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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
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ADVISORY COMMITTEE ON REACTOR SAFEGUARDS
(ACRS)
+ + + + +
RADIATION PROTECTION AND NUCLEAR MATERIALS
SUBCOMMITTEE
+ + + + +
WEDNESDAY
MAY 7, 2014
+ + + + +
ROCKVILLE, MARYLAND

The Subcommittee met at the Nuclear
Regulatory Commission, Two White Flint North, Room
T2B1, 11545 Rockville Pike, at 1:00 p.m., Michael Ryan,
Chairman, presiding.

COMMITTEE MEMBERS:

MICHAEL T. RYAN, Chairman
RONALD G. BALLINGER, Member
DENNIS C. BLEY, Member
STEPHEN P. SCHULTZ, Member
GORDON R. SKILLMAN, Member

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DESIGNATED FEDERAL OFFICIAL:

GIRIJA SHUKLA

ALSO PRESENT:

SABRINA ATACK, NRC

KURT COZENS, NRC

MICHAEL FRANOVICH, NRC

JANET SCHLUETER, NEI

*Present via telephone

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P R O C E E D I N G S

(1:06 p.m.)

CHAIR RYAN: All right. Thank you very much for being with us today. We appreciate the staff coming to present to the committee. The meeting will now come to order.

This is a meeting of the Advisory Committee on Reactor Safeguards' Subcommittee on Radiation Protection and Nuclear Materials. I'm Michael Ryan, chairman of the subcommittee. ACRS members in attendance include Dick Skillman, Dennis Bley, Steve Shultz, and others who may join.

MALE PARTICIPANT: And --

CHAIR RYAN: Oh, I'm sorry. And Ron Ballinger, excuse me. I'm sorry. The purpose of this meeting is to review and discuss the status of projects for enhancing the fuel cycle oversight process. This will include review and comment on the draft regulatory guide, DG-3044, Corrective Action Programs for Fuel Cycle Facilities.

The subcommittee will gather information, analyze relevant issues and facts and formulate proposed positions and actions as appropriate. The subcommittee plans on proposing a letter report on this matter for consideration of the full committee at the

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1 June full committee meeting.

2 Today's meeting is open to the public. A
3 transcript of the meeting is being kept. It is
4 requested that speakers first identify themselves and
5 speak with sufficient clarity and volume so they can
6 be readily heard. Girija Shukla is the designated
7 Federal official for this meeting.

8 We have received a request from the Nuclear
9 Energy Institute to provide comments, so an opportunity
10 will be provided at the end of the staff's presentation
11 for them to address the subcommittee.

12 I understand that there also may be folks
13 on the bridge line who wish to listen in on today's
14 proceedings. Please note that the bridge line will be
15 on mute to minimize phone line interference during the
16 meeting. But the line will be open during the public
17 comment period if anybody on the bridge line has a
18 comment.

19 Thank you. We will now proceed with the
20 meeting. And I call upon Kurt Cozens, senior project
21 manager in the Office of Nuclear Materials, Safety and
22 Safeguards, to open the proceedings. Welcome, all.
23 Thank you very much.

24 MR. COZENS: Actually, I'm going to let
25 Mike Franovich, Branch Chief, do that.

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1 CHAIR RYAN: Excellent, thank you.

2 MR. FRANOVICH: Good afternoon, ACRS
3 members. My name's Mike Franovich. I'm the chief of
4 the Programmatic Oversight and Regional Support Branch
5 in the Office of Nuclear Materials, Safety and
6 Safeguards.

7 I have a few opening remarks here to
8 capture or characterize what we're about to present
9 today to you in two distinct sections of our
10 presentation.

11 Last time the staff met with the ACRS it's
12 been, by my count, almost two and a half years. Back
13 in October of 2011, I believe, was the last time. This
14 is about the time period that the Commission was
15 weighing in on SECY-11-0140.

16 So it has been a long time. This project,
17 the revised fuel cycle oversight process project, has
18 been by some accounts considered a marathon project.
19 By my count, this is probably the third attempt or
20 generation of RFCOP work in the last 15 years.

21 And we will get into some overview of the
22 history of how we have evolves to this point today. I
23 realize some of the members have a lot of familiarity
24 with the history of the project. Others may be
25 relatively new, so we do want to set some context in

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1 Stage 2, what RFCOP really represents.

2 What we actually are working to today as
3 a staff is a fairly clear and detailed staff
4 requirements memorandum from the Commission on
5 SECY-11-0140. That SRM which requires us to
6 periodically reread it because it is that detailed, we
7 have translated the SRM into an executable project
8 plan.

9 So by and large, we work to the project
10 plan, but we do go back from time to time to reference
11 the SRM to make sure that we're not, we're still meeting
12 the intent of what the Commission wanted the staff to
13 pursue.

14 That SRM essentially forms a three-phase
15 project. And it's, again, fairly detailed. It did
16 not give the staff permission to really implement an
17 RFCOP in a broader sense.

18 There're a number of notation papers that
19 are due to the Commission over the next few years to
20 check in on the progress, the framework and ultimately
21 a pilot for this project. And so we will discuss in
22 detail the groundwork for what we call for Phase 2 and
23 3 of the project.

24 CHAIR RYAN: Mike, just a quick question
25 to help some of the other members get oriented. The

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1 draft guide DG-3044, would you say that's kind of a work
2 in progress milestone for you on where you are and how
3 the program will work with, you know, all your work put
4 into it?

5 MR. FRANOVICH: Interesting, the
6 corrective action program, I it call enhancement of
7 licensees' corrective action programs, is a voluntary
8 initiative that the Commission directed the staff to
9 pursue with industry.

10 It has a two-fold benefit. One, benefit
11 today, security and safety programs, therefore it's a
12 voluntary initiative. And that we've pursued under
13 today's program under the enforcement policy that was
14 revised in 2013.

15 The second part of it is a corrective
16 action program or a strong corrective action program
17 as a basic tenet for most of our oversight processes.
18 If you look at the Reactor Oversight Process, that's
19 one of the core tenets of that program.

20 So we are trying to raise or normalize the
21 field, albeit through a voluntary initiative at this
22 point, so that we would have more confidence in a
23 licensee's corrective action program and therefore for
24 items that are of low significance in inspection
25 findings.

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1 We can be more reliant that they'll be
2 pursued under a licensee's response window rather than
3 having additional NRC oversight. So it serves two
4 purposes, today's oversight process and the future
5 oversight process that we hope to migrate to
6 eventually.

7 MEMBER SKILLMAN: Mike, when you say level
8 the playing field, are you referring to making as
9 comparable as possible to Part 50 CAP versus a Part 70
10 CAP? Is that what you're really saying?

11 MR. FRANOVICH: I wouldn't say we're
12 trying to make it like a Part 50. And I'll let Sabrina
13 Attack, and she'll go through her presentation, to
14 illustrate where we are today. But it would be true
15 to say that a lot of the Part 50 corrective action
16 program does a bearing or influence on our thinking for
17 fuel facilities.

18 Fuel facilities, unlike reactors, it's not
19 a, you don't have a homogenous fleet out there. You
20 have different types of facilities, manufacturing,
21 enrichment and so forth. And so we've had to customize
22 some of that. So we're not trying to import directly
23 from Part 50 over to Part 70 arena.

24 MEMBER SKILLMAN: Okay. Just so I can
25 frame my own thinking, do you think Part 50 CAP, so

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1 you've got 104 plants, or 100 plants or 60-some sites.
2 When you think of fuel cycle facilities, how many are
3 in consideration for what we are talking about here
4 today?

5 MR. FRANOVICH: It's a much smaller number
6 than that. It's on the order of about seven operating
7 facilities, give or take others that may be under
8 construction that have been licensed but haven't
9 started active construction. So today, there're
10 approximately seven operating facilities.

11 MEMBER SKILLMAN: Thank you.

12 MR. FRANOVICH: Sure. So again, you will
13 hear about the corrective action program in the second
14 half of the staff's presentation. You will hear a
15 summary from Kurt Cozens regarding the overall project
16 status. We have completed a significant amount of work
17 under the first phase of the project.

18 I also want to note here that the effort
19 for the RFCOP, the work the staff is doing is more than
20 the three of us sitting up here. There's a much larger
21 group of folks involved from various offices.

22 Our Region II office is heavily immersed
23 in this project, NSIR, Office of Enforcement, others
24 as well are working with us in trying to get through
25 the project. And we're also under the auspices of a

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1 steering committee which isn't uncommon for major
2 projects in the agency.

3 With that, I will turn it over to Kurt
4 Cozens to start off on an overview of the project and
5 the status of where we are today.

6 MR. COZENS: Good afternoon. I'm Kurt
7 Cozens. I'm a senior project manager, and I have the
8 lead on this revised fuel cycle oversight process.

9 The purpose of our presentation today is
10 to look at the status of the RFCOP and also look at some
11 of the details as an effort that we have ongoing to
12 re-baseline the schedule which I'll talk about a little
13 bit more in detail.

14 Through the presentation today -- I've got
15 to keep pushing the buttons here -- we'll talk about
16 that background of the RFCOP project which, actually,
17 that takes a little bit of time. And we wanted to cover
18 that, because there's many people here that are maybe
19 not intimately familiar with how do we get to where we
20 are today.

21 We'll talk about the status of the project
22 that we are managing under the SECY-11-0140, the
23 re-baseline efforts that we are working on right now,
24 and how do we arrive at these suggestions and what do
25 we consider in that process. We'll talk about how do

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1 we enhance communications on this project, because it
2 is a long-lived, very detailed process, and what type
3 of activities we have going forward, both short term
4 and long term.

5 Just to kind of give a starting point, when
6 we say fuel cycle oversight process, what are we talking
7 about? We have the oversight process for these three
8 CFR sections, Part 70, Part 40, Part 76. That's where
9 we're addressing these things.

10 Okay, this is the next slide. Oh, good,
11 you can see that. To say the least, this is a detailed
12 slide. And we tried to figure out how do we talk about
13 this long history, starting in 1999, 15 years ago. I
14 was young then.

15 So when we started to talk about that a
16 little bit -- I haven't been managing this project that
17 long. I had had some long ones though, but not this
18 one.

19 In 1999 the Commission, working on that
20 point with ROP, asked us to look at the fuel cycle and
21 consider what we can do about oversight processes that
22 might be similar to what the ROP was thinking. That
23 was the starting point.

24 In about the year 2000, 10 CFR Part 70 was
25 revised. It was revised to add the concept of ISAs for

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1 the facilities. That was a new concept at that point
2 in time, that equivalent, but a parallel effort to the
3 PRA type of structure.

4 In 2002, the Commission directed the staff
5 to proceed with the development of an RFCOP process.
6 That was Round 1. Then in 2003, they asked us to stop
7 working on the RFCOP process so we could get moving
8 forward with the ISAs and have a tool which we could
9 work on in part of the RFCO process.

10 Moving forward to 2005, the Commission
11 directed the staff to evaluate the feasibility of
12 developing objective, transparent, risk informed, and
13 performance based, facility-specific performance
14 indicators, PIs, for the NRC's oversight process.

15 By 2006, they directed us not to do that.
16 Coming into 2007, the OIG recommended the staff fully
17 implement the framework for FCOP. So we're getting
18 more emphasis to proceed on this basis, starting to make
19 fuel cycle, the MSS fuel cycles look more familiar with
20 some of the other migrations of the agency at that point
21 in time.

22 MEMBER BLEY: These places where it was
23 on-again, off-again, were there reasons they stopped?
24 Did they not like that way you were headed? Or did they
25 think there were other priorities?

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1 MR. COZENS: In 2005, with the ISAs, that
2 was because ISAs were new. That was going to be an
3 integral part of this activity, and it is. And the
4 facilities were developing the ISAs at that point. So
5 we didn't have them.

6 We weren't quite certain where they were
7 going to be, even at that point. And actually, none
8 of us at this table that can apprise, but if we need
9 more details on actually what was happening at that
10 point, we do have one individual we can ask, probably.

11 MR. FRANOVICH: Mike Franovich again.
12 I'll just add a couple things. You know, there's a
13 learning curve for the ISAs being implemented.
14 Guidance had to be developed. Implementation was
15 circa the 2004, 2005 time frame.

16 And so you have a lot of change going on,
17 both for regulator and licensee community at that time.
18 This is another item here. When you deal with the PI
19 and RFCOP type of work, I believe at the time my
20 understanding was that perhaps that was too much change
21 going on at once.

22 MR. COZENS: Yes.

23 MR. FRANOVICH: Therefore, let's focus on
24 what's required which at that time Subpart H, Part 70
25 was the requirement that needed to be addressed.

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1 MR. COZENS: And it was a very intensive
2 effort, I might add. So resources should not have been
3 diverted from that.

4 MEMBER BLEY: Okay, thanks.

5 MEMBER SKILLMAN: Let me build on Dr.
6 Bley's question. In that time period, those ten years,
7 1999 and 2008, was the industry in turmoil? Were there
8 deficiencies that were being ignored or being glossed
9 over? I mean, were there true performance problems
10 that were buried or being dismissed?

11 MR. FRANOVICH: I couldn't tell you,
12 again, it's Mike Franovich, I couldn't tell you by fact.
13 Because I wasn't around then. We haven't looked at it
14 in that great a detail.

15 But I will say that, if you look at the
16 basis for the Subpart H and the ISA requirements, that
17 was focused on increasing margins or levels of
18 confidence in the facilities. And that's kind of an
19 outgrowth of the GE Wilmington near-criticality event
20 that happened a number of years earlier.

21 So you could say, in part, it's dealing
22 with safety and safety margins. Whether there was a
23 direct correlation to number of violations going at
24 that time, I couldn't really tell you.

25 But I do know that when we looked at

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1 historical performance, again focusing back on Subpart
2 H, the focus was let's get these facilities to improve
3 a safety program which is what the ISA rule is really
4 driving at, having a safety program and managing risk.

5 And the implementing tool there is through
6 Subpart H and the ISA work. So again, I couldn't tell
7 you if it's based on number violations or performance
8 issues of the day.

9 MEMBER SKILLMAN: And what's interesting
10 about these licenses is that they don't depend on
11 structure, systems and components, they depend on
12 IROFS. And fulfillment of IROFS is human performance.
13 It's not a machine that breaks, motor doesn't start,
14 circuit breaker doesn't perform properly. Failure to
15 perform IROFS is normally a human performance issue.

16 CHAIR RYAN: Well, they have been both.

17 (Crosstalk)

18 CHAIR RYAN: IROFS include equipment.

19 MR. FRANOVICH: And structures, systems,
20 equipment and components, and there are what are called
21 engineered IROFS. So if you're relying on a structure
22 to survive, let's say an earthquake, to ensure you don't
23 have some hazardous release under credible events, and
24 again, it goes back to being credible events, there are
25 structures involved in that case.

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1 They are systems or components like valves
2 that need to actuate, in some cases, in a fail safe
3 manner on loss of power or air, for example, if they're
4 operated.

5 So there's actual hardware involved as
6 well, not just, the human element's very important.
7 Because there are a set of what are called
8 administrative IROFS where it's dealing with human
9 actions. And that's a whole other category. So it's
10 a blend of both human and engineered features for IROFS.

11 CHAIR RYAN: Okay, thank you.

12 MS. ATACK: Sabrina Atack. If I can add
13 on to that, we did a series of site visits last summer
14 related to Part 21 Rulemaking. And what we typically
15 saw was that there was pretty much a 50/50 split between
16 engineered and administrative IROFS at the sites.

17 So it seems like they rely somewhat equally
18 on the two to, you know, compile the basis needed to
19 ensure the availability and reliability.

20 CHAIR RYAN: Just to help us think a little
21 bit about it, Sabrina, if you could kind of give us maybe
22 a few examples of IROFS in each category, the two
23 categories you just mentioned.

24 MS. ATACK: Sure, sure. An
25 administrative IROFS may be, you know, an engineer sees

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1 a light annunciator and then has to take an action. So
2 it's that human action that would be the administrative
3 IROFS.

4 CHAIR RYAN: Right.

5 MS. ATACK: Whereas an engineered IROFS
6 may be a pressure vessel that needs to maintain its
7 pressure in order to ensure that UF6 that's being
8 vaporized is not released into the atmosphere.

9 CHAIR RYAN: And each of those would have,
10 I guess I'm supposing, two different response actions
11 if something is not right, either an operator has to
12 take action in the first case. What's the second case?

13 MS. ATACK: The second case is really for
14 the licensee to make a determination of what needs to
15 happen next which is kind of where the corrective action
16 program would feed into the process, you know. But
17 there're also the Part 70 requirements that if an IROFS
18 is unavailable, then they have to take actions,
19 consider reporting.

20 CHAIR RYAN: And I'm guessing kind of
21 skipped over the step of automatic shutdowns and
22 automatic, you know, valve actuation because of some
23 condition. And all that's kind of in the same mode as
24 it would be for any other chemical plant.

25 MS. ATACK: Yes, right. Those would be

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1 engineered IROFS as well, you know, things that would
2 happen automatically, a valve shuts, that would be an
3 engineered IROFS. And different facilities will
4 describe them differently. You know, the valve itself
5 may be an IROFS. Or at another site, the valve process
6 piping, you know, more of a system, may be the IROFS.

7 CHAIR RYAN: Right. That's kind of what
8 I'm getting too. Sometimes it can be different things
9 to different, you know, systems, and companies or
10 kinds of equipment. It's not a one size fits all shoe.

11 MS. ATACK: It can. And it's very
12 different, because different licensees may have
13 similar or the same equipment. But depending on how
14 they perform their ISA, the integrated safety analysis,
15 they may or may not credit the same items in order to
16 achieve compliance with Part 70.

17 CHAIR RYAN: I recall a visit we made to
18 the Savannah River Site to the new plant there that
19 there was a tremendous number of IROFS, I mean
20 thousands, and thousands and thousands of IROFS. So
21 I wonder how they're going to track that?

22 MS. ATACK: Yes. It's a burden. We saw,
23 you know, we have one licensee who has less than 100
24 to upwards of 4,000 --

25 CHAIR RYAN: Yes.

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1 MS. ATACK: -- in the sample of sites that
2 we have visited. So there's a large variation.

3 CHAIR RYAN: But that's all within nuclear
4 power plants, is that right?

5 MS. ATACK: That's within the fuel cycle
6 facilities.

7 CHAIR RYAN: Oh, the fuel cycle facilities
8 overall.

9 MS. ATACK: Yes. Fuel enrichment and
10 fuel fabrication.

11 CHAIR RYAN: Okay. Fair enough. The
12 Part 50 licenses do not have IROFS.

13 MS. ATACK: No.

14 MR. FRANOVICH: And the analog is, this is
15 Mike again, Mike Franovich, is safety related. But
16 safety related and regulatory arena Part 50 has some
17 other things tied to it. So that exact language isn't
18 imported, in Part 70 IROFS is the language used. And
19 so there're different requirements that go with IROFS,
20 unlike the Part 50 arena. So we don't use the words
21 necessarily safety related. But they perform safety
22 functions --

23 CHAIR RYAN: Yes, okay. Which you could
24 say is related to safety but --

25 (Crosstalk)

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1 CHAIR RYAN: It's a very difficult arena
2 if you're not really schooled on the jargon and what
3 word applies in what sentence what way.

4 MR. FRANOVICH: That's correct.

5 CHAIR RYAN: It can get very difficult.

6 MR. FRANOVICH: For me personally, in the
7 last year, it's been a good learning curve. Actually,
8 it's interesting perspective on the reactor side
9 looking at it from fuel facilities perspective. So
10 I've learned an awful lot to adapt to this slightly
11 different way of doing it.

12 CHAIR RYAN: I think for the ACRS, it's
13 very helpful to learn and understand that insight.
14 Because it's, correct me if I'm wrong, Dennis, or Dick,
15 if you think differently or anybody here. You know,
16 I think it's a challenge to get some of the other members
17 of the ACRS to kind of recognize that and see that
18 difference.

19 MEMBER BLEY: I think that's true. But
20 we've also written a couple of letters in the --

21 CHAIR RYAN: Yes, yes, yes.

22 MEMBER BLEY: Mike, back when you started,
23 Mike, I thought I heard you say you hadn't been here
24 in six years. But you were here in 2011 a couple of
25 times on this spot.

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1 MR. FRANOVICH: It was about two and half
2 years by my count.

3 MEMBER BLEY: Okay, okay.

4 (Crosstalk)

5 MR. FRANOVICH: -- 2011.

6 MEMBER BLEY: I haven't missed anything.

7 MR. FRANOVICH: It's been a long time.

8 MR. COZENS: You just might note that
9 there was a paper, I believe, that was presented to the
10 ACRS and also sent up to the Commission on the
11 comparison between ISAs and PRAs, and the differences
12 and how that affects what we're doing here. And so
13 that's a good background paper to look at if you're not
14 real familiar with all the details.

15 Starting back in 2007, we're only half way
16 through our life here. Basically the OIG encouraged
17 let's get moving again forward on this. And there was
18 a finding in one of their inspections.

19 2008, the Commission directed the staff to
20 get back with it again to develop the PRA, I mean, excuse
21 me, not PRA but the RFCOP. 2009, the Commission
22 directed the staff to continue its review.

23 In 2010, now we come forth, we actually
24 have done some more work. There was a lot of work done
25 between both staff at MSS, staff down at Region II, to

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1 develop SECY-10-0031 which was submitted with a plan
2 to implement the RFCOP.

3 That was submitted up to the Commission.
4 The Commission directed us to, did not approve the
5 recommendation of that and gave us several different
6 guidance points on going back to the drafting board and
7 doing some more work. And that resulted in 2011 with
8 SECY-11-0140.

9 That was submitted up there with several
10 options and one recommendation, Option 1, which the
11 Commission did approve. And that is, indeed, what
12 we're working today. That included, let's see, you
13 know, developing cornerstones as
14 significance-determination process, action matrix and
15 the implementation of the project itself.

16 We were required to submit a publicly
17 available project plan and schedule. That was
18 submitted in early 2013, 2012, excuse me. And that is
19 where we are working today. And the rest of the
20 presentation will largely be getting into what's
21 happened with that project plan prior to its
22 implementation.

23 Any questions on this lengthy history?
24 Because all this long discussion, I've tried to give
25 a good bird's eye view of this all, what's on this one

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1 slide.

2 MEMBER SCHULTZ: There's many years in
3 there, Kurt.

4 MR. COZENS: Oh, yes.

5 MEMBER SCHULTZ: And I presume that the
6 2000 to, say, 2005 and '06, that was, I would refer to
7 it as the time in which the ISAs were being developed
8 and then finally implemented.

9 MR. COZENS: Yes.

10 MEMBER SCHULTZ: So that the next step
11 could be taken.

12 MR. COZENS: The last ISAs were just
13 recently approved.

14 MR. FRANOVICH: This is Mike Franovich
15 again, they come in for an annual update as required
16 by the regulation. So they'll update the ISA
17 summaries, because those are what's on the docket.

18 MEMBER SCHULTZ: Right.

19 MR. FRANOVICH: That's the part that's
20 submitted. So it's a living program for the licensees.
21 But I guess the initial Rev 0 of the programs is circa,
22 around the 2004/2005 time frame.

23 MR. COZENS: We had a myriad of inspection
24 item chapters that we perform inspections to the
25 plants. This is a listing of four of them, different

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1 attributes that are due, the primary one being 2600.

2 And the key that we wanted to take away,
3 these particular IMCs use traditional enforcement.
4 They do not use the RFCOP process, because it hasn't
5 yet been developed. You know, we've had work on it,
6 but it is not a done deal any way, shape or form.

7 But these inspection manual chapters use
8 the traditional enforcement. And we consider risk
9 when appropriate. There's some -- I don't know if it's
10 informal or how would you characterize it? There are
11 conditional considerations for risk.

12 MEMBER SKILLMAN: Kurt, when you say
13 traditional enforcement, traditional enforcement
14 requires a significance determination. How is
15 significance determined if you're not in Phase 2 or
16 Phase 3?

17 MR. COZENS: One of you probably has a
18 better --

19 MR. FRANOVICH: Mike Franovich. The
20 Commission changed the enforcement policy. It's the
21 2013 revision to the enforcement policy that's more
22 risk informed regarding fuel facilities.

23 And its structural severity level is a
24 nexus to using the categories used on the ISAs. So that
25 basic expectation was laid out in this revision to the

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1 enforcement policy.

2 And what our main chapter does here at
3 2606, it gives the staff more guidance to how to make
4 that significance determination. Because what you
5 have in the enforcement policy are examples. Of
6 course, when you have a live case, we use the guidance
7 to figure out the relative significance of the issue.

8 This IMC is exercised, you know, often.
9 In fact, we just went through one in a fuel cycle for
10 one facility, had to, wound up with two Level 4
11 violations. But we went through this process. You
12 can look at the ISA, and there is some quantification
13 that's done in the ISAs where you can use more of a
14 defense in depth type of argument.

15 This is nowhere near on par. It's used for
16 the reactors. I just want to make that clear. I mean,
17 they have a very elaborate, detailed significance
18 determination process, something I worked on for about
19 eight years when I worked over in NRR. That's not on
20 that par. But we do use the ISAs to help inform the
21 decision makers as to what level severity to issue
22 violations at.

23 MEMBER SKILLMAN: Okay. Thank you.

24 MR. COZENS: Provides the insight that's
25 necessary. But this is what we have today as our

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1 current FCOP process.

2 Our last time we were with, as Mike
3 mentioned, with the ACRS was October 2011. And there
4 was an ACRS letter issued. You can see the ADAMS
5 reference number there.

6 And it basically concluded, this was a
7 discussion with regards to SECY-11-0140. It's an
8 improvement over the traditional map process. I can
9 read that actually better than my own notes.

10 We need to define the process of our RFCOP
11 which is cornerstones, cross-cutting issues,
12 significance determination process and the action
13 matrix. We have some preliminary work that has gone
14 on in that area, but it is a type of effort that, because
15 of new staff coming onboard, we need to go back to the
16 drawing board and look at what we have and see is that
17 still correct.

18 MEMBER BLEY: Now, that's work you've done
19 since 2011?

20 MR. COZENS: It's been stuff over the 2010
21 time frame, 2011 time frame --

22 MEMBER BLEY: But not much beyond what we
23 saw?

24 MR. COZENS: No.

25 (Crosstalk)

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1 MR. COZENS: That's actually where we
2 stopped.

3 MEMBER BLEY: Okay. That's what I was
4 going to get to, okay.

5 MR. COZENS: Yes.

6 MEMBER BLEY: So at this point, you're
7 ready to start moving forward?

8 MR. COZENS: We want to take advantage of
9 the insights that we're getting before as a starting
10 point. And we'll have to see where that takes us.

11 The ACRS did concur with the staff's
12 recommendation to the hazard-based cornerstones.
13 Although I will note that the SRM to the SECY actually
14 did not make that final decision. It asked us to look
15 at both the hazard and operational cornerstones as well
16 as a hybrid concept.

17 Concerning the qualitative significance
18 determination process, we thought we should be
19 developing that. Of course, to be qualitative we
20 agreed upon, that was the path forward. But the ACRS
21 encouraged us to look at the quantitative.

22 And then the proposed oversight process
23 provides -- we wanted to have a CAP process that
24 incentivizes adoption by licensees. And Sabrina's
25 going to talk more about that later.

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1 MEMBER BLEY: For fuel cycle, is there a
2 requirement to have a CAP?

3 MR. COZENS: No, although --

4 MEMBER BLEY: So you can't penalize them
5 for not --

6 (Crosstalk)

7 MEMBER BLEY: -- for doing it?

8 MR. COZENS: Sabrina's going to talk in
9 more detail about that in her presentation. Because
10 that's crucial.

11 (Crosstalk)

12 MR. COZENS: This is not a requirement.

13 MEMBER BLEY: Okay.

14 MEMBER SKILLMAN: Let me push back on
15 that. I thought fuel cycle plants used Appendix B.
16 Appendix B has, LES does, I know that for a fact.

17 MS. ATACK: LES has -- it's Sabrina Atack
18 -- LES has committed to follow ASME NQA-1 which is an
19 industry for complying with Appendix B to 10 CFR Part
20 50 that the NRC has endorsed.

21 MOX, which processes plutonium or plans to
22 process plutonium, which would also depend on DOE's
23 path forward there, does have to comply with Appendix
24 B to 10 CFR Part 50. But MOX is the only facility that's
25 required to.

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1 LES has done so voluntarily, and many other
2 licensees have chosen to adopt some form of a corrective
3 action program. And some elements of corrective
4 action are translated into the management measures
5 which are a requirement.

6 For instance, the final QA, excuse me, the
7 final management measure which is other QA elements,
8 other Quality Assurance elements, when you read in the
9 guidance in NUREG-1520 you would see that that
10 basically translates the 18 criteria of Appendix B and
11 expects licensees to describe in a condensed version
12 how they will translate those into their operations.
13 So that does pull in corrective actions.

14 You know, another management measure is
15 incident investigations. So to some degree, that will
16 also pull in corrective actions because the licensee
17 has to develop, you know, an adequate response to
18 incidents that occur at the facility.

19 CHAIR RYAN: So it looks and sounds a lot
20 like the NQA-1 implementation.

21 MS. ATACK: It may look and sound like it,
22 but it's a very toned down version of --

23 CHAIR RYAN: You found out there's a
24 difference in the degree perhaps.

25 MS. ATACK: Yes.

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1 CHAIR RYAN: But the structure is pretty
2 much along the same lines. It's to that. Is that
3 okay?

4 MS. ATACK: Yes, yes. The structure is
5 there primarily in the guidance, not so much in the
6 regulations themselves. Because in the regulations,
7 the management measures and other QA elements, they
8 maybe go to the guidance. And that's where it kind of
9 expands upon that. So there's not a direct correlation
10 to the 18 criteria in the regulations themselves. But
11 there are some correlations.

12 CHAIR RYAN: Okay. So if I do the
13 arithmetic then, one is required, MOX. One is
14 voluntary, LES.

15 MS. ATACK: Yes.

16 CHAIR RYAN: And five are really
17 management measures, and they may or may not
18 incorporate any or all of the 18?

19 MS. ATACK: I think that's generally true.
20 You know, we've had orders for some licensees that have
21 forced them to incorporate some additional quality
22 assurance measures of corrective action program
23 measures.

24 Then we do have one licensee, Louisiana
25 Energy Services, which is Uranco USA in New Mexico, that

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1 voluntarily, of course they've already committed a
2 NQA-1, but they've also voluntarily piloted this CAP
3 process that we're working on. So they've, you know,
4 shown an interest in it and have actually had their
5 program approved by us for non-cited violation credit.

6 MEMBER SKILLMAN: Okay, thank you.
7 That's all I had.

8 MR. COZENS: So it's been two and a half
9 years since we've been up here to demonstrate and to
10 discuss SECY-11-0140. I thought it'd be worthwhile
11 just quickly reviewing the deliverables that are in,
12 that we had committed to do in that SECY and were
13 approved to do by the SMR.

14 There're three phases. And I'm kind of
15 going through the deliverables in each one. First one
16 is, it's a revised enforcement policy which I'll talk
17 to you a little bit more about the status on all these
18 a little later. So I'm just going to go quickly through
19 this.

20 The Activity 1.B is the, basically it's the
21 updating of quite a few IMCs and IMBs, basically of
22 current needs. It really was to position it for moving
23 forward.

24 The Activity 1.C is the development of
25 effective CAP or basically the reg guide on CAP which

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1 Sabrina will be talking about a little later.

2 1.D is the CAP inspection procedure,
3 something that's in the process of being developed.
4 The CAP licensee inactives, what Sabrina had talked
5 about, LES. That's the activity there. We have
6 successfully implemented one review of that and
7 approved one licensee's CAP program.

8 The secure issue characterization is the
9 discussion of performance deficiencies. And I'll talk
10 a little bit more about that later. And the Activity
11 1.G is the more-than-minor for non-compliance
12 thresholds. We have an IMC 0616 which we have added
13 an appendix to which demonstrates what those are.
14 Because they were not present in the previous versions.

15 Going down to Phase 2 and 3, Phase 2 is
16 really the core of the development of the RFCOP. When
17 the Activity II is developed, the cornerstones,
18 Activity III, is the qualitative SDP activity for the
19 performance assessment.

20 Activity V is the supplemental inspection
21 program. What do you do? Have you finished up the
22 process of having the reviews, and when do you do a
23 supplemental inspection program? What does that mean?

24 Phase III is the testing about it,
25 basically, the pilot program. Thrown also into Phase

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1 III, because it was over, was the sense for the
2 quantitative revised fuel cycle process. And
3 obviously Phase VIII being the implementation of the
4 RFCOP. So that's the basic lay down of the project.

5 And I'll talk about status now. At the
6 highest level, Phase I, we expect to wrap up in June of
7 2014. We're almost done on all these elements. And so
8 that is on schedule, and we are pleased to see that. It
9 has been a lot of work and a lot of support from a lot
10 of people, and I would like to thank them all for their
11 help.

12 Phase II, which is starting, are the
13 working of the details of what constitutes an RFCOP
14 program. It starts in July of 2014. So this is a good
15 transition time for us to talk to you. It is actually
16 the best time.

17 And Phase III is planned out for the future.
18 And we'll talk a little bit more about that today.

19 Looking at the -- thank you, Sabrina
20 --Phase I accomplishments, as I said, we have issued the
21 revised enforcement policy. That was issued back in
22 January of 2013. It's in service now, has been for over
23 a year. That's today's base as we speak.

24 We have issued 14 IPs, excuse me, 14 revised
25 inspection procedures and one appendix to 2600. And

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1 that is a completed activity.

2 In issuing the CAP, and Sabrina will tell
3 you that, I hope I don't speak out of turn, probably
4 that'll be wrapped up the June time frame and be issued.
5 It has been through public comment.

6 MS. ATACK: That's our goal.

7 MR. COZENS: That's our target.

8 MEMBER BLEY: Did we get a draft of that or
9 --

10 MR. COZENS: Yes. You have the one that
11 went out.

12 MEMBER BLEY: That is the most, okay.

13 MR. COZENS: That was the one that was sent
14 out for public comment. The public comment
15 dispositions are still in process.

16 MEMBER BLEY: Okay. Have there been any
17 really significant comments collected?

18 MS. ATACK: None that I would classify as
19 significant. The results have been in major releases,
20 either with some minor clarifications based on industry
21 comments. But really, the biggest changes we had seen
22 were the ones in transition from the draft NUREG to the
23 draft reg guide.

24 And what we saw in the comment letter that
25 we received on the draft reg guide was easily

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1 implementable, you know, resulted in some
2 clarifications and improvements but no major changes to
3 the content.

4 MEMBER BLEY: Since I've interrupted you,
5 let me keep going a little. The inspection procedures
6 that have been issued, have they been used in the field
7 now? I mean, have you gotten any feedback on them?

8 MR. COZENS: They contain no RFCOP
9 components to them. They are just cleanup in
10 preparation for it. There'll be a second round of
11 modifications to the inspection procedures, IFCs, to
12 address whatever's necessary for the RFCOP.

13 MEMBER BLEY: Okay.

14 MR. COZENS: That's actually part of Phase
15 II. Because we have to have it before we can put it in
16 there.

17 MEMBER BLEY: Sure.

18 MR. COZENS: There's the issue of the CAP
19 reg guide. We have performed, I should say Sabrina and
20 Region II, the LES CAP determination to be adequate.
21 It's been approved. And it was a good rating too. And
22 we learned quite a bit from it.

23 As I said, on the more-than-minor we are in
24 the process of revising IMC 0616 with a new chapter,
25 excuse me, new appendix. However, when we went into

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1 there to add that to it, we realized we had some more
2 cleanup to do, just on the basic document that just
3 aren't ready. So we're in the process of issuing that,
4 and expect that out by June also.

5 Performance deficiency definition, we need
6 a little bit more of a story. ROP has performance
7 indicators and a lot of other bells and whistles that
8 do not really apply greatly to the fuel facilities.

9
10 And the Commission directed us to continue
11 our dialogue with industry. And back in 2012 we
12 published a white paper that I believe was provided to
13 you in the package of documents sent over.

14 Out of that, we basically concluded that
15 the optimum situation for the situation with the fuel
16 facilities was to not use the term performance
17 deficiencies as it was used in the ROP but to stick with
18 non-compliance. When non-compliances happen, that
19 would be our trigger point.

20 And we had met with them in October of 2012.
21 We believe that we have good alignment with industries
22 on that. We think that it's a rational position to
23 take.

24 We reconfirmed that at a March 2014, I guess
25 it was, meeting, also with industry, a public meeting.

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1 And we still have good alignment with industry.

2 And to sum it up at a high level, we looked
3 at the type of deficiencies that we find at our
4 facilities. The vast, vast, vast majority of them
5 relate back to non-compliances. We don't have other
6 bells and whistles that we usually match up against that
7 get us in a situation. And we don't have PIs, and so
8 that seemed to be a reasonable answer. And that's where
9 we are at this point. That's what staff is recommending
10 to move forward with.

11 We have a longer term commitment to report
12 on that, one in a CA note and also in a notation vote
13 that is due the 26th. And that's the position, and
14 we'll be talking about that.

15 You will all indeed see the notation vote
16 paper as it's passed up. And so, you know, if you look
17 at that white paper that was provided, it is a public
18 document. That is where we are on discussion and
19 thought process of what was appropriate.

20 MEMBER SKILLMAN: Kurt, on that bullet,
21 completed performance deficiency definition, where is
22 compliance with license or compliance with facility
23 procedures in a Part 50 license? One gets cited for
24 failing to follow procedure.

25 MR. COZENS: Yes?

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1 MEMBER SKILLMAN: And I believe that's the
2 case at LES, at Hobbs.

3 MR. COZENS: To me that's the --
4 (Crosstalk)

5 MR. COZENS: -- right?

6 MS. ATACK: Yes. Yes, it is. You know,
7 one of the management measures that licensees implement
8 is related to having procedures to implement licensee
9 processes. So any issue with procedural compliance
10 would be evaluated against that. And if necessary, a
11 violation would be written against compliance with that
12 management measure in Part 70.

13 MEMBER SKILLMAN: Thank you. So my
14 question's a curiosity question. Is that somehow
15 integrated into that next to the last bullet there,
16 completed performance deficiency definition is what you
17 just described in noncompliance with requirement
18 regulation or industry agreement?

19 MS. ATACK: Not yet. If I understand your
20 question correctly, that is true now. You know,
21 performance deficiency now includes a non-compliance
22 with requirements and regulation. And that would be a
23 regulation because it comes out of Part 70. What
24 wouldn't be included in that is, you know -- I want to
25 see if they have a good example here that they wanted

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1 me --

2 MR. FRANOVICH: Well, can I add just a
3 couple clarifications here? It's Mike Franovich
4 again. What we were tasked to look at is, you know, in
5 the reactor oversight process performance deficiency is
6 a little bit more expansive than just mere compliance.

7 So if the industry and the reactor side
8 adopts a consensus approach, let's say the CEOs vote to
9 self-impose a standard across the fleet by a majority
10 vote, actually it's 80 percent, they adopt that as a
11 self-imposed requirement or self-imposed standard on
12 themselves.

13 And so in the ROP that gives us, by
14 definition, the performance that you see over there,
15 access to evaluate those issues where they may not be
16 meeting expectations for these voluntarily adopted
17 standards.

18 When we went with that definition, my
19 understanding was the white paper which was circa 2012
20 --

21 MR. COZENS: October, yes.

22 MR. FRANOVICH: When you look at it in
23 theory, it's great for a definition of performance
24 deficiency, right. It's not only compliance, it's also
25 a performance of things that are more than what are

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1 required by the regulations or the license condition.

2 But in practice, you don't see many cases
3 each year annually where the inspectors are saying I
4 have got a performance deficiency that's not tied down
5 to the requirement in the ROP.

6 So we looked at that and we looked at can
7 we make some progress on the fuel cycle and in trying
8 to get some, a range of understanding of industry in
9 moving forward on this issue of performance deficiency.

10 Everyone agreed, yes, compliance is a basic
11 item in any definition of performance deficiency.
12 Where there wasn't agreement was on any voluntary
13 standards, because the fuel cycle facilities as an
14 industry don't have the same type of CEO, CNO-imposed
15 requirements on themselves. They don't have the same
16 steering committees, the kind of structure that you see
17 on the reactor side.

18 So it became somewhat problematic as to
19 what are you going to point to as a voluntary
20 self-imposed requirement across a fleet of fuel
21 facilities when they really don't do that in practice.

22 And therefore, the staff said where can we
23 get agreement? We believe we had understanding with
24 NEI on this definition that we were proposing here. But
25 we know that they need to take another look at this white

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1 paper again, because it's been some time that we had that
2 meeting.

3 This pre-dates Kurt and my arrival. And I
4 think some of the members in the industry just wanted
5 to go back and revisit it. But I don't think it's
6 controversial.

7 Where the ACRS comes into play is we owe the
8 Commission a notation paper -- wow, it's actually in the
9 current schedule of 2016 -- where we're supposed to come
10 back. And when we are done with the SDP, as what we
11 think conceptually needs to be part of it, we're
12 supposed to come back and take that performance
13 deficiency definition, present it to the committee, and
14 then you all have -- it actually says this in the SRM
15 -- you all have an opportunity to weigh in as to whether
16 or not that definition that we're proposing today
17 combined with the SDP is something that the committee
18 is comfortable with.

19 But this is the status of where we are today
20 with the definition of performance deficiency.

21 MS. ATACK: Yes. And this did feed into
22 the process that we evaluated for implementation of the
23 draft reg guide. Because one option would be that
24 licensees, you know, would commit to the reg guide, but
25 we wouldn't capture that as a license condition.

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1 But the infrastructure that fuel cycle facilities
2 follow now is that if we expect to enforce something and
3 evaluate the compliance with it then it's captured as
4 a license condition.

5 You know, if we had expanded the definition
6 of performance deficiency, then that wouldn't
7 necessarily have to be the case. Because if they made
8 the commitment, we could inspect you even if it wasn't
9 captured as part of the license.

10 But the way that we have typically operated
11 with fuel cycle facilities is that they have a bit of
12 a lengthy license that captures all the license
13 conditions.

14 You know, for instance LES committing to
15 comply with NQA-1. As part of their quality assurance
16 program document it's captured as a license condition.
17 And every time they update that quality assurance
18 program description, we update the license condition to
19 say this is the, you know, this the latest approved
20 version.

21 So that kind of fed into the way that we
22 developed the process for implementing the reg guide.
23 Have we answered your question or confused it?

24 CHAIR RYAN: On the face of it, it seems
25 like there's two different systems that you have to deal

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1 with. I'm just trying to -- one may be okay. I'm kind
2 of, if one system works why can't we apply it to lots
3 of different cases. But I'm learning a lot by listening
4 to your description.

5 And I guess I agree with your comment,
6 Sabrina. I don't know that it's necessarily not going
7 to work. It sounds like it'll work. And it's worked
8 okay up to some point in, you know, these areas and those
9 areas. So I guess its further implementation will tell
10 the tale, kind of thing.

11 MS. ATACK: You mean the performance
12 deficiency?

13 CHAIR RYAN: Yes. Well, the whole package
14 of the system and how it's working. I guess okay so far
15 is kind of what I'm taking away as the message. Is that
16 an okay message at this point or --

17 MR. COZENS: Well, what we do have is a
18 pilot in place that we will be testing these attributes
19 out.

20 CHAIR RYAN: Okay. So that's fair enough.
21 So I appreciate the fact you're kind of, you know, you're
22 in the process, but you still have a ways to go before
23 you, you know, wave the we got a decision judgement flag
24 in the air. So is that a fair way to think about where
25 we are?

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1 MR. FRANOVICH: This is a snapshot in time.
2 You have that second, well it's not second, you have --

3 CHAIR RYAN: The way it looks.

4 MR. FRANOVICH: At any point you all can
5 weigh in as a committee, obviously. But I think, per
6 the SRM, it's that notation paper that's due back in 2016
7 time frame.

8 MR. COZENS: Okay. And just the last
9 point here, we are developing and issuing a CAP IP which
10 is necessary to implement the CAP reg guide. As anybody
11 that has an approved CAP, we have to be able to inspect
12 it. That's the criteria.

13 The walkaway message, Phase 1 can be
14 complete by June 2014. I give the caveat of that 2016
15 date out there which is really kind of independent of
16 this.

17
18 So having given you a status of where we
19 stand to date, we're wrapping up Phase 1. And as we
20 looked at going forth to complete Phase 2 and 3, we kind
21 of looked at what do we have coming out of 2012.

22 Basically, Phase 1 is planned in detail for
23 the first two years which is basically where we are right
24 now. Whereas Phase 2 and 3 was only a high level
25 overview. It was not a step by step process of what had

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1 to do, the sequencing, the links of logic, you know, all
2 that goes into a complicated project. I mean, you have
3 to look at those details. And that was not part of the
4 published plan.

5 On top of it, the SRM and the Commission,
6 through its SRM, did not make the RFCOP project a top
7 priority, asked us to keep it a little lower than
8 Fukushima or the Honeywell restart which was a very
9 active activity at that point in time and through quite
10 a duration.

11 You know, we needed to look at the resources
12 that we applied to our COP, be consistent with this
13 process, because a lot of the people that are working
14 on Fukushima, Honeywell or other higher priority
15 projects are working on those projects. There's only
16 so much time.

17 We have also considered the cumulative
18 effect of regulations in our CER activities. We've
19 added this RFCOP process to look at what are we asking
20 industry to gage so we keep a reasonable balance of ours
21 and their resources' considerations.

22 And we've had some response, some feedback
23 from NEI. There is an April 3rd letter that, in 2013
24 it came in, that looked at the re-baseline of its special
25 program and talked about that they'd like us to consider

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1 some generic risk insights.

2 Basically, that letter also said they're
3 interested in maybe delaying this activity a bit, you
4 know. And I may have some further discussion about that
5 later today.

6 So that's the environment that we're
7 working on, starting to say, okay, now I'm going to look
8 at going forth in Phase 2 and 3. This is a little
9 background of where we stand.

10 So as we look at a re-baseline in activity,
11 you know, because -- oh, thank you -- what are the
12 assumptions we start? First of all, we are going to
13 deliver all the deliverables that the Commission has
14 asked us to do. That doesn't change, same steps, same
15 ones that I went through before in previous slides.
16 Those are still on the plan.

17 It is also not a top priority. So, you
18 know, we just can't crash and say we've got all the
19 resources in the world, do it now. Don't touch any
20 other project. No, that's not the environment we're
21 in.

22 We need to continue our interactions with
23 external stakeholders, NEI, the facilities give you
24 their input. That's actually something we highly
25 desire to have, because at the end of the day this

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1 affects them. And we want to know what their thoughts
2 are on things.

3 We are going to have a pilot program, and
4 our assumption at this point in time is that because we
5 have a small number of facilities to pilot this at, that
6 it probably it will be necessary to incorporate the
7 pilot program with some duration at all the fuel
8 facilities. Because there's also a limited number of
9 findings that might occur at any of these facilities.
10 We don't have a huge, huge number. So we need to look
11 at is the program working? So we're thinking right now
12 that we're looking at all the facilities for a pilot.

13 So when you consider, when you start with
14 these assumptions, what do we consider as we looked at
15 the project plan and the schedule?

16 First of all, as I said before, it's just
17 a high level overview. And I might call your attention
18 to the back of Slide 25. And I'm going to scroll there
19 just quickly, and I'll come back here. Oops, here I am.

20 Wow. Does that kind of stand on top of one
21 another? Everything starts at the same time and goes
22 until then. In reality, it doesn't work that way.

23 (Laughter)

24 MR. COZENS: Oh, you guys have run
25 projects?

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1 (Laughter)

2 MR. COZENS: That was my first look too.
3 It's just not the level of detail to say that, yes, we
4 can start everything at the same time, run it parallel
5 and complete it all at one time. There's a step and
6 there's logic. Sometimes it's back and forth past what
7 was lacking in this particular one.

8 Now, this is a bit rolled up as more steps
9 flow, but the essence, and that's what came out as we
10 talked about it. And if I go back to Slide --

11 MEMBER SCHULTZ: It's good to get
12 everything on one page, but when --

13 MR. COZENS: Sixteen.

14 MEMBER SCHULTZ: Well, like --

15 MR. COZENS: There is a little more of that
16 in the background. I won't deny that. But the essence
17 is it's not quite laid out in detail or in sequence.
18 Okay.

19 MEMBER SCHULTZ: I just wanted to cover --

20 MR. COZENS: Oh, yes. It's a real
21 important thing I forgot to mention, Mike. I got off
22 base here.

23 One of the little details that was lacking
24 in that detailed 2012 schedule, in fact, the reportation
25 papers that we probably ought to bring before the ACRS.

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1 We thought that would be a good idea to add that.
2 Otherwise, you would be asking us about them. If we
3 didn't bring them to you, the Commission would be asking
4 if we came to you.

5 So it was a bit of a time consuming process,
6 because of just the time to process what it takes to go
7 through the ACRS. It's several months each. We have
8 three notation vote papers that we have to process.
9 That adds up in time. So you'll see that reflected in
10 that.

11 And of course, the agency is serious about
12 looking at the cumulative effect of regulations. We're
13 trying to add extra stakeholder interactions. And we
14 actually have to time those so it's not as big a burden
15 on industry.

16 So we try to look at those considerations
17 to see if we can take things from, maybe there's an
18 interaction already going on with industry that we can
19 do this, whether it be a CER meeting or standing meetings
20 where we are participating in a public meeting or that
21 type of thing. So we're kind of looking at that as not
22 a top priority, but how do we make it work efficiently
23 for us as well as for these public stakeholders.

24 MEMBER SCHULTZ: So those last bullets on
25 the notation vote papers and the cumulative effects,

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1 they're going to be discussed further in the section of
2 the presentation on communications?

3 MR. COZENS: No. We're going to go to them
4 on the next slide.

5 MEMBER SCHULTZ: Okay.

6 MR. COZENS: Okay. I can show you a
7 several hundred line Gantt chart. I don't think that's
8 what you wish to see. What's the result of that?

9 When we look at both individual steps that
10 we have to take to go through it, all our internal
11 reviews, all our external reviews, public
12 participation, engagement with the ACRS, engagement
13 with the Commission and all the steps that it takes
14 through this, plus following the steps directed to us
15 by the SRM, the result is the following.

16 It's shown on this slide. There are three
17 notation vote papers. Of the three, we're going to be
18 asking that they be rescheduled. Currently, we have
19 the first one will be on cornerstones, basically it's
20 a notation vote paper on the cornerstones.

21 When we finish up or activities on
22 cornerstones, the Commission asks us to cover them on
23 a notation vote paper. And the development of
24 cornerstones, we'll be looking at hazard-based, we'll
25 be looking at operational-based in this hybrid and

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1 ultimately coming up with our own recommendation.

2 Having said that, then we have to write the
3 notation vote paper. We've adjusted that, and at this
4 point, you know, it's pre-decisional to talk about
5 specific dates. But that is, well, I'll be talking to
6 COMSECY -- didn't I see COMSECY's --

7 (Crosstalk)

8 MR. FRANOVICH: I don't see it public.
9 The Commission released with the COMSECY, certainly it
10 can be redacted as well if it needs to be.

11 MR. COZENS: Yes. Than that's the first
12 notation vote paper. The next notation vote paper,
13 after we've gotten basically through Phase 2
14 development of the RFCOP process, we will have to
15 present a notation vote paper to the Commission on what
16 is the pilot program that we're proposing. Why is this?
17 What do we expect to do? What's our schedule? What are
18 the particulars on it?

19 They want to approve that before it's
20 executed. That is also going to be delayed from the
21 current public schedule.

22 And lastly, once we complete the pilot
23 program, the Commission has asked us to come back with
24 another notation vote paper. What are the results of
25 the pilot, and what is the recommendation coming out of

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1 that pilot and probably what adjustments have been made
2 as a result of the pilot? I think that probably should
3 be discussed also.

4 So basically in our re-baseline study, we
5 have now added significant steps which include a
6 reasonable amount of time to bring each one of these
7 papers, notation vote papers, through the ACRS process.

8 MEMBER BLEY: As to the first paper --

9 MR. COZENS: Yes.

10 MEMBER BLEY: You have not really begun
11 work on the revised cornerstones. Is that right?

12 MR. COZENS: Yes. And we're going back to
13 the 2011 time frame. And that's our starting point.

14 MEMBER BLEY: Yes, that's what --

15 MR. COZENS: So it's not a blank piece of
16 paper, but it's not a completed piece of paper either.
17 What I haven't mentioned, and I'll mention it, we have
18 negative phrases. We stood up our steering committee
19 which, under the steering committee, a working group of
20 branch chiefs. And under that, it'll be sub-working
21 groups to work on things such as these cornerstones,
22 which the staff is actually helping us flesh out the
23 details.

24 MR. FRANOVICH: So that, Mike Franovich
25 again, if I can just add on that, there is a lot of work

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1 on developing prototype cornerstone models, whether
2 it's hazard-based or operational-based cornerstones.

3 Some of those examples were already in
4 closure in the SECY-11-0140 document. But there is
5 also other work that didn't make it into the Commission
6 paper proper.

7 Our challenge was then to resurrect
8 somebody at work, from a recent historical standpoint,
9 see what was done. And the other challenge was getting
10 the capable bodies to do the work.

11 One thing we have done successfully is
12 bring back staff that did some of the original work.
13 Again, we've recruited them. Actually, I have a new
14 risk and reliability analyst in my group that did some
15 work on this before.

16 So at least on the human capital end, we're
17 trying to, you know, where possible or feasible we're
18 trying to get those people back on the project, those
19 that are around still.

20 MR. COZENS: Those around still.

21 MR. FRANOVICH: That's right.

22 (Laughter)

23 MR. COZENS: But basically, as a result of
24 our looking at our re-baseline study and basically our
25 completion of the RFCOP project as currently scheduled,

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1 it's not practical. It's not achievable.

2 You know, re-baselining RFCOP projects is
3 necessary, that's what we're planning to recommend
4 moving forward. We recommended that to the Commission.
5 And we'll be asking the Commission to reset some of the
6 SRMs, in particular the deliverables, specifically
7 those three notation vote papers.

8 From a sidebar, what is not unimportant is
9 the ability to have and pass communications on this
10 project. The Commission directed the staff to develop
11 a project plan, and a schedule and to make it publicly
12 available. That was done.

13 But in looking at the project plan that was
14 written, if you go out there to follow, and we felt that
15 there was maybe a little bit better formatting that we
16 could give to t that would enhance its ability for
17 discussions among the staff, at the Commission level and
18 with the industry.

19 So we're planning to reformat this. And
20 basically it'll be a top level document. And each
21 deliverable will have its own independent appendix that
22 we will be able to list the major sub-deliverable steps,
23 and their milestones, and the dates and all that that
24 we could do that and have that really as a pull-out when
25 we want to talk about one of these attributes.

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1 And we felt that was a better format. It's
2 a format that was used in the digital IMC arena. It
3 worked well there. I've used it some other places.
4 But it's a good communication tool. So we wanted to
5 readapt this.

6 We're not really changing the
7 deliverables, we're doing the same deliverables. But
8 we are planning to, you know, make this in a format that
9 is just easier to read, to be honest. It's not that the
10 information wasn't, it was there. But this is just a
11 little different format.

12 And the point also to note here, this is a
13 living document. It's got to be readapted in the
14 project. All projects evolve. And you can't ignore
15 the evolution of a project, both in what's been
16 accomplished and what's coming up downstream. We can't
17 ignore that. Something happening here does have an
18 impact down here.

19 And sometimes you can realign how do you do
20 that. So we even looked at it from a project management
21 perspective. So we will be regularly updating this.
22 And periodically these updated project plans will be
23 placed into ADAMS. It is a public document.

24 So that's just one of the things we'll do.
25 It goes hand in hand with the Gantt chart. The Gantt

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1 chart's very difficult to read, and I told you we have
2 extra text to explain what we're doing in this NUREG
3 project plan. So this is more for communications than
4 content in that sense.

5 Moving forward, basically, in the near term
6 it says re-establish. Technically, we've actually
7 re-established our RFCOP steering committee. That is
8 the division director, the deputy director level.

9 We are planning to submit this COMSECY to
10 the Commission requesting these resets on the schedule.
11 We will be initiating Phase 2, hopefully by January 30th
12 we can declare it started.

13 MR. FRANOVICH: June 30th.

14 MR. COZENS: June 30th, not January.
15 That's right, how about June 30th, and issue the revised
16 RFCOP project plan on schedule. So that's what's
17 happening in the near term.

18 Longer term, issue the Commission notation
19 vote papers. That is the main deliverable that we're
20 obligated by the SRM. And the result of that,
21 obviously, we have to submit an RFCOP project if the
22 recommendation and a permission is granted.

23 MEMBER SKILLMAN: Kurt, let me ask this
24 please. Cornerstones, why isn't it relatively easy to
25 develop the basic cornerstones between now and a month

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1 from today?

2 MR. COZENS: It has to do with the
3 prioritization of the project, staff availability
4 today, and then going through the entire process of not
5 getting technical subject matter experts to agree but
6 getting buy-in through all the channels that have to
7 have buy-in. That does take time.

8 MEMBER SKILLMAN: Are the basic tenets of
9 the cornerstones currently known?

10 MR. COZENS: We have a starting point, as
11 I said. So we do have some models that we've worked on,
12 some details. But again, we're basically starting with
13 brand new subject matter experts to work on this. And
14 we need to convince them first that these are the right
15 things.

16 So, I mean, sometimes it's the wrong time
17 to buy into it. And then we have the public
18 participation part. As well as our own internal
19 buy-in. We have the Commission buy-in. So it just
20 takes time.

21 CHAIR RYAN: Kurt, what's your expectation
22 for the number of public meetings and audiences you're
23 trying to read or --

24 MR. COZENS: We have pretty much standing
25 public meetings which we'll try to be using. And they

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1 are our cornerstones. We intend to probably try to meet
2 with the industry stakeholders and the public at large,
3 at the end of what we had come up with a recommendation
4 -- but actually, that's too late --before we come up with
5 our final recommendation to get their input on them.

6 And so if we need to make any adjustments
7 at that point we would do it. But at least one for every
8 hazard-based, operational based, the hybrid, for the
9 cornerstones we would do that. But after basically
10 each major, during the development of each major
11 deliverable, we would probably expect some form of
12 public interaction.

13 CHAIR RYAN: Okay. Sounds good.

14 MR. COZENS: And you asked me for a
15 specific count and --

16 (Crosstalk)

17 CHAIR RYAN: So your intent is to break it
18 into some --

19 MR. COZENS: Yes.

20 CHAIR RYAN: -- reasonable parts and then
21 --

22 MR. COZENS: Yes. Deal with public
23 meetings and other, you know, stakeholder input on that
24 part. And then, you know, integrate it all together at
25 the end.

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1 MR. FRANOVICH: If I may add, Mike
2 Franovich again, one thing we learned in interacting in
3 the cumulative effects regulation arena is our
4 stakeholders have, we don't have stakeholders that have
5 a large compliance department like the reactors do.
6 They're a little bit smaller in scale.

7 So when we start to try to combine our
8 interactions with them, actually the insight was there
9 are certain times a year it worked very well for them.
10 There's sort of a natural, there's two meetings a year
11 the industry holds, typically in April and in October
12 time frame. And we try to take advantage of those
13 meetings. Either they're here at headquarters or
14 they're in Atlanta.

15 We have a fuel cycle information exchange
16 forum annually in the June time frame. So during that
17 week we have our stakeholders there for that meeting.
18 We try and make a lot of other public meetings on various
19 topics at the same time.

20 So what we're sensitive to is we don't want
21 to just go off and schedule all our meetings in
22 isolation. We're trying to make it official, both for
23 us and for the industry. And we just haven't worked out
24 that level of detail yet for Phase 2. But we will be
25 increasing our level of interaction on Phase 2.

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1 There'll be probably more information exchange forums
2 with industry.

3 MR. COZENS: And really, when those public
4 face to face meetings are not practical, we would like
5 to take advantage of teleconferencing and things of that
6 nature to gage them, so the emphasis of the travel needs,
7 and expenses and things of that nature.

8 CHAIR RYAN: Thank you.

9 MEMBER SCHULTZ: Kurt, just before you
10 leave the slide, if we could just get some appreciation
11 for work. What is the schedule of, let's say, the first
12 three sub-bullets there in terms of the COMSECY and when
13 you would anticipate the initiation of Phase 2?

14 MR. COZENS: Okay. As I said, if we have
15 re-established the steering committee, that's --

16 MEMBER SCHULTZ: Right.

17 MR. COZENS: We've actually had our first
18 meeting, probably another one within the next month.
19 The COMSECY, we're targeting, I think June 30th is our
20 deadline on that one.

21 Initiation of Phase 2, I'd like to say that
22 officially we've started by June 30th, issue our project
23 plan on schedule. That will probably be going with the
24 COMSECY. It's essentially written at this point, but
25 there's tweaking that needs to be --

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1 MEMBER SCHULTZ: So that's going to be part
2 of what you're --

3 MR. COZENS: Yes.

4 MEMBER SCHULTZ: -- providing? Let's get
5 started --

6 (Crosstalk)

7 MR. COZENS: This is the base --

8 (Crosstalk)

9 MR. COZENS: -- COMSECY, you know. I
10 can't write down what that was.

11 MEMBER SCHULTZ: I understand.

12 MR. COZENS: Okay. And of course, I think
13 that the ACRS saw this once. Any questions? I guess
14 not.

15 MS. ATACK: Okay.

16 MR. COZENS: Oh, silence. Sabrina?

17 MS. ATACK: Do I have any questions for you
18 --

19 (Laughter)

20 MR. COZENS: Thank you, thank you, thank
21 you.

22 (Laughter)

23 MR. COZENS: Okay. Let's see if we can get
24 out of this for Sabrina.

25 (Crosstalk)

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1 MEMBER SCHULTZ: I had one question --

2 MR. COZENS: Sure.

3 MEMBER SCHULTZ: -- just for, again,
4 curiosity or information. Given the length of time
5 that this has taken to get to where we are today, and
6 you mentioned the interaction through public meetings
7 and so forth, is it difficult to have and to maintain
8 continuity among representatives that come to these
9 meetings or participate in the public interactions?

10 Have you figured a way to assure that things
11 could move forward more smoothly-- quickly might not
12 be the right term -- but in a way that everyone, when
13 you do the public interactions, is engaged and that
14 engagement doesn't drift between meetings?

15 MR. COZENS: Well, first thing I can thank
16 our friends over at NEI that actually help us to achieve
17 those goals. And it seems to be, I've been on this
18 project only about a year, but it seems to be pretty much
19 the same individuals that show up from the facilities
20 each time.

21 And there seems to be a continuity there
22 through their licensing departments largely. And
23 maybe Janet will have more to say on that --

24 MEMBER SCHULTZ: I'd appreciate that when
25 there's that opportunity later.

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1 MR. COZENS: We're certainly are open to
2 thoughts on improving that interaction.

3 CHAIR RYAN: Kurt, that sounds right,
4 because I'm going to guess. Typically, in the
5 materials licensee world, you have RSO, and a safety
6 guide and maybe a QA guy. And, you know, there's three
7 or four staff people that support them.

8 So I'm guessing they see faces who have
9 participated with you over the development of this from,
10 you know, Company A, B, C, D and E. So you sort of get
11 to know them pretty well. And they interact with each
12 other, you know, which helps you kind of see where the
13 line of consensus seems to be going. And can we live
14 with that, yes, no, or do we need to adjust and all that?

15 So I'm guessing that's a relatively stable
16 and relatively small community that makes your task that
17 you just described just a little bit easier. Is that
18 a reasonable --

19 MR. COZENS: I believe it is, but again,
20 maybe NEI might want to address that.

21 CHAIR RYAN: And certainly I would welcome
22 their views as well.

23 MR. COZENS: But my perspective is yes on
24 that. But I've only been on this project a year.

25 CHAIR RYAN: Okay. Maybe all the hard

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1 stuff was done before you got there.

2 (Off microphone discussion)

3 CHAIR RYAN: Kurt, it sounds like from your
4 presentations today you have a pretty good grasp on
5 where you've been and where you're going which gives me
6 comfort that, you know, you're on the right track to get
7 to the goals.

8 (Off microphone discussion)

9 MS. ATACK: Okay, so that was no for a
10 break, right.

11 MR. COZENS: So we go forward and --

12 CHAIR RYAN: Yes, please. Yes, go
13 forward, yes.

14 MS. ATACK: Okay.

15 CHAIR RYAN: Sorry.

16 MS. ATACK: It's incentive for me to not
17 languish on in my remarks, right? Well, good
18 afternoon, my name is Sabrina Atack. And I'll be giving
19 the presentation on Draft Regulatory Guide 3044 or
20 DG-3044, Corrective Action Programs for Fuel Cycle
21 Facilities.

22 I'm a quality assurance engineer in the
23 Division of Fuel Cycle Safety and Safeguards in the
24 office of Nuclear Material Safety and Safeguards. I
25 just wanted to see if I could say the whole thing without

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1 any tongue ties. So there's my accomplishment for the
2 day.

3 MALE PARTICIPANT: Let's have the branch.

4 MS. ATACK: Yes. Let's get the branch.
5 It's got like five or six words in it. But I'll go over
6 some of the background. I know Kurt has touched on a
7 lot of the Commission guidance that we've had throughout
8 the process. But I'll just reiterate some of the points
9 that are most important to the development of the CAP
10 guidance.

11 First, in March 2010 the staff developed
12 SECY-10-0031 which was the plan to revise the fuel cycle
13 oversight process. In response, the Commission issued
14 a staff requirements memorandum in August of 2010 which
15 disapproved the staff's plan to revise the fuel cycle
16 oversight process but did recognize the importance of
17 licensee corrective action program development.

18 Specifically the SRM stated that the staff
19 should make modest adjustments to the existing
20 oversight program to enhance its effectiveness and
21 efficiency. For example, given that most fuel cycle
22 licensees are not required to have a corrective action
23 program but have voluntarily developed them, the staff
24 should consider how to best reflect this in the NRC
25 enforcement policy.

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1 It continued to say that the staff's
2 approach should provide incentives for licensees to
3 maintain strong CAPs as this would be an important facet
4 of sustaining high safety and security performance and
5 would be consistent with the Commission's ongoing
6 safety culture initiatives.

7 So there was a pretty clear statement in the
8 SRM that the Commission thought that the CAP guidance,
9 excuse me, the CAP initiative was very important.

10 They again reiterated this message in the
11 SRM for SECY-09-0190. The staff's SECY-09-0190
12 proposed a major revision to the NRC enforcement policy
13 to essentially bring it up to speed with the areas that
14 the NRC regulates and also to provide a framework to
15 support consistent implementation of the enforcement
16 policy.

17 It was a major revision and it included, you
18 know, correcting outdated content, adding information
19 to address areas that were not described in the policy
20 at that time and reformatting the policy to facilitate
21 easier use.

22 In the SRM for SECY-09-0190 the Commission
23 directed the staff to propose revisions to the NRC
24 enforcement policy to provide that CAP incentive and
25 give the credit for effective correction action

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1 programs. So again, they reiterated the importance of
2 that and wanted the staff to proceed with revising the
3 enforcement policy to make those changes.

4 So as a result of the direction provided in
5 these two memoranda and two additional ones, I'll
6 discuss on the next slide the staff proceeded with their
7 efforts to update the enforcement policy to provide
8 recognition for licensees who develop corrective action
9 programs and also to develop incentives for licensees
10 to maintain adequate corrective action programs.

11 Moving to the next slide, we'll discuss
12 SECY-11-0140 which was enhancements to the fuel cycle
13 oversight process. In SECY-11-0140, the staff
14 provided the Commission with recommendations for the
15 next steps to enhance the fuel cycle oversight process.

16 And they also informed the Commission of
17 the status of activities undertaken to provide fuel
18 cycle licensees and certificate holders with credit for
19 effective corrective action programs.

20 The paper identified that the staff had
21 developed some objectives and attributes for an
22 effective corrective action program which had been
23 vetted with stakeholders during multiple public
24 meetings.

25 During the public meetings, there was

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1 general agreement that the objectives and attributes
2 that the staff had developed were acceptable for
3 describing an effective corrective action program.

4 And it's those same elements that were
5 developed and vetted with the public that were included
6 in the draft NUREG and now the draft regulatory guide.
7 And those were also in the SECY paper. So they've been
8 carried over with very little change throughout the
9 process.

10 SECY-11-0140 also proposed a change to give
11 licensees with an effective corrective action program
12 credit in the enforcement policy.

13 In order to engage stakeholders and solicit
14 feedback on that plan to incentivize the CAP, the staff
15 issued a Federal Register notice in September of 2011
16 that described that provision to the enforcement policy
17 to give licensees credit for the CAP.

18 The Federal Register notice specified that
19 the proposed policy change would provide licensees an
20 incentive to implement effective CAPs by allowing the
21 disposition of Severity Level IV violations, which are
22 those of low safety significance, as non-cited
23 violations. And this --

24 MEMBER BLEY: Mike, are we hearing any
25 presentation from industry today or --

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1 CHAIR RYAN: Let's see. I don't think so.

2 MEMBER BLEY: I didn't remember one.

3 CHAIR RYAN: No, just --

4 MEMBER BLEY: I'm glad we're doing this.

5 On the other hand, I can't imagine why the management
6 of any one of the facilities needs more incentive for
7 a CAP than what you get back for doing it. But go ahead.

8 MS. ATACK: Well, we heard mixed feedback,
9 honestly. You know, there is a great incentive in terms
10 of safety and eventually a cost benefit, because
11 licensees will identify things on the forward end before
12 they become larger problems.

13 But as we've gone through this process in
14 developing the draft NUREG and then the draft reg guide,
15 you know, we do continuously hear from industry this
16 isn't enough of a carrot to really push us to implement
17 this process.

18 MEMBER BLEY: Well, that's really
19 confusing to me. Because in not just nuclear power
20 plants but in chemical plants and other facilities I've
21 been involved with, the benefit of the CAP is that if
22 you don't have one sooner or later these things build
23 up and may come back with something that really hurts
24 you --

25 MS. ATACK: Yes.

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1 MEMBER BLEY: -- in a way that this is
2 trivial by comparison. And they're just not looking at
3 the right thing. When you look at bad events that
4 happen in process facilities, there's almost always an
5 element of something that could have been fixed that
6 wasn't fixed ahead of time. And some of those are
7 extraordinarily costly events.

8 CHAIR RYAN: I couldn't agree with Dennis
9 more. I'm familiar with one facility that, you know,
10 had a fire as a result of, you know, these kinds of
11 issues. And it took quite a long time to get it back
12 up and running and, you know, working well and
13 overcoming many of these systematic and systems
14 problems to make sure it didn't happen again.

15 MEMBER BLEY: And I've seen fires, major
16 failures through equipment, injuries and deaths to
17 people because of these things. I know its benefits are
18 very strong. But nevertheless, I'm glad we give them
19 incentives.

20 MEMBER SCHULTZ: Well, there's also been
21 this incentive for fabrication facilities to have CAPs
22 for their benefit as well as the benefit of their
23 customers who come to see, and want to see and want
24 strong corrective action programs in place, not only for
25 inspection but for additional deliberation, and support

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1 and guidance to be developed related to them.

2 MEMBER SKILLMAN: Well, I remember a time
3 before CAPs were really in vogue at the central
4 stations. Leadership would say, well, if we really
5 want to do Criterion 16, we're going to have to have a
6 couple of extra people. And we're managing to the
7 bottom line, so it becomes a resource issue.

8 MS. ATACK: Yes.

9 MEMBER SKILLMAN: And while you haven't
10 said that today, I can infer from several of the comments
11 that that may be what might be lying behind those who
12 do not wish to have a CAP program.

13 And I'm with Dennis. The benefits are
14 awesome when there is a healthy CAP program, and it's
15 well beyond nuclear. Aerospace, merchant shipping,
16 chemical plants have actually gone to a safety
17 environment. And the center of their safety
18 environment is either their safety card program or their
19 CAP program.

20 And they've gone so far as to reward the
21 real individuals by putting in one a day. And it doesn't
22 have to be elegant, and it doesn't have to be
23 sophisticated. It's just that it has to be truthful.

24 And what we've learned is, in the forest of
25 incoming information, the truth begins to present

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1 itself and accidents rates reduce, equipment is saved,
2 in some cases people's lives are saved.

3 So it's just kind of mind boggling to me
4 that in 2014 anyone who's using nuclear material
5 wouldn't say we want the best CAP in the world. Because
6 it will help us. I don't get it.

7 MS. ATACK: I agree. You know, but I'm
8 sure industry, you know, each licensee will have its own
9 perspective. And like you said, there are probably
10 some resource implications.

11 And there's also probably, you know,
12 somewhat of a fear of bringing themselves into further
13 regulatory purview. Because by committing to develop
14 the corrective action program in order to receive the
15 enforcement benefit, you know, then they are subject to
16 inspection of their corrective action program.

17 And if there's a problem then they will
18 receive as violation. You know, so there's the
19 additional oversight, and some of them are saying I've
20 got it. But once you have NRC oversight as it is, I
21 don't need you in here anymore than you're already here.

22 MEMBER SKILLMAN: And that was the
23 mentality in a lot of the stations 20 years ago. Well,
24 we don't want CAP because we're going to have to disclose
25 our deficiencies, and we don't want to be subjected to

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1 the enforcement that comes with that, identical words.

2 MS. ATACK: Yes. But it's amazing that the
3 strong safety culture will accomplish where people, you
4 know, when they feel able to raise those safety
5 concerns. You know, you can address so many things
6 before they become a significant issue --

7 MEMBER SKILLMAN: And what's important is
8 it translates to real money.

9 MS. ATACK: Yes, it really does.

10 MEMBER SKILLMAN: It really ends up being
11 a huge financial benefit.

12 MS. ATACK: Yes.

13 MEMBER SCHULTZ: And it translates to
14 higher quality.

15 MS. ATACK: It does. And I think those
16 aspects are difficult to quantify, you know, on the
17 forward end. And in order for the agency to provide
18 incentives, you know, I think there's a limitation to
19 what we can do.

20 It really has to be, to a large extent, on
21 the licensee's part to recognize that there's value in
22 development of a corrective action program. Because,
23 you know, when you hit the bottom line, having so many
24 Level IV violations, disposition as non-cited
25 violations is nice, you know, especially in terms of

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1 visibility for licensees because on the inspection
2 report they won't have, you know, violations that need
3 a response, in other words, less visibility for any
4 issues.

5 But a lot of licensees say it's not that
6 much of a burden for me to write a letter to you telling
7 you how I'm going to correct these issues.

8 So the cost between developing a corrective
9 action program and having you come in and inspect it,
10 versus just responding to the Level IVs that I'm getting
11 anyway, doesn't really weigh out in terms of an
12 incentive. So at that point, we can't really convince
13 them unless they want to do the program.

14 MEMBER BLEY: Right. I hear what you're
15 saying. But I've seen facilities that haven't adopted
16 one until they have the accident. The accident costs
17 a hell of a lot more than the program would have.

18 And after that they put it in place. And
19 there may be some little bit of analysis, looking at a
20 handful of accidents that people have had that are tied
21 to this, would be, you know, a good reminder to people
22 of what's involved.

23 MS. ATACK: It's true.

24 MEMBER BLEY: Because it's a, I mean,
25 that's at least going to be comprehensible.

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1 CHAIR RYAN: One facility that comes to my
2 mind, you know, I had a fire. And it was a very ugly
3 period of time after that, you know. And they just
4 stopped and had a little different process up front, and
5 maybe it wouldn't have happened, maybe it still would
6 have. So, I mean, I think that's the kind of thinking
7 of well, we're okay. That's when you're not okay.

8 MS. ATACK: Right.

9 CHAIR RYAN: What could go wrong next is
10 the question you want to ask, and evaluate it and deal
11 with it. So it's as much a cultural issue as it is
12 anything to me. If you have people who are culturally
13 lazy in terms of a safety culture, they're going to have
14 problems sooner or later. If they're continuing that
15 way.

16 It's the folks that, you know, are
17 aggressive in their safety culture activities that tend
18 to not have the problems so, I mean, if we're talking
19 about a fundamental approach to how you work towards
20 your philosophy in a safety program as well as how you
21 implement it once you do implement it.

22 MS. ATACK: Yes. I guess the licensees
23 may feel that what they already do as part of management
24 measures is sufficient, so they don't need the formal
25 program, you know, because it's part of either incident

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1 investigations, other quality assurance elements, you
2 know, they'll have some aspect of CAP embedded in their
3 processes. So some may feel that they don't need to
4 take the next step in developing the formal corrective
5 action program.

6 CHAIR RYAN: It leads me to a question.
7 How many non-reactor participants in this program do you
8 have or do you expect to have?

9 MS. ATACK: Well, we have OES which is
10 completed. They were very eager to get in on the
11 process. So we actually kind of worked them ahead of
12 the process.

13 Whereas most licensees will now be able to
14 commit to the reg guide and have a more streamlined
15 process, LES, which was more eager to engage in the
16 process, you know, already has their corrective action
17 program imbedded in their license, did the more
18 laborious process which, you know, is us reviewing it,
19 issuing RAIs, and doing the back and forth.

20 So LES is completed. And then we received
21 notifications of interest from two other facilities at
22 this point. Beyond that, I don't think we have an
23 awareness of any others who are interested.

24 CHAIR RYAN: How many licensees do you
25 think should be in the program?

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1 MS. ATACK: Well, I would love to see them
2 all participating, and feeling like it's a good idea and
3 is beneficial. So maybe once we start seeing other
4 folks jump on the bandwagon then, you know, their
5 comrades will see that this is a beneficial program and
6 will eventually come onboard. But I guess only time
7 will tell once the process is actually available for use
8 as defined.

9 CHAIR RYAN: That's, oh, go ahead.

10 MR. FRANOVICH: I was just going to say, I
11 mean, licensees are naturally skeptical, not having
12 seen the process unfold. And I think that's always
13 important for us to get through the LES approval. As
14 a perfect concept, can you make the changes to the
15 license? Can you get through the inspection? What
16 issues are identified? Can they get results?

17 Largely that's been a very successful
18 effort. So we think that is in part motivation wide,
19 the other two licenses have seen the proof of concept
20 actually demonstrated. And they want to come forward.
21 I think as we get more traction with others, we'll
22 probably see other interest too.

23 So, you know, it's a matter of licensees
24 have to sell this enhancement to their management and
25 the cost and investment. And so if we see more of it

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1 approved, we would anticipate we would have additional
2 interest in the program.

3 MEMBER BLEY: A related question, and I
4 don't know if you guys know the answer or not. I'm aware
5 of one foreign fuel cycle facility, that for very good
6 reasons decided to join WANO which had never had a fuel
7 cycle window before, but they took one on, and they
8 agreed on it.

9 But once they started getting involved
10 things like this kind of program just became very high
11 on their list. And then they got to do inspections,
12 participating with us at other facilities. Can fuel
13 cycle facilities in the U.S. join INPO? Do they have
14 any setup for that? I mean, have any of them --

15 MR. FRANOVICH: I mean, it's probably best
16 for NEI to address that. I believe there is one
17 facility that has some affiliation with INPO already.
18 And there's actually another one that I don't know
19 whether they're a member of INPO per se, but they do join
20 in INPO efforts, in particular protective action
21 programs.

22 We know that INPO, sorry, LES had
23 participated with INPO in a forum where the reactor
24 community was looking at, well, CAPs were filling the
25 tour, however are the CAPs on the reactor side being

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1 cluttered by non-significant items such as the
2 distractor.

3 And so I know that one particular licensee
4 had presented before that effort, INPO, I think it was
5 last summer. So we'll allow it. What's beyond that I
6 couldn't speak to. Maybe NEI --

7 MEMBER BLEY: Okay, I was just curious.
8 Because I know they pushed that area quite --

9 MR. FRANOVICH: Yes. And one facility I
10 was aware of, there were lots of areas where they thought
11 the reactor people were crazy and doing stuff they
12 didn't need to do.

13 But the more inspections they went on and
14 the more they talked, the more they said, yes, it's not
15 exactly the same. But we can adopt this stuff and they
16 would really be better operators and would get in less
17 trouble.

18 MEMBER SKILLMAN: I know one foreign fuel
19 plant that actually asked U.S. consultants that were
20 deeply involved in Appendix B to please come and help
21 them set up a program. Because they tumbled to the
22 idea, this will really help us. It'll be difficult
23 getting started, but its long term benefit is enormous.

24 MS. ATACK: Yes.

25 MEMBER SKILLMAN: So they were really

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1 excited about getting a corrective action program that
2 really gave to the root cause stage where the program
3 was mature enough to begin to really deliver value.

4 So I think there's an evolution of how this
5 curves. But smart people that are owning billions of
6 dollars of equipment finally tumbled to the fact it pays
7 us to find the problems before they find us.

8 CHAIR RYAN: I wonder if it would be
9 helpful to have a symposium, seminar, whatever you want
10 to call it, to bring some of these experiences to, you
11 know, a group of folks that are struggling with this or
12 beginning to think about it themselves. We could have
13 a conference on this topic.

14 Because it seems to me that there's an awful
15 lot of experience and know how that has at least been
16 in part put to good use. But it would be interesting
17 to see how it holds broad, and then if you could get a
18 little bit more momentum though a little bit, you know,
19 through a pretty concentrated effort in a short period
20 of time.

21 MR. FRANOVICH: Yes. I can't say that
22 we've had a workshop. But I know at the fuel cycle
23 information exchange typically we have had, like last
24 year we did have a presentation from one licensee on
25 their corrective action program and how they're going

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1 about it.

2 So there is a sharing of information in that
3 area. Also in the area of human performance which ties
4 into the corrective action program. It was another
5 licensee that spoke to it. There're not dedicated
6 workshops on the topic, but there is a forum there to
7 at least exchange program ideas and insight --

8 (Crosstalk)

9 CHAIR RYAN: -- colleagues is kick it up a
10 notch. You know, maybe you'll kind of multiply it, I
11 don't know. Maybe you won't.

12 MS. ATACK: Yes. That may be something we
13 can consider after we publish the reg guide and then are
14 ready to pilot the inspection procedure to kind of, you
15 know, encourage interest, have LES come in and talk
16 about their experience.

17 And I know that they've already talked to
18 NEI through their normal forum about their experience
19 with getting the approval but, you know, to kind of pull
20 all those elements together. And then some other
21 external experience may be pretty valuable in
22 encouraging interest.

23 MEMBER SCHULTZ: Sabrina, you mentioned
24 that in terms of facilities moving toward a CAP program
25 and reasons that were provided, well, we've got other

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1 programs that we use, and they seem to work well for us.

2 And so, you know, the extra expense of going
3 to a CAP program doesn't seem to be warranted because
4 they have been able to handle this issue with regard to
5 Level IV violations in a different way.

6 Have you asked them what would you, what
7 would you find as an incentive that would be able to move
8 you toward a corrective action program? What
9 incentives are we missing?

10 MS. ATACK: I mean, we've had those
11 discussions during some public meetings. And I don't
12 know that industry has provided an answer that's -- I
13 think they recognize that we're limited in what we can
14 do.

15 You know, I know one thing that's also been
16 discussed is decreasing the frequency of inspections,
17 kind of trimming down the oversight process. And I
18 think that's kind of part of what RFCOP will achieve
19 eventually.

20 So for the CAP itself, I think we're limited
21 in terms of what we could offer as the incentive.
22 Because we can't really say, okay, once you have an
23 effective correction action program we're going to cut
24 your inspection by 50 percent.

25 MEMBER SCHULTZ: Right. You couldn't

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1 quantify it particularly. But those are the types of
2 things that have affected quality assurance programs,
3 for example.

4 MS. ATACK: Right.

5 MEMBER SCHULTZ: You know, good monitoring
6 programs can help a supplier that is generally imposed,
7 is under the imposition of inspection programs, can
8 improve their overall productivity by having good
9 monitoring programs like a corrective action program.

10 But I understand you can't promise, they
11 might not expect, but it seems like there's a list of
12 ten things that might be provided as incentives here
13 that might be missed. And in combination, they might
14 move an organization into the right position here.

15 MS. ATACK: Okay. We'll keep that in mind
16 and see what else we can emphasize. And, you know, I
17 do think that as we build up the RFCOP that will be
18 another opportunity, you know, where we can kind of put
19 the puzzle pieces together and say, okay, if you have
20 that corrective action program that's where we can
21 really develop a more comprehensive benefit and
22 decrease the oversight.

23 You know, if you have good performance, and
24 you're implementing a corrective action program,
25 because that will give us a higher level of assurance

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1 of their performance and their capability to correct
2 issues. And we will reevaluate what else we can
3 describe for the incentives.

4 CHAIR RYAN: You know, the phrase that I
5 used to get asked all the time during the audits and all
6 the rest was by what measure. How's your program going?
7 It's fabulous. By what measure? That's the short
8 version.

9 (Laughter)

10 CHAIR RYAN: So I think, you know, a lot
11 of this gets done at, what's the old phrase, you treasure
12 what you measure. So, you know, here's the things that
13 we measure.

14 And I think once you kind of get that right,
15 we're measuring the right things which are telling us
16 the right things about what we're doing, and it's okay
17 or not okay, so we notch it up, and make some
18 improvements and do other things. And then we measure
19 it again somewhere down the line, six months, a year,
20 whatever it is.

21 You know, I think that's the kind of process
22 that to me makes a lot of sense. So with that I was going
23 to make a suggestion at this point that we, somewhere
24 not too far down the line, take a short break. But in
25 fact that's still a little early.

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1 I was going to suggest that at some point
2 we'd like to get Janet Schlueter who we mentioned from
3 NEI is here. Does it make sense for her to comment at
4 this point or comment later on?

5 You know, I just don't want to leave her 20
6 minutes at the end and have her say everything when we're
7 ready to wrap up. But what would be a good time for you
8 to take a break? Do you want to finish up and then maybe
9 get industry's thoughts?

10 MS. ATACK: Yes. I think it may be
11 valuable to go ahead and run through the rest of the
12 content. Because it will feed off of things that Janet
13 may say in terms of, you know, the NUREG or the reg guide
14 if they have specific comments to provide in terms of
15 that. So we'll move forward so we can get that
16 opportunity.

17 The last SRM, the last SECY paper was
18 12-0047 which we've already discussed which actually,
19 in the SRM, provided direction and approved the
20 enforcement policy revision that the staff had, you
21 know, improved the incentives that we had developed.

22 So the benefits of an adequate corrective
23 action program, I don't think you really need to belabor
24 that point, because I think we've all identified that
25 there are a tremendous number of benefits to an adequate

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1 corrective action program, you know, self
2 identification and correction of issues, we prevent the
3 small issues from becoming big ones, positive safety
4 culture, you know.

5 And if employees identify issues and
6 there's a formal mechanism to put those into in order
7 to ensure that they get corrected, then they get
8 corrected in a time frame that's commensurate with their
9 importance.

10 MEMBER SKILLMAN: Let me offer one more
11 that I think might trump all of these, that is part of
12 that. The experience I've seen in a number of plants
13 is once the CAP is fully implemented, all the employees
14 are engaged, not just some.

15 MS. ATACK: Right.

16 MEMBER SKILLMAN: And all of a sudden,
17 instead of the employees saying, boy, management really
18 screwed up, the employees are now saying we are part of
19 the success of this enterprise.

20 MS. ATACK: That's very true.

21 MEMBER SKILLMAN: And that includes the
22 newest hire to the most senior officer. Everybody's
23 involved. And so employee engagement is a critical
24 piece of this CAP. It isn't just other people write
25 deficiencies. It's we all own all of the deficiencies,

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1 and we're all in this together.

2 And I've seen that literally just raise the
3 tide. And it can do it in a matter of days. It's
4 employee involvement.

5 MS. ATACK: Yes. That's a very good
6 point. And we definitely did see that when we went out
7 to inspect at LES. You know, very employee was aware
8 of the program, the processes for identifying issues.

9 If they're out in the field and they don't
10 have access to a computer to enter it electronically,
11 they can go to their supervisor. They knew that. Or
12 they can issue, you know, an anonymous form and put it
13 in a drop box.

14 So everybody was well aware of it and did
15 feel like if they had any concerns they could easily
16 submit them. So I think you're very correct, you know,
17 in that, that it does give them that ownership of the
18 process which is really valuable.

19 CHAIR RYAN: I couldn't second that more.
20 I mean, I went to a place one time and asked every
21 employee I met, different times or all different places,
22 I said, who's in charge of safety here? I am.

23 MS. ATACK: Yes, that's exactly right.

24 CHAIR RYAN: That was the answer I got from
25 everybody in ten different locations which I thought

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1 was just exactly right. I am.

2 MS. ATACK: It is.

3 MR. SHUKLA: This advice would be a good PR
4 for the business. A strong CAP program is a good PR.

5 MS. ATACK: That's very true.

6 CHAIR RYAN: That's the way to do it.

7 MS. ATACK: Okay. So finally moving into the
8 guidance development, initially this, I've prepared
9 draft NUREG 2154. And we were to provide guidance for
10 communicating the elements of an acceptable corrective
11 action program to licensees.

12 And we published that guidance for comment
13 in February of 2013. We did have public meetings to
14 discuss the NUREG. And, you know, we've kind of touched
15 on that to some extent.

16 We heard feedback on the draft NUREG, okay.
17 You know, it's not enough of an incentive, this is going
18 to be a pretty laborious process. And it's going to
19 cost the industry money to implement it. What else can
20 you do?

21 And one thing that the industry proposed,
22 both in a public meeting and in a comment letter that
23 they submitted in April, was that instead of a draft
24 NUREG, which provides guidance to the staff to review
25 a licensee's submittal, that we instead issue the

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1 guidance in the form of a draft regulatory guide on the
2 issue in the reg guide, which would allow licensees to
3 commit to the reg guide and not have that licensing the
4 review, the RAIs and that more time and resource
5 intensive process.

6 And, you know, the staff deliberated on
7 that and agreed that that was a good idea and that it
8 did streamline the process and provide more of an
9 incentive. Because it really enabled licensees to have
10 a more straightforward licensing part of the process.

11 But they'll still have to implement the
12 overall corrective action program and have inspection.
13 So it does streamline one aspect of the process and make
14 it less resource intensive. So at that point, we
15 withdrew the draft NUREG and then proceeded to develop
16 the draft regulatory guide.

17 So moving in to a description of Draft Reg
18 Guide 3044, it maintained those same elements that we
19 discussed earlier that were in correspondence with the
20 Commission and also in the draft NUREG. It just changed
21 the format into a regulatory guide and added some bells
22 and whistles.

23 So in one of our, in the reg guide the staff
24 regulatory guidance section, which is Section C, which
25 is the section that licensees will actually commit to

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1 when they make a licensing commitment, I outlined six
2 basic essential elements of the corrective action
3 program.

4 The first is the licensees will develop a
5 corrective action program organization. And the basic
6 premise of that organization is that it needs to be
7 sufficiently independent of production in order to
8 ensure the ability of the CAP to function free of
9 schedule and profit pressures.

10 Because in order for any CAP to be
11 productive and effective, you need to be able to fix
12 issues the right way when they need to be fixed, not so
13 much looking at, okay, we can't have this piece of
14 equipment out of order for too long. Let's just do
15 something that will hold it over, you know, until our
16 next meeting and salvage. You need to actually fix the
17 issue so that it's not going to recur. So having that
18 level of independence is very important for the CAP.

19 The draft reg guide also identifies that
20 the licensee needs to develop, implement and maintain
21 written policies, programs and procedures to describe
22 the CAP. And that's the basic framework of the
23 corrective action program. And that's where, during
24 inspection, we'll actually go to see that the licensee
25 has implemented all of the reg guide elements and that

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1 they've actually expanded upon those to form an
2 implementable program.

3 The licensee also needs to identify
4 mechanisms for the identification, reporting and
5 documentation of safety and security issues. So this
6 is going to include a licensee's determination of what
7 issues are actually adverse to safety and security as
8 well as the process for communicating those issues to
9 management and to the NRC as necessary.

10 The next element is that the CAP must ensure
11 that safety and security issues are evaluated, that
12 there's a mechanism for classifying the significance of
13 those issues and that the licensee is determining the
14 cause of the issue if the issue is of a significant
15 nature.

16 It's only when it's a significant condition
17 adverse to safety and security that they have to go back
18 and do that root cause type evaluation.

19 The fifth element is that licensees must
20 develop and implement corrective and preventative
21 actions as appropriate for safety and security issues.

22 And then the last element is that in order
23 for a CAP to be acceptable there must be a process by
24 which the licensee evaluates the CAP effectiveness on
25 a regular basis.

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1 So it's not just that the NRC is going to
2 come and periodically assess the effectiveness of the
3 CAP, but the licensee is to do that on its own
4 periodically.

5 So in addition to identifying the elements
6 of an acceptable corrective action program, the draft
7 reg guide also discusses the use of the reg guide which
8 includes outlining a process by which the licensee will
9 submit a letter identifying that they want to commit to
10 the reg guide. And then the staff will incorporate that
11 as a license condition.

12 The alternate is that a licensee may choose
13 to submit an alternative CAP, because they don't have
14 to follow the reg guide in order to participate in the
15 program like LES did. They can submit their own
16 corrective action program, and we'll assess that
17 against the criteria in the reg guide and determine if
18 that's acceptable as an alternative.

19 And then the four appendices to the reg
20 guide, two are sample letters just to give licensees a
21 very, you know, easy streamlined approach for
22 committing to the reg guide and then letting us know when
23 they're ready for inspection, which I'll get into on the
24 next slide to actually describe the process in a little
25 more detail of how the licensee uses this reg guide in

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1 the CAP process.

2 And then there are two other appendices.
3 One provides a simple diagram of the CAP process in like
4 a flow chart just, you know, to identify how a condition
5 is identified and then processed through the typical
6 corrective action program.

7 And then there're some examples of criteria
8 for assessing significance of conditions adverse to
9 safety and security.

10 So moving on to the process for using the
11 draft regulatory guide, the licensee will send a letter
12 to the NRC saying I commit to comply with Section C of
13 the regulatory guide which were those six elements that
14 we discussed.

15 And then the commitment to the reg guide
16 will be captured as a license condition. Now alternate
17 to this, the licensee could submit their written
18 corrective action program. And the staff would review
19 it, provide any requests for additional information, if
20 needed, and then eventually issue a safety evaluation
21 report. And at that point, the commitment will be
22 captured as a license condition.

23 Once the licensee has then developed and
24 implemented their CAP policies and procedures, then the
25 licensee will tell the NRC I'm ready for you to come out

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1 and inspect our program.

2 So it's not going to be the case that we get
3 that license condition on the docket and then two weeks
4 later we're out there inspecting it. We're going to
5 wait until the licensee is ready. You know, once they
6 know that they have implemented their processes, and
7 they feel comfortable and they're ready for the
8 inspection then that's when we'll come out and do the
9 implementation inspection.

10 And that implementation inspection will
11 capture both the policies and procedures, you know, as
12 we mentioned earlier. There's going to be a heavy
13 emphasis early on to make sure that the framework the
14 licensee has developed for their corrective action
15 program is sufficient.

16 Because instead of seeing their program and
17 reviewing it in detail up front, you know, through the
18 typical licensing process, the more laborious process,
19 we're going to be shifting more of that effort into
20 inspection space. you know.

21 Because they'll be committing to those
22 basic principles in the reg guide, and then really their
23 expansion of those criteria will be in their
24 implementing policies and procedures.

25 So in the initial inspections, you're going

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1 to see a heavy emphasis on making sure that those
2 policies and procedures are capable of implementing the
3 regulatory guide criteria.

4 And then also there's going to be an
5 assessment of whether or not the CAP is effective which
6 is, you know, the typical inspection process where
7 you're making sure that the licensee is identifying
8 adverse conditions, that they're correcting them, that
9 everybody's trained and aware of what the program
10 entails. And then it's just that it's working the way
11 that it should.

12 MEMBER SCHULTZ: Is training guidance
13 provided in the reg guide?

14 MS. ATACK: There's not training guidance
15 provided in the reg guide, but there's a requirement
16 that a licensee will develop training and train their
17 employees on the use of the corrective action program.

18 MEMBER SCHULTZ: Thank you.

19 MS. ATACK: Yes. And then finally, after
20 successful completion of the, you know, the licensing
21 and the inspection elements, the NRC will issue a letter
22 to the licensee letting them know that we will now
23 disposition Severity Level IV violations as non-cited
24 violations, because we've determined that their
25 corrective action program is adequate.

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1 And when we do that, which we did for LES,
2 we also communicate with OE and all the program offices
3 that perform inspections to make sure that everyone's
4 aware that we have granted this approval and will be
5 moving toward non-cited violations for that licensee
6 for Severity Level IV violations.

7 I will note there're a couple of criteria
8 that have to be met in the enforcement policy in order
9 to actually issue the NCVs, and those that relate to
10 willfulness, repetition of violation.

11 So there are some criteria that you have to
12 meet. It's not that every Level IV violation will be
13 an NCV. But as long as you're looking at those
14 parameters, then it can be issued as an NCV.

15 CHAIR RYAN: I guess, just to stop there
16 for a second, the non-cited violation repetition to me
17 is probably the thing you really don't want to see.
18 Because that means you've been ineffective at
19 implementing your corrective action program.

20 So do you have a step in there somewhere
21 that if you see any repetition of issues that you would
22 rescind, you know, that status?

23 MS. ATACK: That's part of the process that
24 we haven't really developed yet. You know, I think that
25 once we develop the inspection procedure and actually

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1 pilot the process, that's the point at which we'll
2 determine what it will take for us to, you know, be in
3 a position where we would revoke that authority to
4 receive non-cited violation credit.

5 I think our earlier thoughts were that it
6 would take maybe escalated enforcement in order for us
7 to be in the position where we would think that we needed
8 to revoke that credit. But, you know, once we pilot the
9 program and have more experience, we may have a
10 different view on that.

11 CHAIR RYAN: That will come up sooner or
12 later, I'm going to guess. It's part of the nature of
13 the way things work.

14 MS. ATACK: Yes. Well, you know, I think
15 that we've communicated, and there is a clear
16 understanding that it's not a one time commitment. You
17 know, you have to maintain that performance.

18 And that's part of why we want to see it in
19 the license when we maintain our inspection process with
20 it to ensure that the licensee is performing
21 sufficiently and that they're capable of identifying
22 and correcting their own issues.

23 CHAIR RYAN: Well, they may have personnel
24 changes, or leadership changes or acquisition changes.
25 And, you know, all those things can have you under

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1 pressure from so many different things over time.
2 That's just the right way to do it. So I agree with you.

3 MS. ATACK: Right. That's very true.
4 We've seen licensees, you know, tell us that we've had
5 changes, and even in terms of designation of IROFS, you
6 know, changes in management from one to the next. Well,
7 some management would prefer to designate more IROFS
8 rather than less to have more defense in depth.

9 And then others will turn around and say,
10 no, no, no, we have too many IROFS. We need to cut some
11 out and only have the minimum set that we need in order
12 to, you know, basically protect us from regulatory
13 oversight for items that don't need to be IROFS. So
14 like you said, philosophy changes can affect the way a
15 program is implemented very easily.

16 CHAIR RYAN: Right.

17 MEMBER SCHULTZ: But you have that in there
18 as an additional condition that, in order to gain the
19 benefit, that the corrective action program has to be
20 effectively in process, and corrective actions must be
21 addressed in a timely fashion, commensurate with their
22 safety and security significance.

23 MS. ATACK: Yes. I mean, that's part of
24 the reg guide, and that's the part of what we will
25 inspect too. So it will be part of the inspection

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1 procedure. And it may be a good idea for us to make sure
2 we make that clear in the letter that grants approval
3 to the licensee, is that if you do not maintain the
4 performance that this can be revoked, you know, at the
5 discretion of the NRC. So we add that.

6 (Pause)

7 MS. ATACK: Okay. And then describing
8 Draft Guide 3044, processing, we issued it for public
9 comment in February of 2014. And then we subsequently
10 discussed it with industry during the March 5th public
11 meeting. And the public comment period ended on March
12 14th, and we did receive one comment letter which was
13 from NEI.

14 And NEI will represent the comments from
15 typically, you know, the compilation of industry
16 players which kind of makes it easier for us, because
17 they just issue one letter. And then we disposition the
18 comments all at once.

19 So we did see some clarifying comments and
20 recommendations. Generally, industry did recognize
21 that they were glad that the staff had transitioned the
22 draft NUREG to a draft reg guide. So we appreciated
23 that they recognized that we were responsive to their
24 comment in that regard.

25 We have reviewed the comments and resolved

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1 them. So now we're in the process of finalizing the reg
2 guide so we can get it into the final concurrence process
3 and routing. So depending on how long the, you know,
4 the concurrence process takes, I'm guessing it should
5 arrive for review with you guys within the next month,
6 would be hopeful. You know, four to six weeks I'm
7 guessing you would see it in its final form.

8 So next steps for the CAP process would be
9 development of the CAP inspection procedure. We have
10 worked with Region II on some early drafts of the
11 inspection procedure.

12 We kind of put that on the back burner
13 because of resources. And we had a feeling that we
14 needed to make sure we knew how the reg guide would be
15 prepared and what it would look like before we really
16 finalized the inspection procedure. So we kind of took
17 a pause in the inspection procedure process, and now
18 we're going to ramp up on that effort again so that we
19 can have the procedure ready once the reg guide is
20 actually issued.

21 We were resolving the ACRS comments that we
22 received on the reg guide, initiate the final review and
23 then hopefully, by the end of June, as Kurt said, which
24 is our goal, issue the reg guide and the Federal Register
25 as final, which will be 3.75 if anyone's curious.

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1 So finally, in conclusion, we feel that the
2 draft regulatory guide is responsive to stakeholder
3 feedback. It is needed for regulatory stability and
4 pairing.

5 Because we do have the enforcement policy,
6 you know, the provision saying that if fuel cycle
7 licensees implement, you know, a corrective action
8 program they can receive this enforcement discretion.

9 But there really, at this point, isn't any
10 guidance to tell licensees what that corrective action
11 program needs to have embodied in it. So we feel that
12 the guidance is necessary in order to provide that to
13 licensees so we know what our expectations are.

14 And then lastly, issuance of the regulatory
15 guide as final will complete Task 1.C of the RFCOP
16 project plan which is one of the final elements with
17 Phase I. So that will make Kurt really happy if we
18 complete that in time. So that's the end of my prepared
19 remarks. I will gladly take any questions at this time?

20 CHAIR RYAN: Great. Ron, anything but
21 silent?

22 MEMBER BALLINGER: No.

23 CHAIR RYAN: No? Dick?

24 MEMBER SKILLMAN: Thank you. Great
25 format, thank you.

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1 MS. ATACK: Yes.

2 CHAIR RYAN: Dennis?

3 MEMBER BLEY: I've already asked them.
4 Thank you.

5 CHAIR RYAN: Okay. Steve?

6 MEMBER SCHULTZ: I've provided my comments
7 and questions. Thank you.

8 CHAIR RYAN: Wow. How do you like that?
9 (Laughter)

10 CHAIR RYAN: And I will add the same thing.
11 I think you're giving a great presentations. And I
12 really appreciate the dialogue with the members,
13 there's some committee here today. It's pretty helpful
14 to have the give and take to really gain insights as to
15 what you've done and how you've done it, what your goals
16 are for the future.

17 MEMBER SCHULTZ: My one comment would be,
18 and I'm sure Dick, and Dennis and Ron, we'd all second
19 it. But I'm very glad to see this moving forward. It's
20 the right thing to --

21 (Crosstalk)

22 CHAIR RYAN: -- because it doesn't already
23 exist --

24 MEMBER SCHULTZ: -- things that have
25 happened, and I think the way you're proceeding is going

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1 to be a very helpful way to implement going forward with
2 the draft guide, I mean with the reg guide, so that that
3 can be used rather than the process of submit and review.

4 MEMBER BLEY: Yes. And I look forward to
5 seeing how Phase 2 comes along.

6 MEMBER SCHULTZ: Yes.

7 MS. ATACK: As do we. And we believe the
8 third time will be a charm for this iteration, and RFCOP
9 will move forward.

10 CHAIR RYAN: Great. One final thought
11 from me is that, you know, having worked in an Agreement
12 State-licensed facility, disposal facility. That's a
13 fairly substantial license with lots of activities of
14 lifting heavy stuff and lifting lots of radioactive
15 stuff.

16 You know, I wonder if other segments of the
17 non-NRC licensed community but the Agreement
18 State-licensed community would benefit from at least
19 knowing about this program and evaluating how it may or
20 may not help them in their responsibilities,
21 particularly groups, hospitals or, you know, other
22 materials licensees of one sort or another.

23 I'm thinking that maybe some of them at
24 least might gain some benefit from the structure of the
25 thinking that's gone into what you've done here today

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1 and presented to us. So I just throw that out for maybe
2 a conversation with your materials colleagues to see if
3 --

4 MS. ATACK: Yes.

5 CHAIR RYAN: -- they think it might have
6 some merit.

7 MS. ATACK: Yes. That is a very, that's a
8 very good point. So I think we should coordinate with
9 FSME and let them know where we are in the process and
10 see if there's anything that we can share with them.

11 CHAIR RYAN: A lot of that PSA is probably
12 applicable to every FSME licensee, but it sure is to some
13 of the bigger ones, the larger, more complex facilities
14 that are materials licensees. So it's something to
15 think about.

16 MS. ATACK: Yes, it definitely is.

17 CHAIR RYAN: Any other comments? All
18 right. And I think Janet Schlueter from the NEI is here
19 with us today. So we've asked her to provide her
20 comments today. Janet --

21 MR. SHUKLA: You can come here if you want
22 to.

23 (Off microphone discussion)

24 MS. SCHLUETER: My name is Janet
25 Schlueter. I'm the director for fuel and materials

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1 safety at NEI. And I appreciate the opportunity to
2 spend just a few minutes and give you the industry's
3 perspective on some of these matters.

4 I work with the members of NEI that are the
5 fuel cycle facilities and quite familiar with all of our
6 NRC colleagues here who have worked really closely with
7 us on these topics.

8 With regard to the corrective action
9 program, I think my main goal was to have you all not
10 leave the room thinking that the fuel facilities do not
11 have corrective action programs. They do. They
12 certainly are very aware of and committed to the value
13 of an effective corrective action program.

14 We've been engaged with the NRC on this
15 particular topic for years. We were part of a working
16 group back in 2007 that addressed this issue from the
17 enforcement policy perspective that led to the changes
18 that they described to you.

19 We also put on paper some guiding
20 principles and elements of the key attributes of an
21 effective CAP about 2010, 2011 which we shared with the
22 staff, sort of pre-dates the NUREG and the draft reg
23 guide. We're very supportive of the contents of the
24 current version of the reg guide and appreciate the fact
25 that they converted it. The staff has been very

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1 responsive to our comments on it which were primarily
2 some clarification type comments.

3 The process that they've laid out,
4 particularly on Slide 7 that you saw there where the
5 licensee has to take certain actions, ask NRC to come
6 in, take a look and so forth, all makes very good sense.

7 I think what you've heard and what the staff
8 has heard about some hesitancy, some reluctance, is
9 partly what Mike mentioned. You know, they need to see
10 this process in place and go through the motions a few
11 times before some others might join in.

12 And then Sabrina also alluded to the fact
13 that some licensees have stated that, well, we only get
14 a Severity Level I or II, a Severity Level IV
15 throughout the year. And that's the only category of
16 severity level violations that we're talking about
17 putting into the CAP where the NRC would not take, you
18 know, enforcement action. So where is the incentive in
19 that piece of it?

20 So, you know, you can kind of understand
21 both sides of that argument, because their CAPs are
22 designed to meet the needs of the customers as you
23 stated. And there is some discussion and comparison,
24 if you will, that goes on amongst the industry about what
25 an effective CAP looks like. But it's working for them

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1 now, you know, for certain purposes.

2 So I think until one or more licensees goes
3 through the process, I think the jury is still out for
4 a few of them as to whether or not they want to sign up.

5 MEMBER BLEY: Yes, but --

6 MS. SCHLUETER: But they believe in --

7 MEMBER BLEY: -- to the regulated CAP.
8 But they all have --

9 MS. SCHLUETER: Yes, yes.

10 MEMBER BLEY: Like the last program.

11 MS. SCHLUETER: -- this set of
12 expectations which, you know, the staff is doing their
13 best to make them clear. But it's new. And so I think
14 we just need to get into the process to see how it flushes
15 out.

16 But they've done a good job of
17 communicating with us, responding to the comments,
18 making their expectations as clear as they can,
19 providing incentives that they can. But it'll just
20 have to prove the test of time, I think. So that's it
21 on the CAP.

22 On the fuel cycle oversight process, I'm
23 going to try to answer some of your comments and
24 questions. But if I don't, based on my notes here, just
25 holler.

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1 The staff has been working diligently and
2 in earnest to meet the Commissions expectations which,
3 as you can tell from what they've described, have
4 changed over time.

5 On the industry side of the equation, it's
6 basically been the same players. I just happen to have
7 left NRC and went to NEI in early 2008. And then the
8 NRC engaged the industry through NEI beginning in the
9 fall of 2008. So I've had continuity with it since that
10 time.

11 On the fuel cycle side, the players don't
12 really change. In part, I guess, they just love their
13 jobs at their facilities. But they also, as Mike said,
14 they don't have these large cadres of licensing staff,
15 ES and H, regulatory compliance people. It's a few key
16 managers and that's it. And it's the same players that
17 come to the table all the time on the RFCOP we call it,
18 right?

19 We've been to all the public meetings,
20 we've supported all those, we participate as panel
21 participants in two Commission briefings where some key
22 direction was given back to the staff on where to go with
23 this program. So we have a long, you know, history with
24 the same people being involved.

25 Unfortunately, the NRC's had the challenge

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1 of not having the same people involved. And so it is
2 difficult for them, because, you know, it started off
3 with one set of staff and managers. They've brought
4 some people that have worked on the ROP, the reactor
5 side, to help inform the process.

6 The Commission then said sort of cease and
7 desist at the time. Those people all disbursed.
8 You've got new staff and managers again. So they're on
9 the learning curve for sort of where have we been, where
10 are we trying to go? So I'll tell you, we're never
11 hesitant to remind them if maybe that rock has been
12 turned over before or something.

13 So we've all been very involved. And I
14 would say that, you know, our key message from the
15 industry has not really changed. And I don't think it
16 would be surprising for you to hear me say that we
17 continue to not believe that it is the best use of our
18 mutual resources to go down this path where we try to
19 impose an ROP-like process on the very small yet very
20 diverse fleet of licensees.

21 You can hear it takes a lot of resources.
22 There's working groups, there's steering committees,
23 there's sub-groups to develop all these elements and
24 pieces that are part of the project plan and the
25 milestones that they had very carefully laid out.

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1 Yes, it appears to be a low priority for the
2 staff. It's been protracted out several years. We
3 appreciate that fact. We've never indicated that from
4 industry's perspective that there was any safety
5 driver, performance trends, inspection data, anything
6 that warranted throwing the baby out with the bath water
7 and creating this ROP-like process with the
8 complexities of the significance determination
9 process, the performance deficiency, you know, the
10 cornerstones, the action matrix, the color codes and
11 what have you.

12 We'd like to just stick to those principles
13 that were in the earlier 2011 SECY paper which is let's
14 make it more risk informed which we think we can do with
15 the existing integrated safety analyses that are unique
16 to each site.

17 Let's look at the annual updates, let's try
18 to inform the baseline inspection program each year with
19 the ISA updates. Let's make it more performance based.
20 Yes, let's modify the inspection frequency when we have
21 good performers. Let's make it more transparent to
22 those that are outside of the process and more
23 predictable.

24 You know, there are things that we can do
25 that are, you know, apple pie and motherhood, if you

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1 will, that can make it a better program than it is today.
2 We can always improve things, no doubt. We're willing
3 to come to the table and to do that.

4 But in the context of the cumulative
5 impacts initiative, and that's how we're packaging
6 what's going on today, there are many, many regulatory
7 initiatives and rule makings afoot.

8 If you look at, just like our division has
9 put up the good Cumulative Impacts website, on the
10 website is their integrated schedule of everything
11 that's going on in the fuel cycle world that impacts this
12 category of licensees. They update it regularly, we
13 have quarterly meetings on it.

14 And so when you think about all that we have
15 to address right now, the revised fuel cycle oversight
16 process just doesn't rank up there in priority. It's
17 competing with some very limited resources both at the
18 facilities and at the NRC.

19 And in our April 2013 letter we listed at
20 the back of that letter, in the context of cumulative
21 impacts of everything that we have going on where there
22 is this need for us to collectively prioritize what is
23 going on, there are things at the facilities in the arena
24 of operational improvements that facilities today are
25 not able to spend as much time on as they would like.

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1 Because they're having to devote those same resources,
2 that small cadre of people, to addressing all the
3 regulatory initiatives that are on our plate right now.

4 And so we just see a revised fuel cycle
5 oversight process as another one of those items that
6 should be extremely low priority.

7 And, bottom line, we still have some doubts
8 as to whether or not it's a good use of the NRC's
9 resources or ours. Because there just isn't this
10 burning platform to adopt this whole ROP framework and
11 infrastructure, less than a dozen licensees, when there
12 has not been any demonstrated performance trends,
13 significant areas of concern, patterns of behaviors,
14 data to warrant that sort of overhaul.

15 MEMBER BLEY: I thank you for that. And
16 this brings back some memories that had slipped away
17 from when we wrote our letter the last time -- and I think
18 we talked about it, I know we talked about it internally
19 -- was that we hope, as this develops in Phase 2, that
20 it's possible to keep in mind some kind of graded
21 requirements that are scaled to the central overall risk
22 of each of the facilities.

23 Some facilities, maybe some we don't have
24 yet, but we might have in the future, might have much
25 greater risks and need much more thorough examination.

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1 And some that are especially simple and don't have great
2 hazards will go the other way. So I hope there's some
3 ability to keep that in mind as we go forward.

4 CHAIR RYAN: Dennis, I agree
5 wholeheartedly with you. To me, I guess I think about
6 it from the standpoint of being an operator at one point.
7 And I don't think any operator would argue doing things
8 that are safety related, that had a very clear and
9 positive impact on their safety profile, doing things
10 that seem like they should be safety related but maybe
11 not, you know, can have a neutral impact, not additional
12 benefit, sometimes a negative impact.

13 So I think that's the caution I take from
14 Janet's remarks, is you have to be real careful to make
15 sure that things that are really being implemented are
16 positive impact things, not neutral impact things and
17 most definitely not negative impact to safety things.
18 So I --

19 MS. SCHLUETER: Excellent way of putting
20 it.

21 CHAIR RYAN: Huh?

22 MS. SCHLUETER: That's an excellent way of
23 putting it.

24 CHAIR RYAN: So I think those three things
25 ought to be the yardsticks against which you measure,

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1 you know, activities, and what you do and how you do it.
2 Because I can, first-hand experience, tell you when you
3 do too much it can be way too much. And you can end up
4 in trouble.

5 MEMBER BLEY: And I remember some
6 conversations with some members of the NRC staff on this
7 where for some particular kinds of operations they said,
8 well, true there's nothing here that can create, the
9 hazard isn't great enough to create a public risk. So
10 we've got to come up with some kind of secondary thing
11 so that we've got something to regulate. Well, when you
12 get to that point and believe it, maybe we shouldn't.

13 MALE PARTICIPANT: We were done.

14 MEMBER BLEY: Certainly. We have one of
15 our members who always reflected back to fuel factories.
16 And, yes, but they're not all fuel factories, and some
17 have much more hazardous material in terms of public
18 health and safety than others, if they should be
19 released. Somehow we have to keep that in mind.

20 CHAIR RYAN: So I just, I mean, going
21 forward, I think having a modest sort of a benchmark or
22 a metric of some kind would probably be a good way to
23 think about it. I mean, I'm guessing, Janet, it would
24 be a good measuring stick from the industrial
25 perspective.

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1 And if you're in one of three or four bins
2 of, you know, risks based on whatever the criteria is
3 set out to be, that's helpful. And, you know, then you
4 can see how folks perform and all that moving down the
5 road.

6 The good news is, from my own experience,
7 that once you start implementing these kinds of programs
8 they work. And they really do help you do a better job
9 and get to a place where, you know, things are safer,
10 better and all of that. You know, use your resources
11 wisely and think before you jump.

12 MEMBER SCHULTZ: But this is more, I think,
13 what Kurt and you were speaking of before in terms of
14 the project plan reformatting and the way that would be
15 utilized, along with the communication plan and public
16 involvement, should allow for the opportunity for all
17 of these considerations to be incorporated
18 appropriately.

19 MR. COZENS: Yes, and free up or set up this
20 attribute. We can focus on that, and then this one and
21 then integrate it all together, you know.

22 MEMBER SCHULTZ: But it does take this
23 recognition that this is not a reactor oversight project
24 and program. It is for these facilities and the
25 spectrum of security and safety impact that's a broader

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1 spectrum and a different spectrum associated with these
2 facilities. So that's important for all of us to keep
3 in mind.

4 CHAIR RYAN: Yes. Dick, anything else?

5 MEMBER SKILLMAN: No, thank you very much.

6 CHAIR RYAN: Ron?

7 MEMBER BALLINGER: No.

8 CHAIR RYAN: Dennis, anything else?

9 MEMBER BLEY: I'm all set, thanks.

10 CHAIR RYAN: Steve?

11 MEMBER SCHULTZ: I'm good.

12 MS. SCHLUETER: Thank you.

13 CHAIR RYAN: Thank you. Ladies and
14 gentleman, thank you very much for a really informative
15 subcommittee meeting. We've learned a lot.
16 Hopefully, you've had benefit of our comments, and it'll
17 help you in your processes.

18 (Off microphone discussion)

19 CHAIR RYAN: Oh yes, other public
20 comments? Is there anybody on the bridge line? Is the
21 bridge line open? Would you check it just to make sure
22 it's open please, Girija?

23 MR. SHUKLA: Bridge on Region II, I think.

24 MEMBER BLEY: I guess while we're waiting,
25 I'd like to say I really appreciate you coming at this

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1 point to talk with us. It's really helpful, instead of
2 waiting until the end of Phase 2 or something.

3 (Off microphone discussion)

4 CHAIR RYAN: The bridge line is on. And
5 there does not seem to be anybody on the bridge line.
6 Anybody on the bridge line that wishes to make a comment?

7 (Off microphone discussion)

8 CHAIR RYAN: Okay, hearing none we'll
9 close the bridge line. My final task is to recognize
10 Derek Widmayer for his years of service to the ACRS. He
11 is now working with a different part of the NRC
12 successfully and happily, I'm sure. But on the record
13 let me say thank you very much for all your years of
14 service to the ACRS, the ACNW and the ACNW&M.

15 MALE PARTICIPANT: Hear, hear.

16 (Applause)

17 MS. ATACK: Welcome to NMSS.

18 MALE PARTICIPANT: Thanks.

19 (Off microphone discussion)

20 CHAIR RYAN: So with that, I will bang the
21 gavel and we'll be adjourned with the discussion.

22 (Whereupon, the meeting in the
23 above-entitled matter was concluded at 3:22 p.m.)

24

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Revised Fuel Cycle Oversight Process

ACRS

Subcommittee on Radiation Protection and Nuclear Materials

May 7, 2014

Purpose

- ▶ To provide the ACRS the status of the Revised Fuel Cycle Oversight Process (RFCOP) project and details on the re-baselined schedule

Presentation Overview

- ▶ Background RFCOP project
- ▶ Status RFCOP project
- ▶ Re-baseline efforts and considerations
- ▶ Enhanced communications
- ▶ Activities going forward

Background RFCOP Project

Scope of FCOP

- ▶ Oversight process for fuel cycle facilities licensed per:
 - 10 CFR Part 70, “Domestic Licensing of Special Nuclear Material”
 - 10 CFR Part 40, “Domestic Licensing of Source Material”; or
 - 10 CFR Part 76, “Certification of Gaseous Diffusion Plants”

RFCOP History

Commission asked can fuel cycle facility oversight process (FCOP) be improved using elements similar to those in the power reactor risk oversight process

Revised Part 70 to require ISAs

Commission directed staff to proceed with RFCOP development

Deferred development of the RFCOP until after the licensees complete ISAs

Office of the Inspector General (OIG) recommended staff fully implement a framework for FCOP

Commission directed staff to continue its review of the FCOP and evaluation of quantitative measures

SECY-11-0140

- Recommended proceeding with RFCOP development and implementation of RFCOP project
- Commission Approved



Commission directed the staff to evaluate the feasibility of developing objective, transparent, risk-informed, and performance-based facility-specific performance indicators (PI) for the NRC's oversight process for fuel facilities

Commission directed the staff to discontinue performance indicator (PI) development

Commission directed staff to continue to make the FCOP more transparent and risk-informed

SECY-10-0031

- Requested approval of RFCOP project
- Commission disapproved

- Phase I completed
- Phase II initiated

Published RFCOP Project Plan and schedule

FCOP – Current

- ▶ Fuel facility oversight is currently performed per:
 - Inspection Manual Chapters (IMC)–2600, “Fuel Cycle Facility Operational Safety and Safeguards Inspection Program,”
 - IMC–2681, “Physical Protection and Transport of Special Nuclear Material and Irradiated Fuel Inspections of Fuel Facilities,”
 - IMC–2683, “Material Control and Accounting Inspection of Fuel Cycle Facilities,” and
 - IMC–2606, “Assessment of the Change in Risk Resulting From a Violation at a Fuel Cycle Facility”
- ▶ Traditional enforcement used with risk considerations, when appropriate

Previous ACRS Presentation

- ▶ RFCOP discussed with ACRS in October 2011
 - ACRS letter (ML11284A143)
- ▶ ACRS Conclusions and Recommendations
 - Proposed FCOP framework is a:
 - Improvement over the traditional process
 - Need to define performance criteria and thresholds for:
 - Cornerstones,
 - Cross cutting issues,
 - Significance determination process (SDP), and
 - Action matrix
 - ACRS agreed with the choice of “hazard-based” cornerstones
 - Qualitative SDP should be developed
 - Also pursue, development of a **quantitative** process for more significant deficiencies
 - The proposed oversight process provides incentives for effective corrective action programs (CAPs)

RFCOP Project Phases and Deliverables

- ▶ SECY-11-0140, Enhancements to the Fuel Cycle Oversight Process
 - Phase I:
 - Activity I.A, Revised Enforcement Policy
 - Activity I.B, Enhanced Core Inspection Program
 - Activity I.C, Develop Effective CAP Guidance
 - Detailed presentation to be provided
 - Activity I.D, Develop CAP Inspection Procedure
 - Activity I.E, CAP Licensing Actions
 - Activity I.F, Determine Issue Characterization definition
 - Activity I.G Develop More-Than-Minor Non-Compliance Threshold

RFCOP Project Phases and Deliverables (Continued)

- **Phase II:**
 - Activity II, Cornerstones
 - Activity III, Qualitative Fuel Cycle Significance Determination Process (SDP)
 - Activity IV, Performance Assessment Process
 - Activity V, Supplemental Inspection Program
- **Phase III:**
 - Activity VI, Pilot Program
 - Activity VII, Quantitative Fuel Cycle Significance Determination Process
 - Activity VIII, Implementation of the Fuel Cycle Oversight Process

Status RFCOP Project

Overall Project Status

- ▶ Phase I – Expected Completion June 2014
- ▶ Phase II – Initiating July 2014
- ▶ Phase III – Planned

Phase I Accomplishments

- ▶ Issued the revised Enforcement Policy
- ▶ Issued 14 IPs and 1 IMC Appendix
- ▶ Issuing CAP RG
- ▶ LES CAP determined to be adequate
- ▶ Issuing a revised IMC 0616 with the More-Than-Minor non-compliance threshold definition (examples)
- ▶ Completed performance deficiency definition
 - Non-compliance with requirements/regulation
 - Obtained industry agreement
- ▶ Issuing CAP IP
 - Considered lessons learned from the LES CAP review

Phase 1 to be completed by June 2014

Phase II & III Re-baseline Efforts and Considerations

Existing Plan & Schedule

- ▶ Details (RFCOP Project Plan, July 2012 memo (ML12167A229))
 - Phase I
 - First two years planned in detail
 - Phase II and III
 - The plan provided only a high-level overview
- ▶ SRM did not make the RFCOP project a top priority
 - Lower than post-Fukushima response actions or Honeywell restart
 - Resources for RFCOP consistent with priority
 - Cumulative effect of regulations is a consideration
 - NEI Letter (April 3, 2013)
 - Re-baseline of inspection program
 - Generic risk insights

Re-baseline Activity

▶ Assumptions

- Includes all original deliverables
- “Not a top priority” project
- Continue interactions with external stakeholders
- Pilot program assumes all fuel facilities participation

▶ Considerations

- Step-by-step tasks necessary to produce deliverables
- Parallel efforts versus series efforts
- Adding ACRS interactions (Notation Vote Papers)
- Cumulative Effects of Regulation (CER)
 - Adding additional external stakeholder interactions

Re-Baseline Results

SRM Actions for SECY-11-0140	Proposed COMSECY Request
Phase II - RFCOP Framework Development	
Activity II, Cornerstones (Notation Vote Paper on Cornerstones)	Reset deliverable schedule
PHASE III – Pilot, Lessons Learned and Implementation	
Activity VI, Pilot Program (Notation Vote paper for permission to perform Pilot Program)	Reset deliverable schedule
Activity VI, Pilot Program (Notation Vote paper for on the results of the pilot, including the proposed action matrix, any necessary changes to the revised FCOP, and the staff's recommendations for full implementation)	Reset deliverable schedule

Plan to engage ACRS on each Notation Vote Paper prior to providing it the Commission

Conclusion

- ▶ Recommending Commission reset some SRM ticketed deliverables

Enhanced Communications

Project Plan Reformatting

- ▶ Same deliverables
- ▶ Planned format
 - Main text – Structure of project
 - Appendix for each deliverable
 - Uses table to define significant sub-deliverables and due dates
 - Table used to document sub-deliverable status
 - Convenient to discuss progress with NRC management or stakeholders

Living document – regularly updated
Updates will be periodically placed in ADAMS

Activities Going Forward

Actions

▶ Near-term

- Re-Established RFCOP Steering Committee
- Submit COMSECY to Commission
- Initiate Phase II -- Start work on Cornerstones
- Issue revised RFCOP Project Plan and schedule

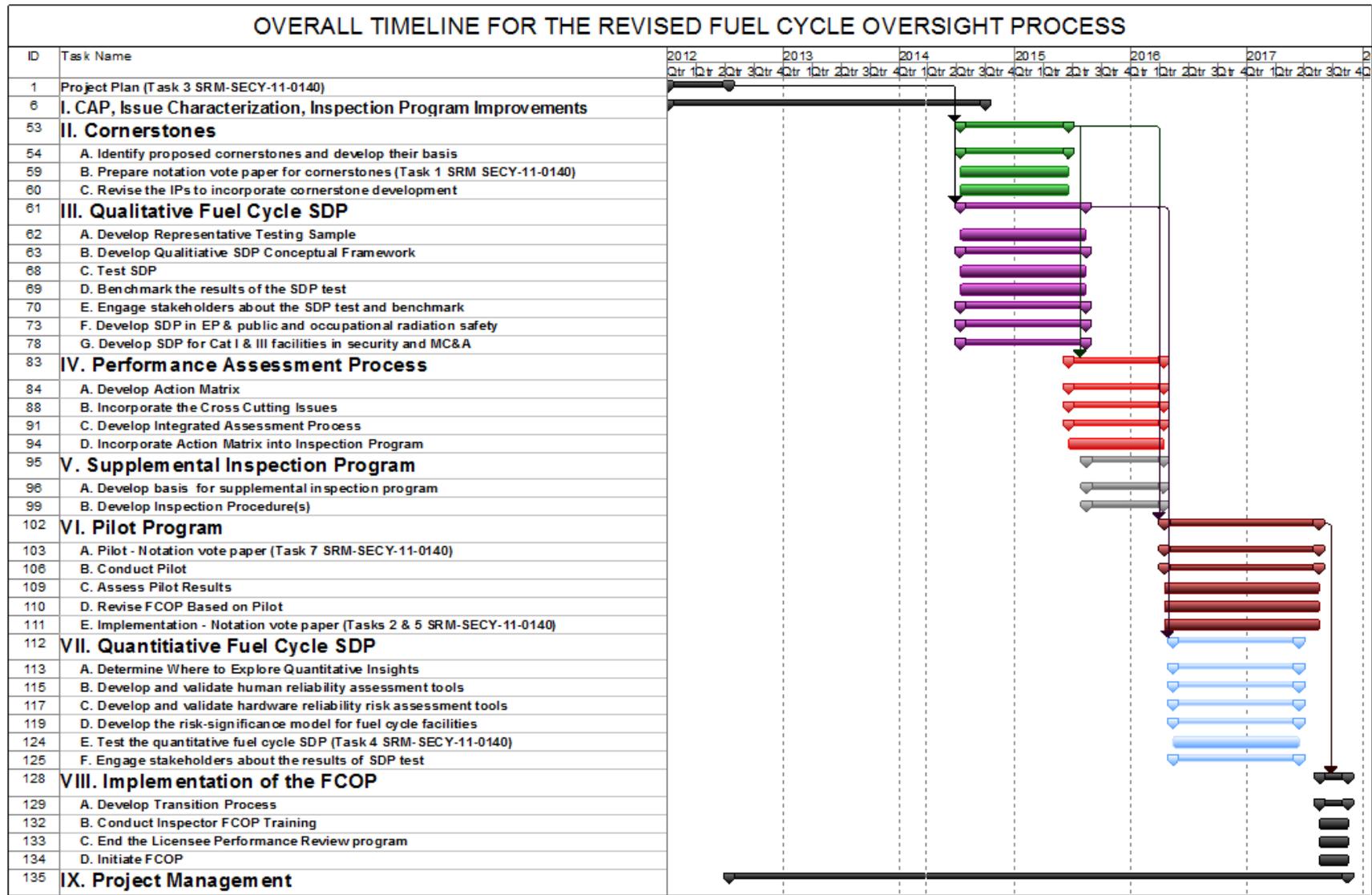
▶ Long-term

- Issue Commission Notation Vote Papers on:
 - Cornerstones
 - Planned Pilot Program
 - Pilot Program Results and RFCOP implementation

Questions?

Backup Slides

Current RFCOP Project Schedule



Published Schedule

Task Name	Original Schedule Finish Date	Status
SRM for SECY 11-0140 issued	01/05/12	Complete
PHASE I – Corrective Action Program, Issue Characterization, and Inspection Program Improvements		
Activity I.A, Revised Enforcement Policy	12/28/12	Complete
Activity I.B, Enhanced Core Inspection Program	06/20/14	Complete
Activity I.C, Develop Effective CAP Guidance	07/31/13	June 2014
Activity I.D, Develop CAP Inspection Program	03/07/14	June 2014
Activity I.E, CAP Licensing Actions	09/30/14	Complete
Activity I.F, Determine Issue Characterization definition	03/29/13	Complete
Activity I.G Develop More-Than-Minor Threshold	06/26/14	June 2014
Phase II - RFCOP Framework Development		
Activity II, Cornerstones	06/19/15	Initiating (Current scheduled start 7/14/14)
Activity III, Qualitative Fuel Cycle Significance Determination Process (SDP)	08/14/15	Future
Activity IV, Performance Assessment Process	04/15/16	Future
Activity V, Supplemental Inspection Program	04/15/16	Future
PHASE III – Pilot, Lessons Learned and Implementation		
Activity VI, Pilot Program	08/18/17	Future
Activity VII, Quantitative Fuel Cycle Significance Determination Process	06/16/17	Future
Activity VIII, Implementation of the Fuel Cycle Oversight Process	11/17/17	Future

DG-3044, “Corrective Action Programs for Fuel Cycle Facilities”

Presentation to the Advisory Committee on
Reactor Safeguards
Subcommittee on Radiation Protection and
Nuclear Materials

Background

- SRM-SECY-10-0031, dated August 4, 2010
 - Commission directed the staff to consider how the Enforcement Policy could best reflect that most fuel cycle facilities had voluntarily developed CAPs
 - Commission directed that the approach should provide incentives for licensees to maintain [adequate] CAPs as an important facet of sustaining high safety and security performance
- SRM-SECY-09-0190, dated, August 27, 2010
 - Commission directed the staff to provide fuel cycle facilities with credit for having [adequate] CAPs

Background (continued)

- SRM-SECY-11-0140, dated January 5, 2012
 - Commission directed the staff to proceed with the development and implementation of the incentives for licensees to maintain an [adequate] CAP
- SRM-SECY-12-0047, dated November 28, 2012
 - Commission approved the revision to the Enforcement Policy that allowed NRC-identified SL IV violations to be dispositioned as NCVs, if the staff finds that the licensee has implemented an adequate CAP, and that the criteria in Section 2.3.2.a of the Enforcement Policy are met

Benefits of an Adequate CAP

- More than the NCV credit
- Improve safety and security performance
 - Licensees able to self-identify and correct issues
 - Enable employees to identify concerns
 - Formal mechanism to review and resolve those concerns
- Improve resource allocation
 - Focus on important safety and security issues

CAP Guidance Development

- Draft NUREG-2154 (developed with industry input)
 - Published for comment in February 2013
- Comment letter received from the Nuclear Energy Institute (NEI)
 - Comment recommended converting draft NUREG to RG to ease implementation
- Staff assessed comment and agreed that a RG was a suitable mechanism for providing guidance
 - DG-3044 was developed

CAP Guidance Development: DG-3044 Content

- DG-3044 maintained the same basic elements as those found in draft NUREG-2154
- Staff regulatory guidance in the DG identifies elements of an acceptable corrective action program (CAP)
 - CAP organization
 - Written policies, programs, and procedures that describe the CAP
 - Identification, reporting, and documentation of safety and security issues
 - Evaluation and classification of the significance of safety and security issues and determination of the cause of significant issues
 - Development and implementation of corrective actions and preventive actions, as appropriate
 - Assessment process to evaluate CAP effectiveness
- DG describes use of the regulatory guide
- Appendices

Process to Use DG-3044

Licensee commits to RG or alternate CAP described in a LAR

Commitment to RG or alternate CAP is captured as a license condition

Once licensee has developed and implemented CAP policies and procedures to satisfy the RG commitments, licensee notifies the NRC that it is ready for inspection of its CAP program

Inspection of licensee CAP is performed to verify (1) adequacy of implementing policies and procedures and (2) effectiveness of CAP implementation

After successful completion of all elements above, NRC notifies licensee that it will begin to disposition NRC-identified SL IV violations as NCVs if criteria in Section 2.3.2.a of the NRC Enforcement Policy are met



Comments

- DG-3044 was issued for public comment on February 12, 2014, in the *Federal Register*
 - Public meeting – March 5, 2014
 - Public comment period ended on March 14, 2014
 - NEI letter with comments, dated March 14, 2014 (ML14086A509)

Next Steps

- Develop CAP inspection procedure
- Resolve ACRS comments
- Final review by staff
- Issue final RG in the *Federal Register*

Conclusions

- DG-3044 responsive to stakeholder feedback
- DG-3044 needed for regulatory stability and clarity
- Issuance of DG-3044 completes Task I.C of the RFCOP Project Plan

Backup – Section 2.3.2.a of the NRC Enforcement Policy

a. Licensees and Nonlicensees with a Corrective Action Program¹

1. The licensee or nonlicensee must place the violation into a corrective action program to restore compliance and address recurrence.

2. The licensee or nonlicensee must restore compliance (or demonstrate objective evidence of plans to restore compliance) within a reasonable period of time (i.e., in a timeframe commensurate with the significance of the violation after a violation is identified).

3. The violation must either not be repetitive as a result of inadequate corrective action, or, if repetitive, the repetitive violation must not have been identified by the NRC. This criterion does not apply to violation associated with green ROP findings.

4. The violation must not be willful.

¹ The NRC will credit a formal corrective action program that has been inspected and found to meet regulatory guidance, industry standards, or both.

Backup – Section 2.3.2.b of the NRC Enforcement Policy

b. All other Licensees and Nonlicensees

1. The licensee or nonlicensee identified the violation.
2. The licensee or nonlicensee corrected or committed to correcting the violation within a reasonable period of time by specific corrective action committed to by the end of the inspection, including immediate corrective action and comprehensive action to prevent recurrence.
3. The violation is not repetitive as a result of inadequate corrective action.
4. The violation is not willful.