee and the public when changes are made as a result of licensee performance issues. Follow-up agency actions, as applicable, are conducted to ensure that the **licensee/contractor** corrective actions designed to address performance weaknesses were effective.

The baseline inspection program is the lowest level of required NRC inspections at each facility **and is** implemented at a given frequency stated in the respective **IPs**. The protocol for selecting ITAAC for inspection in the baseline program is contained in IMC 2503 and IP 65001. The protocol for conducting non-ITAAC inspections, which are part of the baseline inspection program, is contained in IMC 2504. As set forth in both IMC 2503 and IMC 2504, the observation of construction activities will also include monitoring the implementation of the **QA** program by the licensee and its contractors to evaluate the ability to find and appropriately characterize and resolve any occurrences of conditions adverse to quality.

Since the NRC utilizes a sampling methodology, **findings** that are identified could potentially have broader implications on the licensee's performance than just the single issue. Based on this, **violations** are the input to the **CAM** and **may** result in the inspection program being expanded beyond the baseline inspection program to review either additional samples in the area of concern or to review non-targeted ITAAC in the area of concern. **Violations** are normally considered in the assessment program for six months from the date of the inspection report in which the violation is issued or until the

NRC accepts the licensee's corrective actions (i.e., the violation is closed in CIPIMS), whichever is longer. A violation will no longer be considered in the assessment process starting with the quarter after the above conditions have been met, unless the NRC has justification to keep the violation open in accordance with **subsection 06.07.b of this IMC**. All **cSCCIs** will be carried forward until closed in a SPR assessment letter.

06.03 Performance Reviews. The overall process for the assessment of licensee performance consists of the **following** series of actions:

- a. Continuous Review. The site construction team (including the branch chief) will continuously monitor the performance of their assigned construction sites by evaluating findings as they are identified and **by** monitoring the licensee's schedule, and will make inspection plan adjustments as necessary. The region may issue a mid-quarter assessment letter to address an issue, in accordance with the **CAM**, between the normal quarterly assessments if a violation is identified.
- b. Quarterly Review. The site construction team (including the branch chief) will conduct a quarterly (3-month) review utilizing inspection findings, enforcement history, allegation trends, and safety culture inputs compiled over the previous **3** months. This review should be conducted within 4 weeks after the conclusion of each quarter of the semiannual assessment period. The **CAM** shall be utilized to identify NRC actions that should be taken which are not already in the existing inspection plan. If the licensee has entered a **CAM** column requiring NRC actions beyond those that were identified during the previous assessment, a quarterly assessment letter will be issued to the licensee within 2 weeks after the quarterly review is completed.

If, based on the continuous review discussed above, the region issued a mid-quarter assessment letter for any violations identified during the past quarter, a subsequent quarterly assessment letter would not be necessary if its only purpose is to **reiterate** any issues that had been previously addressed to the licensee.

For plants whose performance is in the **Degraded Performance** or Unacceptable Performance columns of the **CAM**, consideration shall be given at each quarterly review for engaging senior licensee and agency management in discussions associated with taking additional regulatory actions to address licensee performance issues. If there are significant changes in the inspection plan for a plant in the **Degraded Performance** column of the **CAM**, the region should issue a separate quarterly assessment letter in order to ensure the licensee is aware of these changes.

- c. Semiannual Performance Review. The regional office will conduct an SPR utilizing the inspection findings compiled over the previous 6 months. This review incorporates activities from the previous SPR and **the** quarterly **reviews**, including consideration of the conclusions of any independent assessments. The purpose of considering independent assessments is to provide a means of self-assessing the NRC inspection and assessment processes. References to

independent assessments will not be included in the assessment letters. The output of this review is an SPR assessment letter to the licensee. The SPR and subsequent SPR assessment letters should only discuss issues identified during inspections that were completed prior to the end of the assessment period. Additional SPR activities include planning inspection activities through the next 6 months, discussing any potential cSCCIs, and developing an input (if applicable) to support the AARM. The SPR meeting should be held within 6 weeks of the end of the assessment period. The CAM will be used to determine the scope of agency actions in response to assessment inputs.

In preparation for the SPRs, the regional office shall develop a meeting agenda and a CPPS that includes the proposed inspection plan for the plant being assessed. The CPPS will assist the regional office in conducting the meeting and will form the basis for the SPR assessment letter. These packages will also be used at the Performance Review Summary Briefing with NRO Senior Management (if applicable) at the AARM (if applicable). The CPPS should include background on the facility, the applicable CAM column, any violations, any cSCCIs with an evaluation of each, the status of NRC/licensee actions if other than in the Baseline Program column, the status of the licensee's corrective action program (CAP) effectiveness reviews, any recommendations, and any other areas of interest (e.g., ITAAC closure status, allegation trends), as well as a proposed inspection plan. The regional Allegations Coordinator or the Agency Allegations Advisor should be consulted during development of the CPPS as necessary if any allegations have been raised. Each page of the meeting agenda and CPPS should be clearly marked as "pre-decisional" to ensure that the document is handled properly and not inadvertently released to the public.

To aid in the discussion and integration of plant issues, the regional office should prepare a plant-specific CAM summary that identifies the plant-specific items and issues that meet the criteria given in the Results row for each CAM column, as applicable. The plant-specific CAM summary should display the quarterly status of violations, cSCCIs, and the associated CAM column over a sufficient time line.

The SPR meeting is chaired by the Director, DCP (or designee). The regional branch chiefs (or designees) present the results of the SPR to the DRAC (or designee). Other routine participants should include the applicable regional and resident inspectors; a representative from the NRO/DCIP Construction Assessment, Enforcement & Allegations Branch (CAEB); applicable Project Managers from the NRO Division of New Reactor Licensing; and any other additional participants deemed necessary by the regional office. The average time allocated for each plant review is intended to be between 30 minutes and 2 hours and should be consistent with the number and significance of plant issues.

The output of the SPR is the SPR assessment letter to the licensee. These letters shall be issued within 3 weeks of the completion of the SPR meeting. Signature authority for each SPR assessment letter is determined by the most significant column of the CAM that the plant has been in over the 2 quarters of

the assessment period. This letter shall contain:

1. A summary of violations that were inputs into the assessment, as well as discussion of previous action taken by the licensee and the agency relative to these issues. Performance issues from previous quarters 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 quarter, result in increased regulatory action **in accordance with** the **CAM** that would not be apparent from reviewing only the most recent quarter's results.
2. A discussion of any deviations from the **CAM** during the assessment period.
3. A qualitative discussion of **cSCCIs**, if applicable.
4. A discussion of the licensee's progress in addressing a **cSCCI**, if documented in the previous SPR assessment letter.
5. A discussion of significant (Severity Level III or greater) enforcement actions.
6. A statement of any actions to be taken by the agency in response to safety significant issues, as well as any actions taken by the licensee.
7. An inspection plan consisting of approximately 6 months of activities (from the issuance of the SPR assessment letter).

A Performance Review Summary Briefing may be necessary prior to the **AARM** to summarize licensee performance results with NRO senior management. The regional staff will summarize the results of the SPR for those plants whose performance in one or more quarters in the previous 12 months has been in the **Regulatory Response** column, **Degraded Performance** column, or Unacceptable Performance column of the **CAM**. The Performance Review Summary Briefing will be scheduled approximately 1 month prior to the AARM.

During the Performance Review Summary Briefing the Director, NRO (or designee) will preside over the briefing while the **DRAC** (or designee) will lead the discussion for the region. The Performance Review Summary Briefing is intended to provide information to senior NRO management regarding licensee performance. In preparation for the briefing, CAEB **staff** will develop an agenda for the meeting, with input from the regional office. The regional office should provide **its** input to CAEB three working days prior to the briefing. The purpose of this briefing is for regional management to engage **Headquarters** management on those **discussions** in order to ensure awareness of the plants to

be discussed at the AARM and those agency actions already taken in response to plant performance.

06.04 Program Reviews

- a. Agency Action Review Meeting. The AARM is an annual meeting that is chaired by the EDO (or designee) and is attended by appropriate senior NRC managers. This meeting will include a review of the results of the construction inspection program, including a review of approved deviations from the CAM, and a discussion about sites under construction with significant performance weaknesses (i.e., sites that are in the Degraded Performance or Unacceptable Performance columns of the CAM). This meeting is more completely described in Management Directive 8.14, "Agency Action Review Meeting."
- b. Commission Meeting. The EDO will brief the Commission annually to convey the results of the AARM, including a discussion of any deviations from the CAM. The Commission should be briefed within approximately four weeks of the AARM, consistent with Commission availability, to ensure that the information presented is as current as possible.

06.05 Annual Meeting with Licensee

- a. Scheduling. A public meeting with the licensee will be conducted on an annual basis following issuance of every second SPR assessment letter to discuss the results of the NRC's assessment of the licensee's performance over the prior 12-month period. For plants that have been in the Degraded Performance column or Unacceptable Performance column of the CAM during the previous 12 months, these meetings should be scheduled within 8 weeks of the end of the assessment period. These meetings should be conducted no earlier than 1 week after the SPR assessment letter is issued in order to allow time for the licensee to review the contents of the letter. The 8-week requirement may be exceeded to accommodate the licensee's schedule or regional scheduling conflicts. These meetings may be scheduled within 3 months of the issuance of the SPR assessment letters for plants that have been in the Baseline Program or Regulatory Response column of the CAM during the previous 12 months. The meeting is conducted onsite or in the vicinity of the site and should be scheduled to ensure that it is accessible to members of the public. The regional office should use this meeting as an opportunity to engage interested stakeholders on the performance of construction at the plant and the role of the agency in ensuring that the plant is being constructed in accordance with the design and NRC regulations. NRC management, as specified in the CAM, conducts the public meeting. The appropriate level of NRC management to chair this meeting is determined by the most significant column of the CAM that the plant has been in during the previous 12 months. The highest level of NRC management, as allowed in the plant's performance column of the CAM, should chair the annual public meeting for those plants that currently have cSCCIs as described in the SPR assessment letters.
- b. Meeting Preparation. The region shall notify those on distribution for the SPR

assessment letters of the meeting with the licensee. The region shall notify the media and State and local government officials of the meeting with the licensee and the issuance of the SPR assessment letter. Commensurate with the level of historical interest and/or construction issues, the regional office should use the following additional tools to inform members of the public of the meeting, as appropriate: press releases, advertisements in local newspapers, and/or letters soliciting attendance to known interested parties.

- c. Conduct of Licensee Meeting. The annual public meeting is intended to provide an opportunity for the NRC to engage interested stakeholders on the performance of construction of the plant and the role of the agency in ensuring that the plant is being constructed in accordance with the design and NRC regulations. NRC management, as specified in the CAM, will discuss the agency's evaluation of licensee performance as documented in the SPR assessment letters.

The last two SPR assessment letters provide the minimum performance information that should be conveyed to the licensee during the annual public meeting. 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 SPR assessment letters. 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.

The annual meeting is a Category 1 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 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.

06.06 NRC Responses to Licensee Performance

- a. Description of the CAM. The CAM (Exhibit 2) was developed with the philosophy that, within a certain level of performance (i.e., Baseline Program column), 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 CAM identifies the range of NRC and licensee actions and the appropriate level of communication for varying levels of licensee performance.

Overall response to licensee performance will be determined by the number of violations. The NRC will utilize a graded approach in determining the response to the identified issues. This graded approach will result in an increase in sampling in the area(s) of concern, an increase in the ITAAC being inspected, and/or the issuance of a Confirmatory Action Letter (CAL), Demand for

Information, and/or the issuance of an Order. Increased inspection, whether increased sampling or the selection of additional ITAAC, will be conducted through the use of **construction supplemental** inspections.

- b. Expected Responses for Performance in Each CAM Column. The CAM 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. **If the decline in performance starts affecting the effectiveness of a licensee corrective action program, then the NRC needs to evaluate the continued use of NCVs as specified in section 06.08 of this IMC.** Listed below are the ranges of expected NRC and licensee actions for each column of the CAM:

1. CAM Baseline Program Column. Violations that are not greater than Severity Level IV. The licensee will receive only the baseline inspection program and identified deficiencies will be addressed through the licensee's CAP.
2. CAM Regulatory Response Column. There are no more than two Severity Level III violations. The licensee is expected to place the identified deficiencies in its CAP and perform an evaluation of the root and contributing causes. The licensee's evaluation will be reviewed during **construction supplemental** inspection procedure IP 90001, "**Construction Regulatory Response Program Column** Inspection." Following completion of the inspection, the branch chief or division director should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee during a **Regulatory Performance Meeting** which will normally occur at an inspection exit meeting, at a periodic NRC management visit, or during a conference call with the licensee.
3. CAM Degraded Performance Column. A combination of three Severity Level III violations or one Severity Level II violation. The licensee is expected to place the identified deficiencies in its CAP and perform an evaluation of the root and contributing causes for both the individual and the collective issues.

The licensee's evaluation will be reviewed during IP 90002, "**Construction Degraded Performance Column** Inspection." Also, an independent assessment of the extent of condition will be performed by the region. Following completion of the inspection, the DRAC (or designee) should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee during a Regulatory Performance Meeting, which will normally consist of a public meeting with the licensee.

4. CAM Unacceptable Performance Column. One Severity Level I violation, multiple Severity Level II violations, or a combination of the following: one Severity Level II and a total of four Severity Level III violations; or a total of seven Severity Level III violations. The licensee is expected to place the identified deficiencies in its CAP 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.

Construction supplemental inspection procedure IP 90003, “**Construction Unacceptable Performance Column** Inspection,” will be performed to review the breadth and depth of the performance deficiencies. The **construction supplemental** inspection plan must be approved by the appropriate regional division director with concurrence of the Director, DCIP.

Following the completion of the inspection, the EDO (or designee), in conjunction with the Regional Administrator and the Director, NRO will decide whether additional agency actions are warranted. These actions could include additional **construction supplemental** inspection, a Demand for Information, a CAL, or issuance of an Order, up to and including a stop work order. At a minimum, the regional office will issue a CAL to document the licensee’s commitments as discussed in their **Performance Improvement Plan**, as well as any other written or verbal commitments. The Regional Administrator should document the results of their decision in a letter to the licensee. These regulatory actions may also be considered prior to the completion of **construction supplemental** inspection procedure IP 90003, if warranted. A Regulatory Performance Meeting will be conducted, which will normally consist of a public meeting between the licensee and the EDO (or designee).

Note: Other than the CAL, the regulatory actions listed in this column of the **CAM** are not mandatory. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

Due to the depth and/or breadth of performance issues reflected by a plant being in the Unacceptable Performance column of the **CAM**, it is prudent to ensure that actual performance improvements (which may take two or more quarters to achieve) have been made prior to closing out the violations and exiting the Unacceptable Performance column of the **CAM**. In making this determination, the regional office should consider whether:

- (a) New plant issues or violations do not reveal similar significant performance weaknesses;
- (b) The licensee’s performance improvement program has demonstrated sustained improvement;
- (c) NRC **construction 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 **already taken due to the licensee being** in the Unacceptable Performance column of the **CAM**. Additionally, the licensee has made significant progress on any regulatory actions that were imposed (**e.g.**, CALs, orders, **10 CFR 50.54(f)** letters) because of the performance deficiencies that led to the Unacceptable Performance column designation.

After the original violations have been closed out, the licensee will return to the **CAM** column that is represented by the other outstanding inputs to the **CAM**. Additionally, for a period of up to one year after the initial violations have been closed out, the regional office may utilize some actions that are consistent with the **Degraded Performance** column or Unacceptable Performance column of the **CAM** in order to ensure the appropriate level of agency oversight of licensee improvement initiatives. These actions, which do not constitute a deviation from the **CAM**, 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 **licensee** Performance Improvement Plan), **construction supplemental** inspection procedure IP 90003, and CAL follow-up inspections (not to exceed 240 hours of direct inspection without concurrence from the Director, DCIP). The actions taken above those required by the **CAM** shall be discussed at the **next** SPR 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 **next** SPR assessment letters until the end of the extended period of time that the actions consistent with the **Degraded Performance** column or Unacceptable **Performance** column are taken to address licensee performance issues. All assessment letters that address these additional actions shall include **the CAEB branch chief** on concurrence.

The regional office must convey the specific actions that the licensee needs to address to remove the violations that caused the licensee to enter the Unacceptable Performance column from consideration in the assessment program. The correspondence to the licensee describing the extension of the violation(s) in the assessment program beyond the normal period discussed in **subsection 06.01 of this IMC** must be authorized by the appropriate regional division director with the concurrence of the Director, DCIP.

06.07 Additional Construction **Action Matrix** Guidance.

- a. Deviations from the **CAM**. There may be rare instances in which the regulatory actions dictated by the **CAM** may not be appropriate. In these instances, the agency may deviate from the **CAM** (described in **subsection 06.06.a of this IMC**) to either increase or decrease agency action. A deviation is defined as any regulatory action taken that is inconsistent with the range of actions discussed in **subsection 06.06 of this IMC**. Deviations from the **CAM** shall be documented in

the appropriate letter to the licensee (e.g., quarterly or SPR assessment letter) or separate docketed correspondence. The EDO shall approve all deviations from the CAM and inform the Commission when deviations are approved and annually at the Commission meeting on the results of the AARM. Memoranda requesting deviations from the CAM should be initiated by the Regional Administrator to the EDO and should go through the Director, NRO for program office approval. Any deviations from the CAM shall be documented in the subsequent SPR assessment letter. Letters requesting deviations from the CAM should include a synopsis of the licensee performance deficiencies, the required NRC actions in accordance with the CAM for these inputs, the proposed alternative actions, and the region's rationale for requesting the deviation.

- b. Timeframe for Violations in the Assessment Program. Violations are normally considered in the assessment program for six months from the date of the inspection report in which the violation is issued or until the NRC accepts the licensee's corrective actions (i.e., violation is closed in CIPIMS), whichever is longer. There may be instances in which the corresponding construction supplemental inspection reveals substantive inadequacies in the licensee's evaluation of the root causes of the original performance deficiency, determination of the extent of the performance problems, or the actions taken or planned to correct the issue. Significant weaknesses in the licensee's evaluation of the performance issue may be subject to additional agency actions, including additional enforcement actions or an expansion of implementation of the construction supplemental inspection procedure as necessary to independently acquire the necessary information to evaluate the licensee's actions to address the performance issue. The regional office must convey the specific weaknesses that the licensee needs to address in order to remove this violation from consideration in the assessment process. This notification should be included in the cover letter of the construction supplemental inspection report.

The correspondence to the licensee describing the extension of an inspection violation in the assessment process beyond the normal time frame must be authorized by the regional division director, with concurrence of the Director, DCIP. If this approach is taken by the agency, the region should issue a violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," if applicable.

06.08 Corrective Action Program Effectiveness Reviews. A fundamental goal of the NRC's oversight of new construction activities is to establish confidence that licensees (and their contractors) are detecting and correcting problems in a manner that ensures quality and safety are top priorities and that construction activities will be completed in a manner that ensures each plant is constructed in accordance with the design and will operate safely. A key premise of NRC oversight is that weaknesses in a licensee's CAP will manifest themselves as performance issues that will be identified during the inspection program. Completion of these objectives is accomplished by resident inspectors screening CAP issues on a frequent basis, by performing a semiannual trend review, by sampling issues during each inspection, by follow-up of selected NRC

identified issues, and by performing periodic team inspections in accordance with IP 35007.

The use of NCVs as part of the enforcement process is predicated on a licensee having an adequate CAP into which identified issues are entered and effectively resolved in a timely manner. Because the CAP at construction sites will be new and implemented initially by individuals with limited experience with the new program and because construction will involve program implementation by contractors, the NRC will delay the use of NCVs pending confirmation that the new program is adequate and being effectively implemented. Therefore, prior to or near the beginning of construction for each plant, inspections of the QA program will be conducted to allow the NRC to gather sufficient information to make a timely decision that the licensee has demonstrated its CAP is being implemented in a manner that supports issuing NCVs. After the staff has concluded that a licensee's CAP is adequate, inspections in accordance with IP 35007 will be conducted on a normal schedule.

Inspections will be conducted in accordance with IP 35007 to review the CAP program and to review the licensee's implementation of the CAP. These inspections can be done either as a single inspection or as two separate inspections. The inspections will be conducted following the licensee's notification to the NRC that it is ready for the inspection to be conducted. Since a licensee would need to have a CAP in place prior to the start of construction, the program review could be completed before construction begins. For the implementation inspection, the licensee would need to determine that sufficient CAP activity has occurred prior to notifying the NRC that it is ready for the inspection to be conducted. The results of resident and region based inspections should be considered along with the results of the IP 35007 inspection in formulating a decision.

In order for the licensee to successfully demonstrate to the NRC the effectiveness of their CAP, the inspections (e.g., QA, baseline, vendor) conducted previously cannot have identified any significant issues related to the CAP. Significant issues are considered to be any Severity Level I, II, or III violations or any cSCCIs related to an area of the CAP. If significant issues have been previously identified, then review of the licensee's corrective actions for those issues should be conducted to ensure that effective corrective actions have been taken to resolve the issues such that there is reasonable assurance that they will not recur. Both a programmatic and implementation inspection should be conducted to conclude the licensee's CAP is adequate and being effectively implemented before a conclusion can be reached on its sufficiency to support issuance of NCVs. The determination of whether or not the licensee's CAP has been adequately demonstrated for the purpose of issuing NCVs shall be documented and communicated to the licensee in the IP 35007 inspection report(s). The determination will also be documented in the first assessment report issued following this determination. The criteria for making a determination of CAP effectiveness are:

- the licensee has established an adequate program,
- the licensee has demonstrated adequate effectiveness in identifying and documenting problems (indicated by the lack of violations involving failure to identify and document adverse conditions), and

- the licensee has demonstrated its effectiveness in correcting problems and preventing recurrence (indicated by the lack of violations involving failure to take corrective action and prevent recurrence).

If a licensee's CAP implementation performance degrades, then it will be necessary to evaluate the extent of the degradation to determine if issuing NCVs remains appropriate. This decision will be made based on the nature of identified issues that indicate a significant degradation of the licensee's CAP. The staff expects that if the identified issues are significant, then the staff will have taken escalated enforcement measures in accordance with the NRC **Enforcement Policy** for new construction. Therefore, the issuance of a Severity Level II violation against the licensee's CAP will be considered one indicator that the program has sufficiently degraded such that reverting to issuing Notices of Violations (NOVs) for all NRC identified violations is appropriate. If the decision is reached to revert to issuing NOVs, then it should be communicated to the licensee as part of the assessment of licensee performance (e.g., included in the SPR assessment letter or in a letter communicating the results of the NRC quarterly assessment review). Following the licensee's corrective actions to restore the effectiveness of their CAP, the process described above to allow the NRC to issue NCVs would need to be repeated as appropriate (i.e., if the degradation was limited to implementation and not the program, then the programmatic portion of the inspection need not be re-done).

06.09 Construction **Substantive Cross-Cutting** Issues. The assessment of construction activities relies on utilizing traditional enforcement results as an input. It will also consider specific events underlying weaknesses in areas important to safety culture, which need to be identified and communicated to the licensee. A **cSCCI** will be associated with multiple findings that have the same safety culture component aspect. The NRC will use **cSCCIs** to communicate to the licensee weaknesses identified in a construction site safety culture. It will be expected that licensees should evaluate the findings in these areas to identify the cause(s) for the weakness and implement appropriate actions to improve the construction site performance.

- a. Identifying **construction cross-cutting components aspects** and **cSCCIs**. In order to determine whether **cSCCIs exist** at a site, an assessment must be performed during the preparation for the **semiannual** assessment meetings. This is a three-step process.
 1. Identify **construction cross-cutting component aspect**. During inspections, findings (and any developments associated with the issue) are reviewed by the inspector to identify the cause(s) associated with the **construction cross-cutting component** aspect, 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 conditions adverse to quality, licensees will typically perform an apparent cause evaluation. For significant conditions adverse to quality licensees will typically perform a root cause investigation. 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 significance of the issue to obtain more precise information.

Assessing whether a finding is a **SCWE** issue is focused on the environment for raising concerns rather than an individual performance issue. As a result, the inspector should have confirmed that:

- (a) the behavior or interaction which impacted the free flow of information relative to construction quality occurred;
- (b) other individuals witnessed the behavior or interaction;
- (c) the behavior or interaction would reasonably discourage individuals from raising construction quality issues; and
- (d) other individuals perceived the behavior or interaction as discouraging the raising of construction quality 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 construction cross-cutting component** aspect.

In order to support the evaluation of findings with their assigned **construction cross-cutting component** aspect(s), the inspectors should have provided sufficient detail in **their inspection report**. If the **construction cross-cutting component** 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 **construction cross-cutting component** aspects should request that licensees who disagree with the associated **construction cross-cutting component** aspect respond in writing within 30 days of the date of the inspection report and provide the basis for their disagreement to the regional office.

2. Evaluate findings. Prepare for the **semiannual** meetings by evaluating the findings that had been previously documented with a **construction cross-cutting component** aspect in the applicable inspection report in accordance with IMC 0613. There should typically be only one principal cause and one **construction cross-cutting component** 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 **construction cross-cutting component** aspect. In these cases, the regional office must obtain concurrence from the Chief, CAEB **in NRO**.
3. Identify **cSCCIs**. The findings should be examined to identify whether

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

b. Criteria for a **cSCCI** not related to a **SCWE**. A **cSCCI** exists if the following criteria are met:

1. There are four or more findings with the same **construction cross-cutting component** aspect in the current **semiannual** reporting period.

Observations that are not violations 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 **cSCCI**. In evaluating whether this criterion is met, the regional offices or Center for Construction Inspection (CCI) should consider if any of the following situations exist:

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

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

(c) The licensee recognized **that** the **cSCCI** affected other areas but waited too long in taking corrective actions.

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

c. Criteria for a **cSCCI** related to a **SCWE**. A **cSCCI** related to **SCWE** (for aspects associated with the "Environment for Raising Concerns" or "Preventing, Detecting, and Mitigating Perceptions of Retaliation" **construction cross-cutting components**) would exist if during the extended time frame of a **12-month** (two **SPRs**) assessment period the following two criteria are met:

1. There was an impact on the **SCWE** that was not isolated, and at least one of the following conditions exists:

(a) At least one aspect from either the **construction cross-cutting component** of "Environment for Raising Concerns" or "Preventing, Detecting, and Mitigating Perceptions of Retaliation" has been assigned to a greater-than-minor finding in the current **semiannual** reporting period. Observations that are not violations should not be considered in this determination.

- (b) The licensee received a chilling effect letter.
 - (c) The licensee has received correspondence from the NRC that transmitted an enforcement action with a Severity Level of I, II, or III and involved discrimination, or received a confirmatory order that involved discrimination.
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, the regional offices should consider if any of the following situations exist:
- (a) The licensee had not identified or recognized that the SCWE concern affected other areas and had not taken any actions to address it.
 - (b) The licensee recognized that the SCWE concern affected other areas but failed to schedule or take appropriate corrective action.
 - (c) The licensee recognized that 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.

d. Documentation and Follow-Up Actions

- 1. The assessment letter should summarize the specific cSCCI in one to two paragraphs of text including:
 - (a) Identifying the findings and their common construction cross-cutting component used to identify the cSCCI, including a list of the specific construction cross-cutting component aspects and how it was determined to apply.
 - (b) Placing the cSCCI in the proper safety perspective (impact to construction QA).
 - (c) Describing the agency's action in the baseline program to monitor the issue, specifically indicating how the staff will follow up on the cSCCI. The following are examples of how the staff may follow up on a cSCCI:
 - Through reviews of corrective actions trend data conducted at the semiannual reporting periods.

- As a corrective action follow-up inspection item performed in accordance with IP 35007.
 - During a QA inspection in accordance with IP 35007.
- (d) Stating the agency's assessment of the licensee's ability to address the cSCCI or the licensee's progress to correct the issue.
 - (e) Defining criteria for clearing the cSCCI.
2. In the absence of clarification in the assessment letter, the decision to continue to highlight a cSCCI in the next assessment will be based on the criteria used to initiate a cSCCI.

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

3. If a plant has been issued a CAL that contains improvement issues similar to the cSCCI, then the follow-up is not based on meeting the conditions for a cSCCI since the completion of the licensee's commitments as specified in the CAL takes precedence.
4. When the NRC identifies a cSCCI in the semiannual assessment letter, the licensee should place this issue into its CAP, perform an analysis of causes of the issue, and develop appropriate corrective actions. The licensee's completed evaluation may be reviewed by the regional office (or CCI) and documented in the next semiannual assessment letter.
5. If a cSCCI is discussed in a semiannual assessment letter, then the next semiannual assessment letter should address the licensee's performance in this area. The regional office will evaluate the findings for the current assessment period with construction cross-cutting component aspects against the above listed criteria and the criteria for clearing the cSCCI as outlined in the assessment letter.

The next SPR assessment letter will state one of the following:

- (a) The issue has been satisfactorily resolved and references the inspection report that documented the follow-up or summarizes the agency's assessment against the above listed criteria.
- (b) The licensee still meets criterion in subsection 06.09.b of this IMC; however, the agency does not have a concern with the licensee's scope of efforts or progress in addressing the issue, and therefore, the cSCCI has been closed.
- (c) A summary of the licensee's progress in addressing the issue.

6. In the second consecutive assessment letter identifying the same **cSCCI** the regional office may consider requesting that:
 - (a) The licensee provide a response at the annual public meeting,
 - (b) The licensee provide a written response to the **cSCCI** raised in the assessment letters, **or**
 - (c) **A** separate meeting be held with the licensee.
7. In the third consecutive assessment letter identifying the same **cSCCI** the regional office would typically request that the licensee perform an assessment of safety culture. The regional office 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.

The regional office should review the licensee's safety culture assessment using appropriate elements from IP 90003. The focus of the review effort will be to confirm that the licensee is appropriately dealing with the weaknesses identified by their safety culture assessment.

The overview of NRC's assessment should be documented in the next semiannual assessment letter. If the region believes the licensee has failed to resolve the **cSCCI** in a timely manner, the regional office should consider conducting a focused IP 35007 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 **cSCCIs** are much more difficult for licensees to address and for licensee remedial actions to take **effect**, the regional office can defer requesting the licensee to conduct a safety culture assessment, and the consideration of conducting the IP 35007 follow-up team inspection until the fourth consecutive assessment letter identifying the same **cSCCI** with the SCWE **construction cross-cutting component**.

END

EXHIBITS:

1. Construction Assessment Process Activities
2. Construction **Action Matrix**
3. Construction Inspection Program

ATTACHMENT 1: Revision History for IMC 2505

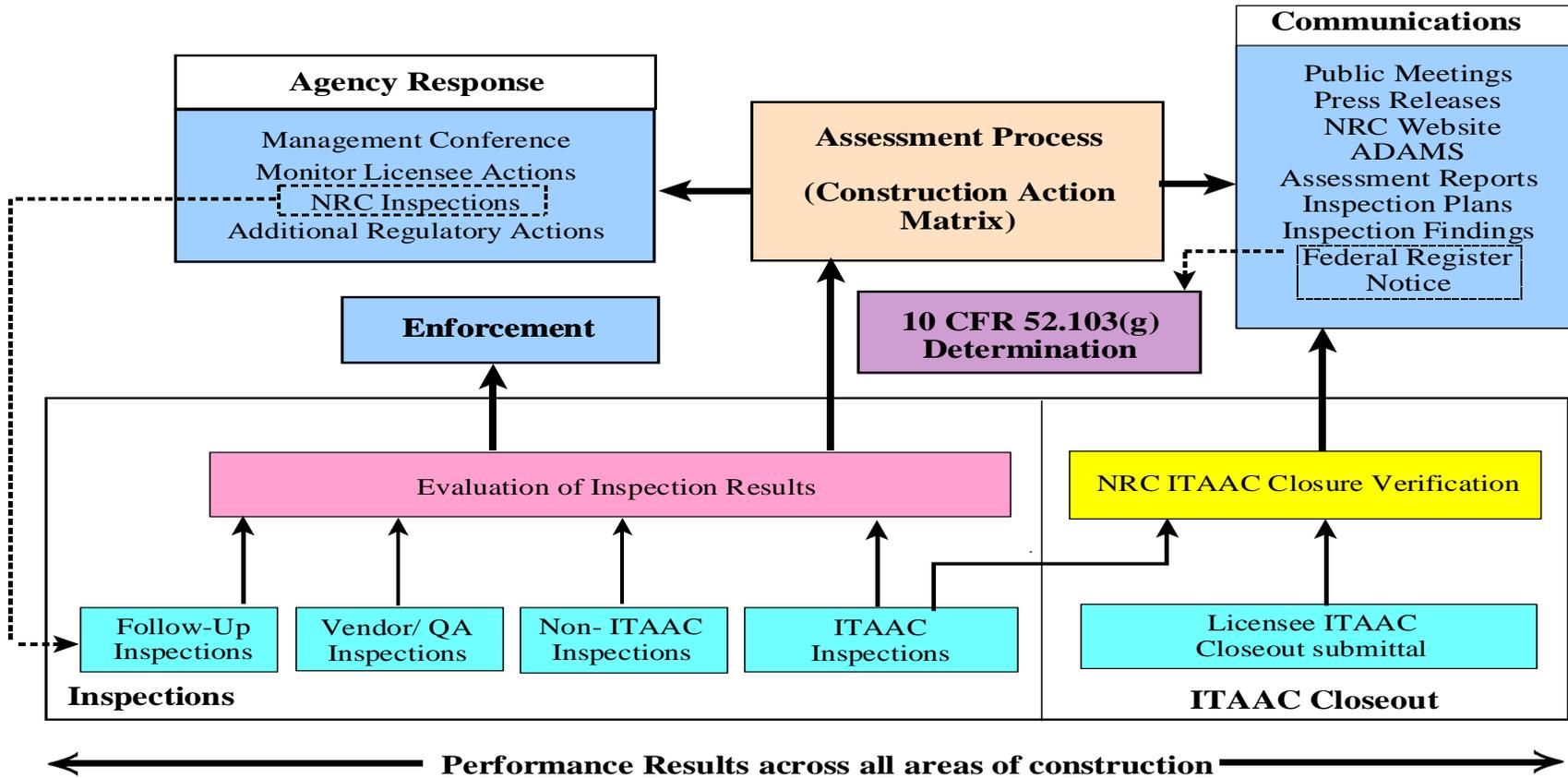
EXHIBIT 1 – Construction Assessment Process Activities

Level of Review	Frequency/ Timing	Participants (*indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	Branch Chief, Proj. Engineer, Sr. Resident Inspector, Resident Inspector, regional inspectors, Sr. reactor analysts	Performance awareness	None required; notify licensee by quarterly assessment letter <u>only</u> if thresholds crossed
Quarterly	Once per quarter; 4 weeks after end of quarter	Branch Chief, Proj. Engineer, Sr. Resident Inspector, Resident Inspector, regional inspectors, Sr. reactor analysts	Input/verify CIPIMS data, detect early trends	Update data set; notify licensee by a quarterly assessment letter <u>only</u> if thresholds crossed
Semiannual Performance Review (SPR)	At SPR; 6 weeks after end of second quarter	Region DCP* and Div. of Construction Inspection directors and branch chiefs	Detect trends, plan inspections, assess plant performance, conduct oversight, and coordinate regional actions	SPR letter with an inspection plan of approximately 6 months
Performance Summary Meeting	Two weeks after end of SPR	NRO Senior Management, DRAC, Regional branch chiefs, NRO DCIP, other Headquarters offices as appropriate	Summarize results of SPR for plants in other than CAM Baseline Program column	Information to be discussed at AARM
Agency Action Review Meeting (AARM)	Annually:	EDO*, Dir. NRO, DRAC, Region DCP and Div. of Construction Inspection directors, NRO DCIP, Office of Enforcement, Office of Inspection, other Headquarters offices as appropriate	Review of appropriateness of agency actions	Commission briefing

EXHIBIT 2 - Construction Action Matrix

		Baseline Program	Regulatory Response	Degraded Performance	Unacceptable Performance
RESULTS		Only SL IV violations	One or two SLIII violations	Any combination of three SL III violations or one SL II violation.	One SL I violation, multiple SL II violations, or a combination of the following: 1 SL II and a total of four SL III violations; or a total of seven SL III violations
		License requirements fully met	License requirements met with some challenges to licensee	License requirements met with some significant challenges to licensee	Loss of confidence to construct within licensing requirements in areas of concern
RESPONSE	Regulatory Performance Meeting	None	Branch Chief or Div. Director meets with Licensee	DRAC or designee meets with senior licensee management	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 and Independent inspection with NRC Oversight
	NRC Inspection	Baseline Inspection Program	Limited increase in NRC oversight of area(s) of concern. Construction supplemental inspection in accordance with IP 90001.	Expanded NRC oversight in area(s) of concern. ITAAC sample increased as appropriate. Construction supplemental inspection in accordance with IP 90002.	Reactive team inspection in area(s) of concern. Construction supplemental inspection in accordance with IP 90003.
	Regulatory Actions	None (Additional actions considered for plants exiting Degraded Performance column or Unacceptable Performance column)	Additional inspection only. (Additional actions considered for plants exiting Degraded Performance column or Unacceptable Performance column)	Additional inspection only. Evaluate continued use of NCVs . (Additional actions considered for plants exiting Unacceptable Performance column).	At minimum, issue CAL . Evaluate need for Demand for Information and/or Order. Discontinue use of NCVs
COMMUNICATION	Assessment Letters	Branch Chief or Div. Director reviews/signs assessment report (w/ inspection plan)	Div. Director reviews/signs assessment report (w/ inspection plan)	DRAC or designee reviews/signs assessment report (w/ inspection plan)	RA or EDO reviews/signs assessment report (w/ inspection plan)
	Annual Public Meeting	Senior Resident Inspector or Branch Chief meets with Licensee	Branch Chief or Div. Director meets with Licensee	DRAC or designee discusses performance with Licensee	EDO or designee discusses performance with Licensee
	Commission Involvement	None	None	None	Commission Meeting with Senior Licensee Management
INCREASING SAFETY/REGULATORY SIGNIFICANCE →					

EXHIBIT 3 - Construction Inspection Program



ATTACHMENT 1 - Revision History for IMC 2505

Commitment Tracking Number	Issue Date	Description of Change	Training Required	Training Completion Date	Comment Resolution Accession Number
N/A	10/20/08 CN 08-029	New Issue to support Licensing under 10CFR52. CNs for the past 4 years were reviewed and no commitments found.	None	N/A	ML082480657
N/A	12/24/09 CN 09-032	Modification of CAM and description of CFSI while Commission makes final determination of how should the Assessment Program be implemented	None	N/A	ML093170744
N/A	09/09/10 CN 10-019	Change of terminology to make document more analogous to IMC 0305	None	N/A	ML102020150