NRC INSPECTION MANUAL

IPAB

MANUAL CHAPTER 0305

OPERATING REACTOR ASSESSMENT PROGRAM

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ATTACHMENT: 1. Revision History

0305-01 PURPOSE

01.01 The Reactor Oversight Process (ROP) integrates the NRC's inspection, assessment, and enforcement programs. The Operating Reactor Assessment Program evaluates the overall safety performance of operating commercial nuclear reactors and communicates those results to licensee management, members of the public, and other government agencies.

01.02 The assessment program collects information from inspections and performance indicators (PIs) in order to enable the agency to arrive at objective conclusions about a licensee's safety 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 and including 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 cornerstone 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 weaknesses were effective.

0305-02 OBJECTIVES

02.01 To collect information from inspection findings and PIs.

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

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

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

0305-03 APPLICABILITY

This inspection manual chapter (IMC) applies to all operating commercial nuclear reactors except those sites that are under IMC 0350, "Oversight of Reactor Facilities in Shutdown Condition Due To Significant Performance and/or Operational Concerns." 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). Refer to IMC 0320, "Operating Reactor Security Assessment Program," for guidance related to the assessment of security-related PIs and inspection findings.

0305-04 DEFINITIONS

04.01 Annual Assessment Cycle. A 12-month assessment period from January 1 through December 31 of each year.

04.02 Assessment Inputs. As used in this IMC, assessment inputs are the PIs and inspection findings for a particular plant that are combined in the assessment process in order to determine appropriate agency actions. As discussed in section 06.01, traditional enforcement items should be considered when determining the range of agency actions within the appropriate column of the Action Matrix.

04.03 Assessment Period. A rolling 12-month period that contains four quarters of performance indicators and inspection findings. An inspection finding is normally carried forward in the assessment process for a total of four calendar quarters and a performance indicator is recalculated on a quarterly basis.

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

04.05 Cross-Cutting Aspect. A performance characteristic that is the most significant contributor to a performance deficiency that resulted in a finding.

04.06 *Cross-Cutting Area Component. 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.* [C4]

04.07 Cross-Cutting Theme. For PI&R and HU, a cross-cutting theme exists when multiple inspection findings (i.e., four or more) are assigned the same cross-cutting aspect. The findings should be representative of more than one cornerstone; however, given the significant inspection effort applied to the Mitigating Systems Cornerstone, a cross-cutting theme can exist consisting of inspection findings associated with only this one cornerstone. A cross-cutting theme exists in SCWE if at least one of the following three conditions exists: (1) a finding with a documented cross-cutting aspect in SCWE and the impact on SCWE was not isolated, or (2) the licensee has received a chilling effect letter, or (3) the licensee has received correspondence from the NRC that transmitted an enforcement action with a Severity Level of I, II, or III, and that involved discrimination, or a confirmatory order that involved discrimination. See Section 13 of this IMC for more details.

04.08 Degraded Cornerstone. A cornerstone that has two or more white inputs or one yellow input.

04.09 IMC 0350 Process. An oversight process that oversees licensee performance, inspections, and restart efforts for plants in shutdown conditions with significant performance and/or operational concerns.

04.10 Multiple Degraded Cornerstones. Two or more cornerstones are degraded in any one quarter.

04.11 Old Design Issue. An inspection finding involving a past design-related problem in the engineering calculations or analyses, the associated operating procedure, or installation of plant equipment that does not reflect a performance deficiency associated with existing licensee programs, policy, or procedures.

04.12 Parallel Performance Indicator Inspection Finding. An inspection finding issued at the same significance level of a safety-significant performance indicator when the supplemental inspection reveals a substantial inadequacy 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. See section 12.04.b for more details.

04.13 Plant Performance Summary. A document prepared by the regional offices and used during the mid-cycle review, end-of-cycle review, and Agency Action Review (if applicable) meetings. This document is prepared for those plants that: (1) for any quarter 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.

04.14 Repetitive Degraded Cornerstone. A single cornerstone that is degraded for five or more consecutive quarters with at least one of the five quarters having: (1) three or more white inputs, or (2) one yellow and one white input.

04.15 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.

04.16 Safety Culture. That assembly of characteristics and attitudes in organizations and individuals which establishes that, as an overriding priority, nuclear plant safety issues receive the attention warranted by their significance.

04.17 Safety Culture Assessment. A comprehensive evaluation of the assembly of characteristics and attitudes related to all of the safety culture components described in Section 13 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).

04.18 Safety-Significant Finding/Performance Indicator. An inspection finding having greater than very low safety significance (green) or a performance indicator that has greater-than-green safety significance.

04.19 Significance Determination Process (SDP). A characterization process that is applied to inspection findings to determine their safety significance. Using the results of the SDP, the overall licensee performance assessment process can compare and evaluate the findings on a significance scale similar (i.e., white, yellow, red) to the performance indicators.

04.20 Substantive Cross-Cutting Issue (SCCI). An SCCI is a cross-cutting theme that has been identified in PI&R, HU, or SCWE about which the NRC staff has a concern with the licensee's scope of efforts or progress in addressing the cross-cutting theme.

0305-05 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.* [C1]

c. *Informs the Commission of all approved deviations from the Action Matrix.* [C1]

05.02 Director, Office of Nuclear Reactor Regulation (NRR).

a. Implements the requirements of this IMC within NRR.

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 Administrators.

a. Implements the requirements of this IMC and IMC 0320, "Operating Reactor Security Oversight Process," within their respective regions.

b. Develops and issues assessment letters to each licensee.

c. Conducts assessment reviews and directs allocation of inspection resources within the regional office 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. Suspends the mid-cycle and/or end-of-year performance review for those plants that have been transferred to the IMC 0350 process (see IMC 0350).

f. Chairs the end-of-cycle review meetings.

g. Initiates requests for deviations from the Action Matrix.

05.04 Director, Office of Public Affairs. Issues press releases following the completion of the mid-cycle and end-of-cycle reviews.

05.05 Deputy Director, Division of Inspection and Regional Support (NRR/DIRS).

a. Develops assessment program guidance.

b. Collects feedback from the regional offices and assesses execution of the Operating Reactor Assessment Program to ensure consistent application.

c. Recommends, develops, and implements improvements to the Operating Reactor Assessment Program.

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

e. Concurs on proposals by the regional offices to not count an old design issue in the assessment program in accordance with Section 12.01.

f. Concurs on proposals by the regional office to extend an inspection finding in the assessment process beyond the normal four quarters in accordance with Section 12.04.

g. Concurs on proposals by the regional office to initiate a parallel inspection finding in accordance with Section 12.04.

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

05.06 Regional Division Directors.

a. Chairs the mid-cycle review meeting.

b. Approves proposals by the regional offices to not count an old design issue in the assessment program in accordance with Section 12.01.

c. Approves proposals by the regional office to extend an inspection finding in the assessment process beyond the normal four quarters in accordance with Section 12.04.

d. Approves proposals by the regional office to initiate a parallel inspection finding in accordance with Section 12.04.

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

05.07 Director, Office of Enforcement (OE).

a. Provides any significant insights from the enforcement program to the regional offices during the mid- and end-of-cycle review meetings.

b. Provides any significant insights from the NRC's allegation program to the regional offices 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 the regional offices during the end-of-cycle review meetings.

05.09 Director, Office of Research (RES). Provides any significant insights from the office of Research to the regional offices during the 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 the regional offices.

b. Provides guidance to the regional offices on performing the assessment program for the security cornerstone.

c. Implements the requirements of IMC 0320 within NSIR.

d. Develops assessment program policies and procedures.

e. Ensures uniform program implementation and effectiveness.

f. Collects feedback from the regional offices pertaining to IMC 0320.

g. Develops and implements improvements to IMC 0320.

0305-06 ASSESSMENT PROCESS OVERVIEW

06.01 Period of Review. Licensee performance is reviewed over a 12-month period through the operating reactor assessment process (Exhibit 3). 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 inspection finding will only be considered in the assessment process after the final determination of significance is

made through the SDP and the licensee has been informed of the decision. The finding will be dated back to the end of inspection period, as further defined in section 12.03. A safety-significant inspection finding is carried forward for four calendar quarters 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 calendar quarters unless the region 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.

Example: A preliminary white inspection finding in the second calendar year (CY) quarter whose final safety significance was determined to be white (low to moderate safety significance) during third CY quarter, would be considered a white finding in CY quarters 2, 3, 4, and the first quarter of the next CY.

06.03 Use of Unresolved Items (URIs). URIs should be dispositioned according to IMC 0612, "Power Reactor 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 SDP process can not evaluate for safety significance. If applicable, the underlying technical issue should be evaluated separately using the SDP and the results considered in the assessment program. The violations not associated with an SDP finding should be considered when determining (1) the range of agency actions within the appropriate column of the Action Matrix, (2) whether a substantive cross-cutting issue exists in the SCWE area (See Section 13), and (3) the need for more detailed follow up in response to escalated enforcement actions or a series of violations in one of the traditional enforcement areas of willfulness, impeding the regulatory process or actual consequences.

06.05 Findings Under Appeal. The process by which a licensee may appeal the staff's final significance determination of an inspection finding documented in an NRC inspection report or final significance determination letter is described in IMC 0609, "Significance Determination Process," Attachment 2, "Process for Appealing NRC Characterization of Inspection Findings." If a licensee chooses to appeal the significance determination of a finding, that finding is counted in the Action Matrix until such a time as the staff notifies the licensee in writing of a change in final significance determination.

0305-07 PERFORMANCE REVIEWS

The assessment process consists of a series of reviews which are described below.

07.01 Continuous Review. The resident inspectors and branch chiefs in each regional office continuously monitor the performance of their assigned plants using the results of the PIs and inspection findings. Inspections are conducted on a continuous basis in

accordance with IMC 2515, "Light-Water Reactor Inspection Program – Operations Phase," and IMC 2201, "Security and Safeguards Inspection Program for Commercial Power Reactors," and PIs are reported quarterly by the licensee.

Between the normal quarterly assessments, the region may issue an assessment follow-up letter and address an issue in accordance with the Action Matrix if: (1) a safety-significant inspection finding is finalized, or (2) a PI will cross a performance threshold at the end of the quarter based on current inputs. The assessment follow-up letter may be combined with the final SDP determination letter.

The assessment follow-up letter should discuss the planned actions and note appropriate changes to the plant's designation in the Action Matrix.

07.02 Quarterly Review.

a. Requirements. Each region conducts a quarterly review for each plant using PI data submitted by licensees and inspection findings compiled over the previous 12 months. This review is conducted within five weeks following the conclusion of each quarter of the annual assessment cycle. The most recent quarter of PIs and applicable inspection findings shall be considered in determining agency actions per the Action Matrix.

b. Preparation. The responsible regional Division of Reactor Projects (DRP) branch chief reviews the most recently submitted PIs, which should be submitted by the licensee 21 days after the end of the quarter, and the inspection findings contained in the plant issues matrix (PIM) to identify any performance trends. The branch chief shall use the Action Matrix to help identify if there are NRC actions that should be considered which are not already embedded in the existing inspection plan.

c. Conducting the quarterly review. The region determines the appropriate Action Matrix column for each plant and communicates the results to headquarters. Since inspection findings count in the assessment process for four quarters, the staff may become aware that a plant will reach a repetitive degraded cornerstone categorization prior to five consecutive quarters actually being completed. When the regional office determines that a plant will reach a repetitive degraded cornerstone, an assessment letter should 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 plants whose performance is in the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix, consideration shall be given at each quarterly review of engaging senior licensee and agency management in discussions associated with (1) transferring the plant to the IMC 0350 process, (2) declaring licensee performance to be unacceptable in accordance with the guidance contained within this IMC, and (3) taking additional regulatory actions (as appropriate).

d. Quarterly review output. The output of the quarterly review is a quarterly assessment follow-up letter. Assessment follow-up letters are normally issued within two weeks after the quarterly review for any new safety-significant PIs or inspection findings. If, based on the continuous review, as discussed above, the region issued an assessment follow-up letter for inspection findings or PIs during the past quarter, then a subsequent quarterly assessment follow-up letter is not needed if its only purpose is to reiterate issues that had been previously addressed to the licensee. If there are significant changes in the inspection plan for a plant in the Multiple/Repetitive Degraded Cornerstone Column of the Action Matrix, the regions should issue a separate assessment follow-up letter in order to ensure the licensee is aware of these changes. If there is no column change since the last assessment letter, a quarterly assessment follow-up letter is not required. Assessment follow-up letters are not required for leftward movement in the Action Matrix, unless a held-open finding is being closed out.

> Note: The regional office should still perform a supplemental inspection procedure even if a PI returns to the green band prior to conducting the supplemental inspection. This includes the situation where a PI reverts to green as a result of plant modifications and/or changes to the probabilistic risk assessment before the supplemental inspection has been conducted.

07.03 Mid-Cycle Review.

a. Requirements. Each regional office conducts a mid-cycle review for each plant using the most recent quarterly PIs, inspection findings, and enforcement actions compiled over the previous 12 months. The regional office may also consider insights documented in the most recently issued biennial problem identification and resolution inspection report. This review incorporates activities from the quarterly review that followed the end of the first quarter of the CY and will be completed within seven weeks of the end of the second quarter of the annual assessment cycle. Additional activities include planning inspection activities for approximately 15 months and discussing any insights into potential SCCIs.

The mid-cycle review and subsequent mid-cycle letter should only discuss issues from inspections that were completed prior to the end of the mid-cycle assessment period.

The review should consider the conclusions of any independent assessments of a licensee, such as Institute of Nuclear Power Operations (INPO) and International Atomic Energy Agency (IAEA) Operational Safety Review Team (OSART) inspections. The purpose of considering independent assessments is to provide a means of self-assessing the NRC inspection and assessment process. References to INPO conclusions will not be included in the assessment letters. [C3]

b. Preparation. In preparation for the mid-cycle reviews, the regional offices shall:

1. Develop a meeting agenda. The meeting agenda will identify the areas that should be addressed by the regional offices for all plants, 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 handled properly and not inadvertently released to the public.

2. Compile the plant issues matrix, the results of the PIs, the qualitative results from the most recent biennial PI&R inspection, and the proposed inspection plan for each plant.

3. Develop a Plant Performance Summary for those plants whose performance has been in the Degraded Cornerstone, Multiple/Repetitive Degraded Cornerstone, or Unacceptable Performance Columns of the Action Matrix during any quarter of the 12-month mid-cycle review period.

4. Develop a Plant Performance Summary for those plants that the regional offices consider to have current SCCIs that should be included in the mid-cycle letter. In order to determine the need for a Plant Performance Summary, the existence of a potential SCCI should be discussed by the regional office prior to the mid-cycle review meeting.

   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. Each page of the Summary should be clearly marked as "pre-decisional" to ensure that the document is handled properly and not inadvertently released to the public.

   The Plant Performance Summary should include:

   - An operating summary
   - A performance overview (current overall assessment and previous assessment results)
   - Inspection and PI results by cornerstones
   - Other issues (e.g., cross-cutting issues, PI verification, non-SDP enforcement actions of any severity level over the past 12 months, and PI&R issues from the latest biennial inspection)
   - 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 PIs and inspection findings in the assessment program and display the quarterly status of safety-significant inspection findings and PIs and the associated action matrix column over a sufficient timeline. The plant specific action matrix does not need to be prepared for plants that are being discussed only for the purpose of having a potential substantive cross-cutting issue.

6. Consider operating experience insights:

- During the mid-cycle review, region-wide operating experience and emerging trends should be evaluated to determine if any general areas of concern might be identified. Any areas of concern should be communicated to NRR/DIRS via the ROP Feedback Form process.

- Identified operating experience and emerging trends should be used by the region to inform the selection of focused inspection samples.

c. Conducting the mid-cycle review. The mid-cycle review meeting is chaired by a Division-level manager. The DRP branch chiefs should take the lead in presenting the overall results of the review of their plants to the division director. The regional Division of Reactor Safety (DRS) branch chiefs shall coordinate with the appropriate DRP branch chiefs to provide adequate support for the presentation and the development of the inspection plan.

Other participants shall include applicable resident inspectors and a representative from the NRR/DIRS. Additional participants may include the regional allegations coordinator or the agency allegations advisor, and any other additional resources deemed necessary by the regional offices.

The following representatives should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant: senior representatives from the Division of Operating Reactor Licensing, OI, OE, NSIR, and RES.

The role of the various headquarters participants during the mid-cycle meeting is to provide: (1) an opportunity for these offices to share any significant insights into licensee performance over the course of the annual assessment period, (2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and (3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance.

A senior reactor analyst (SRA) is not required to attend the meeting if their insights on safety-significant performance issues have been provided before the meeting. The agency allegations advisor will provide any significant insights to the regional offices at least one week in advance of the mid-cycle 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 review output. The output of the mid-cycle review is a mid-cycle letter. The mid-cycle letter shall be issued within nine weeks of the end of the completion of the second quarter assessment period.

Signature authority for the mid-cycle letter is determined by the most significant column of the Action Matrix that the plant has been in over the first two quarters of the current assessment cycle. For example, findings from the previous assessment cycle that were no longer active in the assessment process during the first two quarters of the current assessment cycle would not factor in to the signature authority determination.

The mid-cycle letter shall contain:

1. A summary of safety-significant PIs and inspection findings for the most recent two quarters 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 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 per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.

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

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

4. For plants 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 qualitative discussion of SCCIs, if applicable.

6. A discussion of the licensee's progress in addressing a substantive cross-cutting issue, if documented in the previous mid-cycle or annual assessment letter.

7. A brief discussion of cross-cutting themes that were assessed and determined to not be an SCCI.

8. A discussion of (1) non-SDP enforcement actions having Severity Level III or greater significance, including the planned Agency response, and/or (2) if the licensee has met the criteria for implementing IP 92723 to follow up on any non-escalated traditional enforcement actions. The region may, if desired, indicate if the licensee is approaching the criteria for an IP 92723 follow-up inspection.

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

10. 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.

11. An inspection plan consisting of approximately 15 months (from the issuance of the mid-cycle letter) of activities. The inspection plan will consist of Report 22 from the Reactor Program System (RPS).

07.04 End-of-Cycle Review.

a. Requirements. Each regional office conducts an end-of-cycle review for each plant using the most recent quarterly PIs and inspection findings compiled over the previous 12 months. The regional office may also consider insights documented in the most recently issued biennial problem identification and resolution inspection report. The review meeting will be held within seven weeks of the end of the assessment cycle.

This review incorporates activities from the mid-cycle and quarterly reviews, including consideration of the conclusions of any independent assessments, such as Institute of Nuclear Power Operations (INPO) and International Atomic Energy Agency (IAEA) Operational Safety Review Team (OSART) inspections. The purpose of considering independent assessments is to provide a means of self-assessing the NRC inspection and assessment process. References to INPO conclusions will not be included in assessment letters. The output of this review is an annual assessment letter. [C3]

The end-of-cycle review and subsequent annual assessment letters should only discuss issues where the inspection was completed prior to the end of the assessment period. Additional end-of-cycle activities include planning inspection activities for approximately 15 months, discussing any potential SCCIs, and developing an input (if applicable) to support the Agency Action Review Meeting (AARM).

The Action Matrix will be used to determine the scope of agency actions in response to assessment inputs.

b. Preparation. In preparation for the end-of-cycle review meetings, the regional offices shall:

1. Develop a meeting agenda. The meeting agenda shall identify the areas that should be addressed by the regional offices for all plants except those for which a Plant Performance Summary is required. A single 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 handled properly and not inadvertently released to the public

2. Compile a plant issues matrix, the results of the PIs, the qualitative results from the most recent biennial PI&R inspection, and the proposed inspection plan for each plant.

3. Develop a Plant Performance Summary for those plants whose performance has been in the Degraded Cornerstone Column, Multiple/Repetitive Degraded Cornerstone Column, or Unacceptable Performance Column of the Action Matrix during any quarter of the past 12 months.

4. Develop a Plant Performance Summary for those plants that the regional offices consider to have current substantive cross-cutting issues that should be discussed in the annual assessment letter. In order to determine the need for a Plant Performance Summary, the existence of a preliminary SCCI should be discussed by the regional office prior to the end-of-cycle review meeting.

   The Plant Performance Summary packages will assist the regional offices in conducting the meeting and will form the basis for the annual assessment letters. These packages will also be used at the End-of-Cycle Summary Meeting, as well as providing input to the Agency Action Review Meeting (if applicable). Each page of Plant Performance Summary should be clearly marked as "pre-decisional" to ensure that the document is handled properly and not inadvertently released to the public.

   The Plant Performance Summary should include:

   - An operating summary
   - A performance overview (current overall assessment and previous assessment results)
   - Inspection and PI results by cornerstones
   - Other issues (i.e., cross-cutting issues, PI verification, non-SDP enforcement actions of any severity level over the past 12 months, and PI&R issues from the latest biennial inspection)
   - 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 detail the timeline and consideration of PIs and inspection findings in the assessment program and display the quarterly status of safety-significant inspection findings and PIs and the associated action matrix column over a sufficient timeline. The plant specific matrix does not need to be

prepared for plants that are being discussed only for the purpose of having a potential SCCI.

6. Consider operating experience insights:

- During the end-of-cycle review, region-wide operating experience and emerging trends should be evaluated to determine if any general areas of concern might be identified. Any areas of concern should be communicated to NRR/DIRS via the ROP Feedback Form process.

- Identified operating experience and emerging trends should be used by the region to inform the selection of focused inspection samples.

c. Conducting the end-of-cycle review. The end-of-cycle review meeting is chaired by the regional administrator or his/her designee. The regional division directors and/or branch chiefs present the results of the annual review to the regional administrator (or designee).

Other routine participants should include DRP and DRS branch chiefs, applicable regional and resident inspectors, a representative from NRR/DIRS, the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional participants deemed necessary by the regional offices.

The following representatives should also participate if there are pertinent performance issues that should be factored into the performance for a particular plant: senior representatives from the Division of Operating Reactor Licensing, Office of Investigations, Office of Enforcement, Office of Nuclear Security and Incident Response, and Office of Research. The role of the various headquarters participants during the end-of-cycle meeting is to provide: (1) an opportunity for these offices to share any significant insights into licensee performance over the course of the annual assessment period, (2) an independent validation of the regional office's assessment of licensee performance from their office's perspective, and (3) clarifying or ancillary remarks regarding ongoing or current issues under their cognizance.

Senior reactor analysts (SRA) are not required to attend the meeting if their insights on safety-significant performance issues have been provided before the 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. End-of-cycle review output. The output of the end-of-cycle review is an annual assessment letter. The annual assessment letter shall be issued nine weeks from the end of the assessment cycle. Signature authority for each annual assessment letter is determined by the most significant column of the Action Matrix that the plant has been in over the four quarters of the assessment cycle.

The annual assessment letters shall contain:

1. A summary of safety-significant PIs and inspection findings for the most recent two quarters as well as 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 quarters may be discussed if:

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

   - These issues, when combined with assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarter's results.

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

3. A qualitative discussion of SCCIs, if applicable.

4. A discussion of the licensee's progress in addressing an SCCI, if documented in the previous mid-cycle or annual assessment letter.

5. A brief discussion of cross-cutting themes that were assessed and determined to not be an SCCI.

6. A discussion of (1) non-SDP enforcement actions having Severity Level III or greater significance, including the planned Agency response, and/or (2) if the licensee has met the criteria for implementing IP 92723 to follow up on any non-escalated traditional enforcement actions. The region may, if desired, indicate if the licensee is approaching the criteria for an IP 92723 follow-up inspection.

7. A discussion of findings that are currently being evaluated by the significance determination process that may affect the inspection plan.

8. A discussion of any Degraded Cornerstone Column plant that has remained in that column for 3 years or more. The discussion should center on why the licensee has remained in this column for such a period of time and how they plan to address the performance issues.

9. A discussion of any Multiple/Repetitive Degraded Cornerstone Column plant. The discussion should center on those performance issues contributing to why the licensee has been placed in this and those actions the licensee is taking to address the performance problems.

10. 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.

11. An inspection plan consisting of approximately 15 months of activities (from the issuance of the annual assessment letter). The inspection plan will consist of report 22 from the Reactor Program System (RPS).

07.05 End-of-Cycle Summary Meeting. The End-of-Cycle Summary Meeting is conducted following the conclusion of the end-of-cycle review meetings to summarize the results of the end-of-cycle review with the Director, NRR (or another member of the NRR Executive Team).

a. Requirements. The End-of-Cycle Summary Meeting is an informational meeting whose purpose is for regional management to engage headquarters management to ensure awareness of:

- Plants to be discussed at the AARM,
- Plants with significant performance issues,
- Plants with open Action Matrix deviations,
- Plants with substantive cross-cutting issues, and
- Agency actions already taken in response to plant performance.

The End-of-Cycle Summary Meeting will be scheduled within one week after the completion of the last regional end-of-cycle review. This meeting will occur after the completion of all the end-of-cycle meetings but before the issuance of the annual assessment letters.

b. Preparation. IPAB will develop an agenda for the meeting with input from the regional offices. The regional offices should provide their input to IPAB three working days prior to the meeting.

c. Conducting the End-of-Cycle Summary Meeting. Each regional administrator will lead the discussion for his/her region. The regional presentation should:

1. Summarize the results of the end-of-cycle review for those plants whose performance in one or more quarters in the past twelve months has been in the Degraded Cornerstone column, Multiple/Repetitive Degraded Cornerstone column, or Unacceptable Performance column of the Action Matrix.

2. Discuss plants that are under the IMC 0350 process.

3. Present the results for those plants that the regional office considers to have current SCCIs that would be included in the annual assessment letter.

4. Discuss any open deviations from the Action Matrix, including their bases and actions required to close.

0305-08 PROGRAM REVIEWS

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

This meeting is a collegial review by senior NRC managers of:

- The appropriateness of agency actions for plants with significant performance issues based on data compiled during the end-of-cycle review and those that have moved into the "Multiple/Repetitive Degraded Cornerstone" or the "Unacceptable Performance" Columns during the first quarter of the year in which the AARM is held,
- Trends in overall industry performance,
- The appropriateness of agency actions concerning fuel cycle facilities and other materials licensees with significant performance problems,
- The results of the ROP self-assessment, *including a review of approved deviations from the Action Matrix*. [C2]

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

08.02 AARM Commission Meeting. The EDO will brief the Commission annually to convey the results of the AARM, *including a discussion of any deviations from the ROP Action Matrix*. [C2] 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.

0305-09 PUBLIC STAKEHOLDER INVOLVEMENT

09.01 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 annual assessment letters have been issued. For the discussion of licensee security performance at public meetings, refer to IMC 0320.

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 annual assessment letters are issued in order to allow time for the licensee to review the contents of the letter.

For plants 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 scheduled within 16 weeks of the end of the assessment period. The 16-week guideline may occasionally be exceeded to accommodate the regional office or licensee's schedule.

For plants 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 annual assessment letter.

The regional offices should use this opportunity to engage interested stakeholders on the performance of the plant and the role of the agency in ensuring safe plant 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 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 other areas of public interest.

09.02 Preparation. The region 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.

The region 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.

The regions should also consider:

- Practice sessions before meetings/events. Prior to the annual meeting(s), the Region should map out a strategy for the public meetings for all the plants in the region and conduct preparation sessions for higher-profile meetings, as needed.
- Using the sample assessment event slides on the ROP Digital City website.
- Using the same agency spokesperson(s) at more than one site to give a consistent message and developing standard responses to repeated questions.

The regions 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 and determined by the most significant column that the plant has been in over the assessment cycle, should normally be involved at the event. For plants with heightened stakeholder interest, media inquiry, or contentious issues, regions should consider sending an appropriate level of management needed to respond to stakeholder interest and effectively conduct the meeting. For plants 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 plants may also be required to meet with the Commission depending on the circumstances as discussed in Section 10.02.

09.03 Conduct. The annual 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 annual 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 3 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.

0305-10 NRC RESPONSES TO LICENSEE PERFORMANCE

10.01 Description of the Action Matrix. The Action Matrix (Exhibit 4) 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 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-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-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 annual public meeting.

10.02 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 (Column 1).

1. All assessment inputs are green.

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

b. Regulatory Response Column (Column 2).

1. Assessment inputs result in no more than one white input in any cornerstone and no more than two white 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 reviewed using IP 95001, "Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area."

4. 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. 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 (or division director).

c. Degraded Cornerstone Column (Column 3).

1. Assessment inputs result in a degraded cornerstone (two or more white inputs or one yellow input in any cornerstone) or three white inputs to 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 for both the individual and the collective issues. This evaluation should also determine whether deficient safety culture components caused or significantly contributed to the risk-significant performance issues. If so, those safety culture deficiencies should be entered into the plant's corrective action program.

3. The licensee's evaluation will be reviewed using IP 95002, "Supplemental Inspection for One Degraded Cornerstone Or Any Three White Inputs in a Strategic Performance Area." The region will also perform an independent assessment of the extent of condition using appropriate inspection procedures chosen from the tables contained in Appendix B to IMC 2515.

Additionally, the NRC may request that the licensee complete an independent assessment of safety culture, if the NRC identified through the IP 95002 inspection and the licensee did not recognize, that one or more safety culture component deficiencies caused or significantly contributed to the risk-significant performance issues. [C4] See Section 04.17 for the definition of "independent assessment of safety culture."

The staff will use IP 71152, "Identification and Resolution of Problems" to perform follow-up when the NRC requests the licensee to perform an independent 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. Regional staff should contact the Chief, Health Physics and Human Performance Branch, NRR/DIRS for assistance and guidance.

4. Following completion of the inspection, the regional administrator (or designee) 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 appropriate regional administrator (or designee).

5. *Any licensee remaining in the Degraded Cornerstone Column for three years or more may be invited to meet with the Commission to discuss performance issues and their plan for addressing those issues. [C5]*

d. Multiple/Repetitive Degraded Cornerstone Column (Column 4).

1. Assessment inputs result in a repetitive degraded cornerstone; multiple degraded cornerstones, multiple yellow inputs, or a red input.

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.

   The licensee is also expected to perform a third-party assessment of their safety culture. [C4] See Section 04.17 for the definition of "third party assessment of safety culture."

   IP95003, "Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input," will be performed to review the breadth and depth of the performance deficiencies, assess the licensee's evaluation of their safety culture, 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 appropriate regional division director with concurrence of the Deputy Director, NRR/DIRS.

3. Following the completion of the inspection, the EDO or his designee, in conjunction with the regional administrator and the Director, NRR, will decide whether additional agency actions are warranted. At a minimum, the regional office 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 when an assessment follow-up letter is issued. These actions need to be as clear and objective as possible.

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 95003, if warranted. The regulatory performance meeting will normally consist of a public meeting between the licensee and the EDO/Deputy EDO (or designee).

Note: Other than the CAL, the regulatory actions listed in this column of the Action Matrix are not mandatory. However, the regional office 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. [C2]

The regions should consider the following as indicative of actual performance improvements:

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

(b) NRC and licensee PIs do not indicate similar significant performance weaknesses that have not been adequately addressed.

(c) The licensee's performance improvement program has demonstrated sustained improvement.

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

(e) 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.

(f) Additionally, the licensee has made significant progress on any regulatory actions imposed (i.e. CALs, orders, 50.54 (f) letters)

because of the performance deficiencies leading to the Multiple/Repetitive Degraded Cornerstone designation.

5. After the original findings have been closed out, and an assessment follow-up letter is issued, the licensee will return to the Action Matrix column that is represented by the other outstanding safety-significant inspection findings and PIs.

Additionally, for a period of up to two years after the initial findings have been closed out, the regional offices 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. [C2]

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 95003 and CAL follow-up inspections (not to exceed 200 hours of direct inspection over a maximum two-year period) without concurrence from the Deputy Director, NRR/DIRS,

- Annual public meetings, and authorization of the contents of the subsequent assessment letters.

The actions taken beyond 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 NRR/DIRS/IPAB branch chief on concurrence.

The regional offices 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 appropriate regional division director with the concurrence of the Deputy Director, NRR/DIRS.

In addition, *a licensee is expected to meet with the Commission within 6 months of entering Column 4 to discuss their plans for addressing the performance deficiencies and their plans for improvement. [C5]*

e. Unacceptable Performance Column (Column 5).

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. Examples of unacceptable performance may include:

   (a) Multiple significant violations of the facility's license, technical specifications, regulations, or orders.

   (b) Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with the design basis (e.g., multiple safety-significant examples where the facility was determined to be outside of its design basis, 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 95003 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*. [C4]

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 IP95003. 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.

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 the guidance of IMC 0350.

f. IMC 0350 Process Column.

1. The criteria for entrance into the IMC 0350 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. Plants under the IMC 0350 process are considered to be outside of the normal assessment process and under the control of IMC 0350. 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 and perform an evaluation of the root and contributing causes for both the individual and collective causes.

4. As discussed in IMC 0350, the regional offices will conduct baseline and supplemental inspections as appropriate, as well as special inspections per the restart checklist. PI data should continue to be gathered in accordance with IMC 0608, "Performance Indicator Program," to the extent that it is applicable to shutdown conditions. Plants under the IMC 0350 process should be discussed at the mid-cycle and end-of-cycle reviews to integrate inspection planning efforts across the regional office and to keep internal stakeholders abreast on ongoing inspection and oversight activities. Mid-cycle or annual assessment letters are generally not issued for these plants. Annual public meetings will not be conducted for these plants as the regional office conducts periodic public meetings to discuss licensee performance.

5. As discussed in Section 11.02, *the regional offices 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 IMC 0350 Process*. [C2]

0305-11 TRANSITIONS BETWEEN THE ACTION MATRIX AND IMC 0350

11.01 Transitioning to the IMC 0350 Process. The normal criteria for considering a plant for the IMC 0350 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 IMC 0350 process.

Management considerations in placing a plant under the IMC 0350 process are discussed in IMC 0350. At this point, periodic assessment (quarterly, mid-cycle, and end-of-cycle) of licensee performance is no longer under the auspices of this IMC but is now under the IMC 0350 process. This process is more completely described in IMC 0350.

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 IMC 0350 may be applied:

a. 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 95003 (if not already performed) and the plant remains under the level of oversight dictated by this IMC and is not transferred to the IMC 0350 process.

b. Plant B performs a voluntary shutdown to address performance issues. The agency performs supplemental IP 95003 (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 IMC 0350 process.

c. 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 IMC 0350 have been met and agency management determines that this process should be implemented using the criteria in IMC 0350. At this point, periodic assessment of licensee performance is no longer dictated by this IMC and is transferred to the IMC 0350 process. Plant performance is not determined to be unacceptable.

d. 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 IMC 0350 process.

e. 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 IMC 0350.

11.02 Transitioning out of the IMC 0350 Process. Once the conditions for restart have been completed, as discussed in Section 06.04 of IMC 0350, the regional administrator will issue a restart authorization letter. The restart authorization letter will include the basis for restart and the extent of continued Restart Oversight Panel engagement. The panel will determine the duration of their oversight activities and the date of the licensee's return to the routine oversight process.

Additionally, for a period of up to two years after the plant has exited the IMC 0350 process, the regional offices 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. [C2]

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 inspections (not to exceed 200 hours of direct inspection over a maximum two-year period) without concurrence from the Deputy Director, NRR/DIRS. 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 Chief, NRR/DIRS/IPAB on concurrence.

0305-12 ADDITIONAL ACTION MATRIX GUIDANCE

12.01 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 ROP 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-significant issues that are not likely to be identified by routine efforts before degraded safety systems are called upon to work. The assessment program evaluates present performance issues and this approach excludes old design issues from consideration of overall licensee performance in the Action Matrix. The DRP or DRS division director will authorize the treatment of findings as old design

issues with the concurrence of the Deputy Director, NRR/DIRS. This is not considered a deviation from the Action Matrix in accordance with Section 12.06.

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

a. Treatment of Old Design Issues in the Assessment Process. The NRC may refrain from considering safety-significant inspection findings in the assessment program for a design-related finding in the engineering calculations or analysis, associated operating procedure, or installation of plant equipment that meets all of the following criteria:

   1. It was licensee-identified as a result of a voluntary initiative such as a design basis reconstitution. For the purposes of this IMC, self-revealing issues are not considered to be licensee-identified. Self-revealing issues are those deficiencies which reveal themselves to either the NRC or licensee through a change in process, capability or functionality of equipment, or operations or programs.

   2. It was or will be corrected, including immediate corrective action and long term comprehensive corrective action to prevent recurrence, within a reasonable time following identification (this action should involve expanding the initiative, as necessary, to identify other failures caused by similar root causes). For the purpose of this criterion, identification is defined as the time from when the significance of the finding is first discussed between the NRC and the licensee. Accordingly, issues being cited by the NRC for inadequate or untimely corrective action are not eligible for treatment as an old design issue.

   3. It was not likely to be previously identified by recent ongoing licensee efforts such as normal surveillance, quality assurance activities, or evaluation of industry information.

   4. It does not reflect a current performance deficiency associated with existing licensee programs, policy, or procedure.

   If all the old design issue criteria are met, then the finding would not aggregate in the Action Matrix with other PIs and inspection findings.

   If the old design issue criteria are not met, then the finding would be treated similar to any other inspection finding and additional agency actions would be taken in accordance with the Action Matrix.

   Overall Inspection Approach
   The finding considered for treatment as an old design issue would have been brought to a Significance and Enforcement Review Panel (SERP) and a Regulatory Conference, if applicable. The finding would have been discussed in the appropriate inspection report cover letter and displayed on the NRC's web

site with its actual safety significance after the final safety significance is determined.

If enough information was known to determine that the finding meets the old design issue criteria, the licensee was notified in the inspection report cover letter that the finding has been determined to be an old design issue. The regional offices would have then performed an IP 95001 supplemental inspection for a white finding or an IP 95002 for a yellow or red finding to review the licensee's root cause evaluation and corrective action plan for that particular issue.

> Example: The NRC has concluded that a white finding in the mitigating systems cornerstone meets the criteria for an old design issue for Plant A. Plant A also had a previous white PI in the mitigating systems cornerstone. This plant would be considered in the Regulatory Response column of the Action Matrix due to the white PI, and agency actions would be in accordance with that column including an IP 95001 inspection for the white PI. The old design issue does not aggregate for Plant A in determining the Action Matrix column or required agency response. Therefore, the white old design issue would be considered independently and a 95001 supplemental inspection for that issue would be conducted.

If additional information was needed to determine whether the finding meets the old design issue criteria, the inspection report cover letter should state that the finding is being considered for treatment as an old design issue. The regional offices should then perform an IP 95001 supplemental inspection for a white finding or an IP 95002 for a yellow or red finding to review the licensee's root cause evaluation of that particular issue and to gather the additional information required to determine whether the finding meets the old design issue criteria.

> Example: The regional office does not have enough information to determine if a red finding meets the criteria for an old design issue. The regional office would perform an IP 95002 inspection to review the root cause evaluation and gather additional information on whether the finding meets the criteria for an old design issue. As a result of the inspection, if the regional office determines that the criteria have not been met, the regional office would perform the additional inspection activities to complete supplemental inspection requirements for an IP 95003 inspection.

b. Violations in Specified Areas of Interest Qualifying for Enforcement Discretion. Findings that include violations subject to the following enforcement discretion may be dispositioned as described below:

- Enforcement discretion in accordance with the Interim Enforcement Policy Regarding Enforcement Discretion for Certain Fire Protection Issues (10 CFR 50.48(c)) included in the Commission's Enforcement Policy, and

- Enforcement discretion for violations involving fire protection circuits as authorized by Office of Enforcement in Section 8.1.7.1 of the NRC Enforcement Manual.

The NRC will normally refrain from processing the related inspection finding through SDP 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 during the National Fire Protection Association (NFPA) 805 transition period, through the Licensee Event Response (LER) process. It is recommended that an LER be developed for each fire area or each area of assessment.

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

3. The licensee performs an operability evaluation (when applicable) using the guidelines in Regulatory Information Summary (RIS) 2005-20 to demonstrate that safety will be maintained during operation (both power operation and shutdown, as applicable) with compensatory measures as appropriate.

4. Licensees will implement appropriate compensatory measures for each finding immediately upon identification. Such compensatory measures will be maintained while the licensee completes their NFPA 805 evaluation and (1) determines whether the existing configuration is acceptable based on risk analysis, or (2) there is a need for permanent corrective action if the existing configuration is not acceptable, and the corrective action is completed.

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 SDP 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 0305. 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 SDP 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.

12.02 "Double-Counting" of PIs and Inspection Findings. Some issues may cause a simultaneous crossing of a PI threshold and also generate a safety-significant inspection finding. For example, a single performance issue in the Mitigating Systems Cornerstone could result in an inspection finding and count toward the PI as a failure with unavailability. In accordance with the Action Matrix, this would result in two or more assessment inputs combining to cause increased regulatory action.

When safety-significant inspection findings and PIs have the same underlying cause, they should not be "double-counted" in the Action Matrix in any given quarter. The double counting principle should be applied each quarter in order to reassess Action Matrix inputs using the available current PIs and inspection findings. The Action Matrix column representing the highest degree of safety significance should be used when there is flexibility in deciding which inputs should be used or excluded from the Action Matrix.

However, the double-counting principle is not applied across PIs. For example, a system failure could be counted in two PIs with both crossing performance thresholds into the White band. In this situation, the plant would be in the Degraded Cornerstone Column assuming no other Action Matrix inputs. However, if the failure resulted in only one PI crossing a performance threshold, and the system failure was assessed by the SDP as a white finding, the double-counting rule would need to be considered.

When applying the double-counting criteria, and the most conservative outcome, the inspection finding input should be calculated out (removed) from the PI calculation and the remaining inputs should be evaluated and used in the Action Matrix. If there is a greater-than-green PI and an inspection finding with the same underlying cause and if it was determined that the PI would remain white even with the failure removed from the PI calculation, both the PI input and the inspection finding would count. These examples are not considered a deviation from the Action Matrix as defined in Section 12.06 of this IMC.

12.03 Start Date of Findings in the Assessment Program. The start date used for consideration of inspection findings in the assessment program is the end of the inspection activities that designate the issue as an AV, violation (VIO), finding (FIN), or non-cited violation (NCV) in the reactor program system (RPS). For quarterly integrated inspection reports, use the last day of the quarter being assessed. For all other inspection reports, use the last day of onsite inspection activities in which the item was identified as an AV, FIN, VIO, or NCV (often the date of the exit meeting, or the date of

re-exit if disposition of the finding/violation changed since the original exit meeting). Unresolved Items should be dispositioned according to IMC 0612, and appropriately updated in RPS when additional information becomes available.

After a final determination of the significance of an inspection finding is made, the regional office 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.

> Example: Consider the situation where the PI for Unplanned Scrams was white for the second quarter of the assessment cycle and there was an inspection finding in the same cornerstone from the second quarter of the assessment cycle whose final safety significance was determined to be white in the third quarter of the assessment cycle. In this case, the appropriate action would be to perform supplemental IP 95002 rather than IP 95001 since there were two white assessment inputs in the same cornerstone for the second quarter of the assessment cycle. This would be communicated to the licensee in the appropriate assessment letter.

12.04 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 quarters, unless it is “held open” based on the results of the supplemental inspection or because a supplemental inspection has not been conducted. A held open finding is considered in the assessment program for determination of Action Matrix column.

   If the corresponding supplemental inspection reveals substantive inadequacies in the licensee’s (1) evaluation of the root causes of the original PI or 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, the regional offices 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 quarters due to a significant weakness in the licensee’s evaluation of the performance issue must be authorized by the

appropriate regional division director after consulting with the Deputy Director, NRR/DIRS.

If inspection findings are extended beyond the original four quarters, the plant can change Action Matrix column upon successful completion of the supplemental inspection and issuance of the associated inspection report (or other agency action), and an assessment follow-up letter noting the change in column (assessment follow-up letters are only required for reduction in Action Matrix column when held-open findings are being closed out). However, the findings will still be considered (counted towards future column determination) in the Action Matrix for the remainder of the quarter.

b. If there are significant weaknesses in the licensee's evaluation of a performance issue associated with a PI, a parallel PI inspection finding will be opened and given the same color as the PI. There must be a strong causal link between the performance issues that resulted in the greater than green PI and the ineffective corrective actions. Any cross-cutting aspect identified will apply toward the criteria for establishing a cross-cutting theme in the quarter that the inspection period closed, even if the PI has reverted back to green. The finding should be discussed at a SERP prior to notifying the licensee of the final disposition and issuance of a parallel PI inspection finding.

The regional offices must convey the specific weaknesses that the licensee needs to address in order to remove this finding from consideration in the assessment process. This notification should be included in the cover letter of the supplemental inspection report. Additionally, the finding should take effect in the quarter the supplemental inspection period ended, or the beginning of the quarter in which the PI reverted back to Green, whichever comes first or as necessary to maintain the input into the Action Matrix.

The finding will then be removed from consideration of future agency action and Action Matrix column movement will be allowed using the same method as noted above in 12.04.a. The parallel PI inspection finding does not need to stay open in the Action Matrix for four quarters.

The correspondence to the licensee describing the parallel inspection finding must be authorized by the appropriate regional division director after consulting with the Deputy Director, NRR/DIRS. If this approach is taken by the agency, the regions should issue a violation of 10 CFR Part 50, Appendix B, Criterion XVI, "Corrective Action," if applicable.

c. For greater-than-green inspection and parallel PI inspection findings with associated cross-cutting aspects that are held open for greater than four quarters, the cross-cutting aspect will be considered as input for SCCI determination within the six month assessment cycle window in which the held open or parallel finding exists. For example, if the held-open fifth quarter is actually the first calendar quarter of the year, the finding will be considered in the mid-cycle assessment period, and not in the end-of-cycle assessment the following calendar year. If the finding (held open fifth quarter is the first calendar

quarter of the year) is extended beyond the mid-cycle assessment period, then it can be input into the SSCI determination for the following end-of-cycle assessment period.

12.05 Additional Supplemental Inspection and ROP Action Matrix Guidance.

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 inspection findings or PIs are no longer present in the Action Matrix.

   For example, if a PI turns white in the second quarter and returns to green in the third quarter, the plant stays in the Regulatory Response Column until the IP 95001 supplemental inspection is completed satisfactorily.

b. The scope of supplemental inspections should include all white, yellow, or red performance issues in all cornerstones and strategic performance areas. For example, if an IP 95002 inspection is being performed due to a yellow PI in the Mitigating Systems Cornerstone, the scope should also include any white PIs and inspection findings in that cornerstone or any other area.

   If an IP 95002 inspection is being performed due to three white findings in the reactor safety strategic performance area, the scope should include all white PIs and inspection findings in all strategic performance areas and cornerstones.

c. If a greater-than-green inspection finding is approaching the end of the four quarters it is considered in the Action Matrix and the licensee is ready for the supplemental inspection, the IP 95001 inspection can be conducted, even though this finding and other Action Matrix inputs will be subject to a future IP 95002 inspection.

   If the IP95001 inspection is successful, the licensee would stay in the Degraded Cornerstone Column of the Action Matrix until the IP 95002 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 quarter one and the licensee has two or more greater-than-green inputs in quarter three, the NRC can conduct the IP 95001 inspection on the first issue in quarter four if the licensee is ready, even though they are not ready for the IP 95002 inspection.

Example: A plant has a white finding starting in Quarter one, the NRC completes an IP 95001 inspection in Quarter three, and the plant has another white input starting in Quarter four. Since the plant would be in the degraded cornerstone Column in Quarter four, the licensee would stay in the Degraded Cornerstone Column until the IP 95002 inspection is completed satisfactorily (even though the initial white finding would no longer be active in the Action Matrix). The initial white finding would also not be used to determine whether the plant would transition to the Multiple/Repetitive Degraded Cornerstone Column.

If the IP 95001 inspection is completed successfully in the fourth quarter, the licensee will remain in the Degraded Cornerstone Column until all aspects of the IP 95002 inspection scope are successfully completed. However, the closed inspection finding (which started in quarter 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 95002 inspection, and is considered isolated from the other findings or PIs inspected, can be removed from consideration in the Action Matrix once the finding has been input into the Action Matrix for four quarters. 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. Note that any PI that has a performance threshold exceeded can not be removed from the Action Matrix until the performance threshold has returned to the green band.

d. If a white inspection finding or PI 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 white findings are discovered in the Initiating Events Cornerstone, then the region inspects using IP 95002. If an additional white inspection finding is discovered in the occupational radiation safety cornerstone, then the regional office should inspect this finding using IP 95001.

12.06 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*. [C1]

1. Memoranda requesting deviations from the Action Matrix should be initiated by the applicable regional administrator to the EDO and should go through the Office Director of NRR for program office approval. Any deviations from the Action Matrix shall be documented in the subsequent mid-cycle or annual 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 the region's rationale for requesting the deviation.

   Deviations from the Action Matrix may be considered for such things as: (1) multiple examples of non-SDP Severity Level III or greater enforcement actions, or (2) a type of finding unanticipated by the SDP that results in an inappropriate level of regulatory attention when entered into the Action Matrix.

12.07 Problem Identification and Resolution Inspections. Each time a facility enters the Degraded Cornerstone Column of the Action Matrix, the region should assess the benefit of performing an additional PI&R team inspection in accordance with IP 71152. A maximum of one additional inspection should be considered for the two-year period following the quarter in which the facility reached the Degraded Cornerstone Column of the Action Matrix. In those instances where an additional inspection is deemed appropriate, the region should provide the basis for its decision to conduct the inspection in the appropriate assessment letter (annual assessment letter, mid-cycle letter, or assessment follow-up letter) to the licensee.

12.08 Traditional Enforcement Follow up Inspections. Traditional enforcement violations are independent of the findings that result in a plant being assigned to a specific column of the action matrix. However, a traditional enforcement violation should normally receive limited follow up using IP 92702 to ensure that it has been captured in the licensee's corrective action program. An assessment of the overall traditional enforcement history during the previous 12 months is conducted during the mid-cycle and end-of-cycle reviews. The regulatory significance of escalated traditional enforcement actions or multiple Severity Level IV violations in one of the traditional enforcement areas of willfulness, impeding the regulatory process, and actual consequences may indicate the need to perform more detailed follow up.

Conducting IP 92722, should be considered to follow up on any Severity Level I or II traditional enforcement violation or for two or more Severity Level III violations in any 12 month period. Conducting IP 92723 should be considered to follow up whenever a licensee has been issued three of more Severity Level IV violations in one of the

traditional enforcement areas of willfulness, impeding the regulatory process or actual consequences during any 12- month period.

If follow up of traditional enforcement actions are planned, they should be coordinated with any supplemental inspections to avoid duplication of effort. Follow up of traditional enforcement actions is not considered a deviation from the Action Matrix since traditional enforcement actions are not covered by the ROP and are not an input to the Action Matrix.

0305-13 SUBSTANTIVE CROSS-CUTTING ISSUES

The ROP was developed with the presumption that plants which had significant performance issues with cross-cutting areas would be revealed through the existence of safety-significant PIs or inspection findings. Accordingly, in identifying an SCCI, there must be an NRC concern that the licensee has had multiple performance deficiencies that had commonality in the central cross-cutting aspects (CCAs). The cross-cutting components and aspects are described in IMC 0310, "Reactor Oversight Process Safety Culture Components and Aspects." CCAs are assigned and SCCIs are issued on a "per site" basis; not on a "per-unit" basis. 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, as described below.

13.01 Criteria for Cross-Cutting Themes. Prepare for the mid-cycle and end-of-cycle meetings by gathering assessment and inspection results related to cross-cutting aspects (CCAs), as described below.

a. Human Performance and Problem Identification and Resolution CCAs

A search of PIM entries should be conducted for findings having CCAs in the cross-cutting areas of Human Performance (HU) and/or Problem Identification and Resolution (PI&R) from the twelve-month assessment period. A cross-cutting theme in the area of HU or PI&R exists if four or more of these findings were assigned the same CCA. The findings should be representative of more than one cornerstone; however, given the significant inspection effort applied to the Mitigating Systems Cornerstone, a cross-cutting theme can exist consisting of inspection findings associated with only this one cornerstone. Any regulatory action that does not constitute a finding (e.g., observations or enforcement actions) should not be considered in this determination.

b. Safety Conscious Work Environment CCAs

SCWE-related issues from an 18-month period (i.e., the 6-month cycle in which the issue was first identified and two subsequent 6-month cycles) shall be considered. A cross-cutting theme in the area of SCWE exists if at least one of the following three conditions exists:

1. There is a finding in the PIM with a documented CCA in the area of SCWE and the impact on SCWE was not isolated. Any regulatory action that

does not constitute a finding (e.g., observations or enforcement actions) should not be considered in this determination.

2. For the purpose of this IMC, "not isolated" means more than one individual is impacted (e.g., multiple individuals, functional groups, shift crews, or levels within the organization are affected). Consideration should be given to: the roles, responsibilities, and job functions of the impacted individuals; insights from the most recent PI&R inspection; and the number and nature of allegations received during the review period.

3. The licensee has received a chilling effect letter.

4. The licensee has received correspondence from the NRC which transmitted (1) an enforcement action with a Severity Level of I, II, or III that involved discrimination or (2) a confirmatory order which involved discrimination.

13.02 Criteria for Substantive Cross-Cutting Issues. An SCCI in the HU, PI&R, or SCWE cross-cutting areas exists if (1) a cross-cutting theme(s) in these cross-cutting areas exists and (2) the NRC staff has a concern with the licensee's scope of efforts or progress in addressing the cross-cutting theme(s). In evaluating whether the second criterion is met, the regional offices should consider if any of the following situations exists:

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

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

3. The licensee recognized the cross-cutting theme(s) affected other areas but did not implement timely corrective actions commensurate with the significance of the issue(s).

4. 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.

13.03 Documentation and Follow-Up Actions.

a. The assessment letter should summarize the specific SCCI by describing:

1. The findings and their common cross-cutting aspects used to identify the SCCI;

2. The single SCCI and each individual cross-cutting theme of that SCCI;

3. The safety significance of the cross-cutting issue;

4. 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 an 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 71152, "Identification And Resolution of Problems," Section 03.03, "Annual Follow-up of Selected Issues;" or

   - During a PI&R inspection in accordance with IP 71152.

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

6. The 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.

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

b. The decision to continue to highlight an SCCI in the next assessment will be based on the criteria used to initiate an SCCI. In this case, the PI&R and HU findings for a 12-month assessment period or the SCWE findings for an 18-month period will be analyzed against the conditions listed in Section 13.02.

   For example, if the number of findings was cited as an exit criterion, and the number of findings in the current assessment is less than the cross-cutting theme 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 an

SCCI because the completion of the licensee's commitments as specified in the CAL takes precedence.

d. When the NRC identifies an SCCI in the mid-cycle or annual 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 the regional office and documented in the next mid-cycle or annual assessment letter.

e. If an 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. The regional office 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. Reference 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 of Section 13.02; however the agency does not have a concern with the licensee's scope of efforts or progress in addressing the issue. Therefore the SCCI has been closed ; or

3. The SCCI is remaining open. Provide 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, the regional office may consider requesting that:

1. The licensee provides 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 plant's Action Matrix column will be used to determine the appropriate level of management to chair the meeting and whether a public meeting is required. The regional branch chief or division director should chair the meeting for plants within the Licensee Response Column.

The regional office should use an IP 71152, "Identification and Resolution of Problem" inspection(s) to evaluate the licensee's progress in addressing the SCCI as part of the more in-depth annual review sample.

g. *In the third consecutive assessment letter identifying the same substantive cross-cutting issue with the same cross-cutting aspect, the regional office would typically request that the licensee perform an assessment of safety culture*. [C4] 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 95003. Amplified guidance is being provided in IP 71152 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 overview of NRC's assessment should be documented in the next mid-cycle or annual assessment letter. If the region believes the licensee has failed to resolve the SCCI in a timely manner, the regional office should consider conducting a focused IP 71152 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, the regional office can defer requesting the licensee to conduct a safety culture assessment, and the consideration of conducting the IP 71152 follow-up team inspection until the fourth consecutive assessment letter identifying the same SCCI with the same SCWE CCA.

h. If an SCCI with the same CCA is identified beyond the third consecutive assessment letter, and all of the options proposed above have been exhausted, the regional office may consider additional actions (those not covered by the Action Matrix) to address the issue. Additional actions should be developed in consultation with the Director, NRR, and the Office of the EDO.

END

EXHIBITS:

1. Regulatory Framework
2. Reactor Oversight Process
3. Process Activities
4. Action Matrix

Non-publicly available EXHIBITS available on the ROP Digital City website:

5. Sample of Annual Assessment Cycle Events
6. Sample Mid-Cycle or End-of-Cycle Review Meeting Agenda
7. Plant Performance Summary

8. Sample Assessment Follow-Up Letter
9. Sample Mid-Cycle Letter
10. Sample Annual Assessment Letter for Plants in the Licensee Response Column during the Entire Assessment Cycle
11. Sample Annual Assessment Letter for Plants in the Licensee Response Column that were in other Action matrix Columns over the Assessment Cycle
12. Sample Annual Assessment Letter for Plants in the Regulatory Response Column
13. Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column
14. Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column
15. Sample Paragraph for Explaining Criteria Met for a Substantive Cross-Cutting Issue

ATTACHMENT: 1. Revision History

Exhibit 1: REGULATORY FRAMEWORK

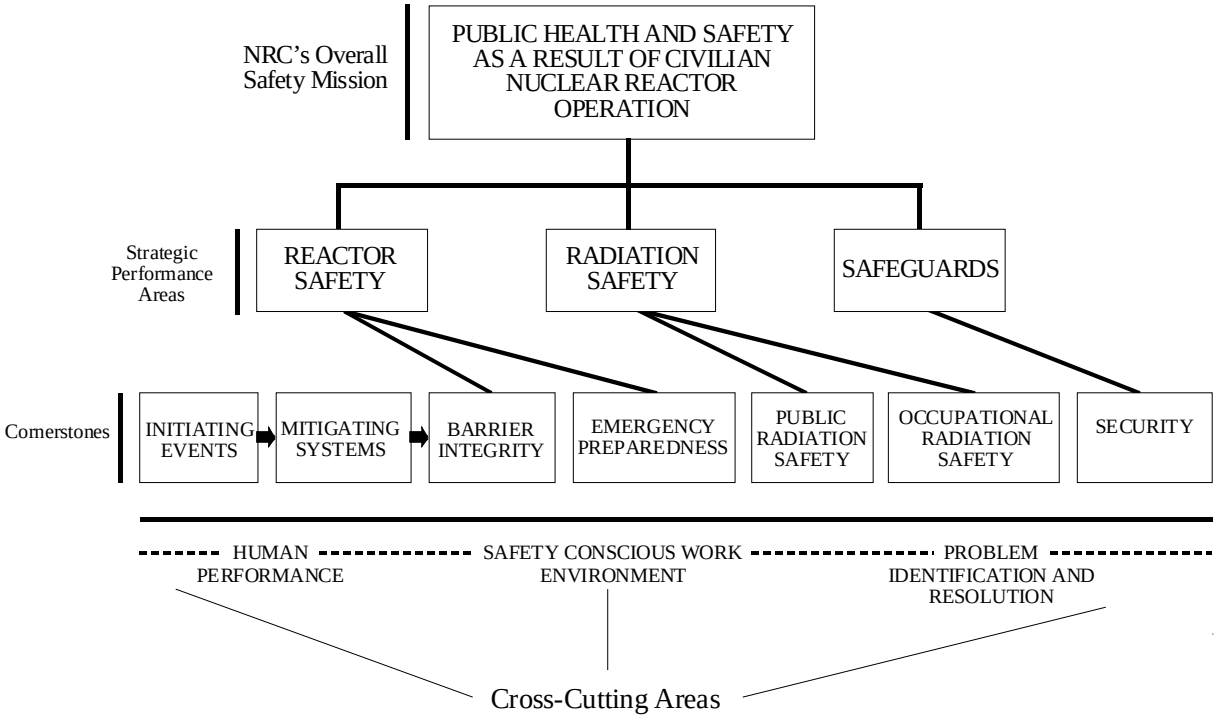

Figure 1

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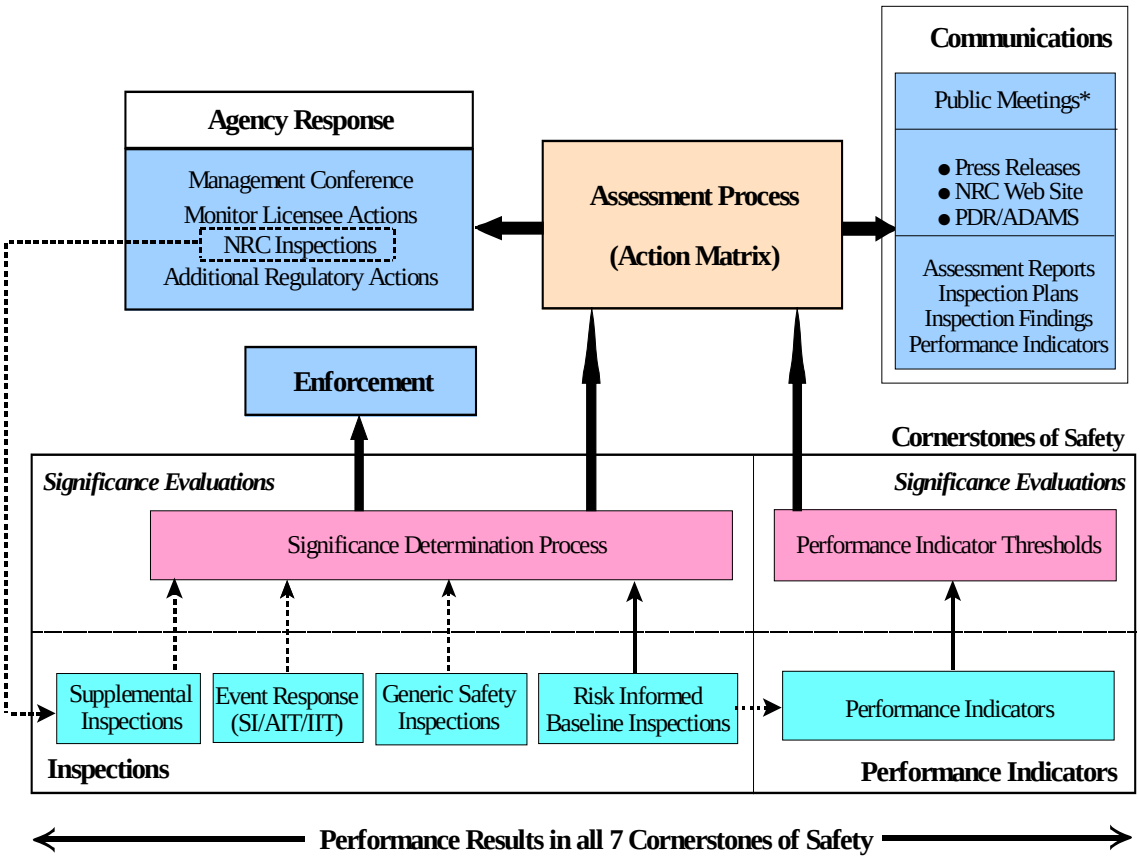
Exhibit 2: REACTOR OVERSIGHT PROCESS



* The Commission has decided that certain findings and assessments pertaining to the security cornerstone will not be publicly available to ensure that potential useful information is not provided to a possible adversary. Therefore, security-related information will not be discussed during public meetings.

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Exhibit 3- Process Activities

Level of Review	Frequency/ Timing	Participants (* indicates chairperson)	Desired Outcome	Communication
Continuous	Continuous	SRI, RI, regional inspectors, SRAs, DIRS	Performance awareness	None required, notify licensee by an Assessment Follow-Up letter only if thresholds crossed.
Quarterly	Once per quarter/ Five weeks after end of quarter	DRP: BC*, PE, SRI, RI, DIRS	Input/verify PI/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 quarter	Divisions of Reactor Safety (DRS) or DRP DD*, DRP and DRS BCs, DIRS	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	DRS or DRP DD, RAs*, BCs, principal inspectors, SRAs, DIRS, 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 NRR, RAs, DIRS, 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 Meeting	Annually/ Several weeks after issuance of the annual assessment letters	EDO*, DIR NRR, RAs, DRS/DRP DDs, DIRS, 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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Exhibit 4 – ACTION MATRIX

[1] The IMC 0350 Process column is included for illustrative purposes only and is not necessarily representative of the worst level of licensee performance. Plants under the IMC 0350 oversight process are considered outside the auspices of the ROP Action Matrix. See IMC 0350, "Oversight of Reactor Facilities in a Shutdown Condition due to Significant Performance and/or Operational Concerns," for more detail.

		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/ Repetitive Degraded Cornerstone Column	Unacceptable Performance Column	IMC 0350 Process[1]
RESULTS		All Assessment Inputs (Performance Indicators (PIs) and Inspection Findings) Green; Cornerstone Objectives Fully Met	One or Two White Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Fully 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 Performance	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input; Cornerstone Objectives Met with Longstanding Issues or Significant Degradation in Safety Performance	Overall Unacceptable Performance; Plants Not Permitted to Operate Within this Band, Unacceptable Margin to Safety	Plants in a shutdown condition with performance problems placed under the IMC 0350 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 95001	Baseline and supplemental inspection procedure 95002	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 -10 CFR 50.54(f) Letter - 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
COMMUNICATION	Assessment Letters	BC or DD 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 (or 0350 Panel Chairman) Review/ Sign 0350-Related Correspondence
	Annual Involvement of Public Stakeholders	Various public stakeholder options (see section 09) involving the SRI or BC	Various public stakeholder options (see section 09) involving the BC or DD	RA (or Designee) Discuss Performance with Senior Licensee Management	EDO/DEDO (or Designee) Discuss Performance with Senior Licensee Management		N/A. 0350 Panel Chairman 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 SIGNIFICANCE ---------->						

[2] Other than the CAL, the regulatory actions for plants in the Multiple/Repetitive Degraded Cornerstone column and IMC 0350 column are not mandatory agency actions. However, the regional office should consider each of these regulatory actions when significant new information regarding licensee performance becomes available.

ATTACHMENT 1

Revision History for IMC 0305

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
N/A	04/24/2000 CN 00-009	Provide guidance on the assessment program that is consistent with the Revised ROP	None	N/A	
C1	03/23/2001 CN 01-009	Incorporated feedback from stakeholders and added guidance on approval and notification of deviation requests (Staff Requirements memo dated 5/17/00)	None	N/A	
N/A	02/11/2002 CN 02-005	Incorporate lessons learned since ROP issuance	None	N/A	
N/A	02/19/2003 CN 03-005	Incorporated feedback from stakeholders	None	N/A	
N/A	01/29/04 CN 04-002	Incorporated feedback from stakeholders	None	N/A	

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
C2	12/21/2004 CN 04-028	Incorporated feedback from stakeholders. Review deviations for possible changes to ROP guidance and discussion of the deviations (Staff Requirements memo dated 5/27/04)	None	N/A	
C3	12/21/2004 CN 04-028	Utilizing independent assessments of licensee performance (DBLLTF 3.3.3(1))	None	N/A	
N/A	11/15/2005 CN 05-029	Incorporated feedback from stakeholders	Yes, computer-based training	08/30/2005	
C4	06/22/06 CN 06-015	Enhancing the ROP to more fully address safety culture (SRM 04-0111)	Yes, computer-based training and counterpart meeting training	07/01/2006	ML061520403
N/A	01/25/07 CN 07-003	Incorporate feedback from stakeholders	None	N/A	ML070080358
N/A	04/04/07 CN 07-012	Incorporated feedback from stakeholders to number cross-cutting aspects.	None.	N/A	N/A (administrative change)

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
C5	11/27/07 CN 07-036	Revised the Action Matrix for plants in Column 3 and 4 (SRM COMSECY-07-0005) 06/29/07	None.	N/A	ML073230132
N/A	01/08/09 CN 09-001	Revised numerous guidance elements to address implementation issues. Revised some safety culture related elements as a result of the lessons learned evaluations. Addressed ROP feedback forms 0305-1190, 0305-1232, 0305-1202, 0305-1268, 0305-1269, 0305-1295, and 0612-1231.	None.	N/A	ML083181119
N/A	04/09/09 CN 09-011	Reformatted to improve usability. No changes to the content.	None	N/A	N/A
N/A	08/11/09 CN 09-020	Content added to incorporate the use of traditional enforcement actions in the mid- and end-of-cycle reviews	None	N/A	ML091940214

Commitment Tracking Number	Issue Date	Description of Change	Training Needed	Training Completion Date	Comment Resolution Accession Number
N/A	12/24/09 CN 09-032	Incorporated feedback. Revised to incorporate program clarifications. Revised to clarify movement in the Action Matrix. Revised to define the SCWE cross-cutting theme. Revised to relocate guidance on cross-cutting aspects.	None	N/A	ML093350363