

Balazik, Michael | Thursday, August 22, 2013

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: **BRIEFING ON PROPOSED REACTOR**
OVERSIGHT PROCESS IMPROVEMENTS AND
ENFORCEMENT PUBLIC MEETING

Location: **Rockville, Maryland**

Date: **Friday, March 26, 1999**

Pages: **1 - 169**

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

OFFICE OF THE SECRETARY

BRIEFING ON PROPOSED REACTOR
OVERSIGHT PROCESS IMPROVEMENTS
AND ENFORCEMENT

PUBLIC MEETING

One White Flint North
Room 1F-16
11555 Rockville Pike
Rockville, Maryland
Friday, March 26, 1999

The Commission met, pursuant to notice, at 9:07
a.m., the Honorable SHIRLEY A. JACKSON, Chairman of the
Commission, presiding.

COMMISSIONERS PRESENT:

- SHIRLEY A. JACKSON, Chairperson
- EDWARD MCGAFFIGAN, JR., Commissioner
- JEFFREY S. MERRIFIELD, Commissioner
- GRETA J. DICUS, Commissioner
- NILS T. DIAZ, Commissioner

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 STEPHEN BURNS, DEPUTY GENERAL COUNSEL

3 KENNETH HART, TECHNICAL COORDINATOR

4 RALPH BEEDLE, NEI

5 STEVE FLOYD, NEI

6 BOB BISHOP, GENERAL COUNSEL, NEI

7 DAVID LOCHBAUM, UCS

8 FRANK MIRAGLIA, NRC STAFF

9 SAMUEL COLLINS, NRC STAFF

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P R O C E E D I N G S

[9:07 a.m.]

1
2
3 CHAIRMAN JACKSON: Good morning. The Commission
4 is very pleased to welcome members of the NRC staff and
5 representatives of the Nuclear Energy Institute and the
6 Union of Concern Scientists here today.

7 In this meeting, the NRC staff will discuss
8 progress in developing a revised power reactor oversight
9 program that has taken place since our January 20 meeting on
10 this topic.

11 As many of you know, the changes we will discuss
12 today are intended to resolve a number of weaknesses in the
13 NRC reactor inspection assessment and enforcement processes.
14 These weaknesses were identified by a number of sources,
15 including the NRC Commission and staff, the nuclear power
16 industry public interest groups, and the Congress.

17 As early as 1996, opportunities to improve the NRC
18 senior management meeting process were identified, which
19 prompted us to enlist the aid of Arthur Andersen &
20 Associates for assistance in developing recommendations for
21 a more scrutable and objective process.

22 Incremental improvements marked the intervening
23 period, with the development and use of plant information
24 matrices, improved inspection report preparation guidance,
25 and Commission direction to develop an integrated reactor

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1 assessment program.

2 Throughout, my colleagues and I have actively
3 encouraged the staff to risk-inform the reactor inspection
4 assessment and enforcement processes. To that end, I
5 provided my thoughts on the subject to NRC senior managers
6 at a senior management meeting in July of last year and at
7 that time, we discussed elements of an assessment process
8 that might be based on the cornerstones of safety and a
9 risk-informed baseline inspection program.

10 Since that time, the staff has built on these
11 concepts admirably, I think, and with a lot of seminal input
12 from the nuclear industry and also the public and
13 governmental sources to create a fundamentally different
14 oversight program from that which currently is in place.

15 The staff recently forwarded to the Commission
16 SECY 99-007A, recommendations for reactor oversight process
17 improvements. Is there going to be a B? This paper
18 augments the information in the predecessor paper, 99-007,
19 and provides greater detail, as the Commission had asked, on
20 proposed enforcement program changes and assessment
21 methodologies, addresses public and Commission comments on
22 the original proposal, and reports on the results of
23 benchmarking that has taken place for the inspection finding
24 assessment process.

25 This represents the results, all of this, of a

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1 synergistic approach. It includes input, as I've said
2 repeatedly, from our power reactor licensees, industry
3 advocacy groups, public interest groups, individual states,
4 and last, but certainly not least, the NRC staff, including
5 an in-depth and substantive involvement from all the
6 regions.

7 And the staff now requests that the Commission
8 approve the concepts and scope of the changes presented.
9 This meeting is intended to facilitate Commission
10 deliberation on this request and we're encouraged by
11 feedback from our stakeholders indicating that the program
12 appears to meet the goals the staff detailed in the paper
13 before us today.

14 Specifically, the new program is intended, first,
15 to ensure that plants to continue to operate safely; second,
16 enhance public confidence in our regulatory oversight;
17 third, improve efficiency and effectiveness; and, fourth,
18 reduce unnecessary regulatory burden.

19 We look forward to the presentations. I believe
20 that the Commission will benefit from a thorough discussion
21 of at least three topics in our meeting today; one, what
22 degree of assessment burden should we assign to our capable
23 inspectors; second, how enforcement should be integrated
24 with the assessment process; and, third, how do we ensure
25 that we do not minimize inappropriately the significance of

1 inspection findings.

2 I understand that copies of the viewgraphs and
3 SECY 99-007A are available at the entrances to the meeting.
4 We are now ready to hear from our eight closest friends and
5 we've all made a treaty, the Commissioners, that we will do
6 our level best not to ask any questions until you have gone
7 through your presentation. If we make it, it will be
8 unprecedented, but I believe we are going to work at that.

9 Now, on the other hand, Mr. Beedle, when you
10 arrive, we may ask questions from the beginning.

11 COMMISSIONER MERRIFIELD: Madam Chairman, if I may

12 --

13 CHAIRMAN JACKSON: See? No, no, no, no, no.

14 COMMISSIONER MERRIFIELD: I think a measure of
15 success of this meeting would be our not using up the
16 entirety of the three and a half hours allotted to it.

17 CHAIRMAN JACKSON: We will see.

18 COMMISSIONER MERRIFIELD: Summary and quick
19 comments of the staff would also probably be appreciated.

20 CHAIRMAN JACKSON: I see. So this is direction to
21 the staff. Begin.

22 MR. MIRAGLIA: Good morning, Madam Chairman,
23 Commissioners. I intend to be brief. The staff is here
24 today to discuss recommendations in the improvements of the
25 reactor oversight process. As indicated, this briefing

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1 follows the activities and status since the meeting of the
2 Commission in January.

3 Since that last meeting, we've been working with
4 our stakeholders in public fora to develop a mutually
5 acceptable reactor oversight process.

6 In the context, I think we want to pay particular
7 note to the efforts of the regional office to support this
8 activity. It's been significant and invaluable, as well.

9 One point that I would like to stress is that as
10 always, the performance assessment process does not change
11 the agency's ability to act on any significant safety issue
12 that arises. We don't have to wait for the outcome of the
13 licensee performance assessment process.

14 As indicated, the staff is seeking the
15 Commission's approval regarding the scope and the concepts.
16 With me today, on my left, is Sam Collins, the Director of
17 the Office of Nuclear Reactor Regulation; Frank Gillespie,
18 Deputy Director, Division of Inspection Program Management,
19 NRR; William Dean, Chief of the Inspection Program Branch,
20 NRR; Morris Branch, Reactor Operations Engineer, NRR.

21 To my right, Jim Wiggins, Deputy Regional
22 Administrator, Region I; Jim Lieberman, Director, Office of
23 Enforcement; and, Alan Madison, Transition Task Force
24 Leader, NRR. With that, I will turn to Frank Gillespie, who
25 will open the staff's presentation.

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1 MR. GILLESPIE: Good morning, Chairman Jackson,
2 Commissioners. The staff is here, as you said, today to
3 complete the discussion of the development efforts started
4 in our January briefing of the Commission and to mark an
5 important transition to the implementation phase of this
6 program.

7 In SECY 99-007, this documents the change and
8 serves as the basis, as you said, for today's briefing. We
9 believe that the topics listed to be discussed will address
10 the open questions from the last meeting and provide more
11 detail than the presenters.

12 In addition, we'd like to acknowledge up front
13 that we did get a large number of comments and many of the
14 comments will be dealt with in implementing documentation in
15 the detailed comments. So that when you see that the
16 comments are not necessarily dealt with in this paper, we
17 basically have a catalogue of comments which we're going to
18 need to deal with as we're writing the specific inspection
19 manual chapters and the implementing documentation
20 themselves. So these comments have been saved.

21 As part of the transition process, the staff is
22 requesting, as the paper said, approval to proceed to full
23 implementation in January of 2000. As we proceed into the
24 next months, there is a significant investment in writing
25 procedural documents, training a broad cross-section of the

1 staff, industry commitments to training their staffs,
2 developing processes and infrastructure for delivering
3 performance indicator information and digesting and
4 displaying information for the public.

5 Commission comment and approval, we feel,
6 therefore, at this point, is extremely important at this
7 time in order to continue on this very aggressive schedule.

8 While Bill Dean will cover the transition task
9 force organization and address any questions on staffing the
10 current effort, let me address the establishment of what we
11 call the executive forum, which consists of the deputy
12 regional administrators and is the reason Jim Wiggins from
13 Region I has joined us at the table.

14 Jim is serving as the chairman of the forum, which
15 was intended to give critical, very critical review, advice
16 and comment on focused areas of principal concern to the
17 regions as we move forward into this phase of
18 implementation. I would note that on the forum, there are
19 no NRR members. This really is intended to be the regional
20 critical review of what we're doing and we felt this was
21 extremely important for that independent look at what we're
22 doing.

23 Their effort is just starting and Jim can address
24 those questions later at his point in the presentation, and
25 any suggestions on the role that you would see this type of

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1 executive forum serving that you might have.

2 With that, I'm not going to duplicate future
3 discussion. I'm going to turn it directly over to Bill
4 Dean, so we can get into the substance.

5 MR. DEAN: Good morning, Chairman, Commissioners.
6 If I could have the next slide, please. This slide
7 indicates the members of the transition task force. I
8 myself am the task manager; Alan Madison, at the other end
9 of the table, is the task force leader.

10 This indicates the major segments or programs that
11 are incorporated under the transition task force. All of
12 the members of that task force are here.

13 I would like to point out, in particular, Augie
14 Spector, who is helping us out in the communications area.
15 That is, with the rapid pace at which this program is
16 moving, the vast number of internal and external
17 stakeholders, the communications aspect of this process is
18 extremely important and Augie is providing us great support
19 in this area, as well as the other members of the task
20 force.

21 The next slide, please. This slide describes
22 basically the major transition milestones. You'll note the
23 first two items there, the original Commission presentation
24 in January and the public comment period in February have
25 been completed and we're at the point now with 99-07 Alpha

1 and this Commission briefing, at the point that we're
2 seeking Commission approval for proceeding with full
3 implementation.

4 This outlines the fairly substantial milestones
5 that remain, leading toward full implementation beginning in
6 January of 2000 and completion of the project review 2001.
7 So this is still a long way to go, but we're making good
8 progress.

9 Next slide, please. What I would like to spend a
10 few minutes talking about right now is, as Frank alluded to,
11 our approach in dealing with the public comments. Following
12 the Commission briefing and the issuance of SECY 99-007, we
13 issued a Federal Register notice that included a
14 questionnaire to help focus the public on areas that we are
15 looking for comments on. As you know, that paper was fairly
16 massive, and so we felt that the questionnaire would help
17 achieve comments in particular areas.

18 We received comments from 28 respondents. Most of
19 these respondents were industry respondents, but we did
20 receive several comments from public advocacy groups, like
21 UCS and Public Citizen, as well as two state regulatory
22 agencies from Pennsylvania and Illinois, and one public
23 citizen.

24 As Frank noted, a lot of these comments dealt with
25 implementation and developmental work, and so a lot of these

1 comments will be addressed as we develop the process, and
2 we've established a database to collect the comments and to
3 track basically our resolution of these comments. But a
4 number of them will not get resolved until we finish
5 development of a lot of the implementation guidance, as well
6 as going through the pilot program.

7 Next slide, please. Basically, the high level
8 comments can be grouped into four areas. The first is that
9 there is no adequate time or opportunity for the NRC to
10 seek or much less incorporate comments it received on
11 changes to the process. Secondly, that there were still
12 major developmental efforts to be accomplished that would
13 not receive public scrutiny; in particular, enforcement
14 policy and the significance determination process, which are
15 the main elements of 99-07 Alpha.

16 Third, that the feasibility of the process needed
17 to be demonstrated, especially for those plants that had
18 numerous problems with low significance that did not
19 necessarily trip a PI threshold. There was concern
20 expressed in that area. And, fourth, how would the NRC
21 prevent deterministic methods and, thus, subjectivity from
22 creeping back into the program through inspection findings.

23 I'd like to deal with the first issue or,
24 actually, the first two issues are fairly related, which is
25 about concerns for public comment. We are making every

1 effort to keep the public apprised of our developments
2 through public observations of our frequent meetings with
3 NEI as we develop the processes; making publicly available
4 many of our working documents and conducting public
5 workshops next month, April, and as well as in May, there
6 will be public workshops.

7 We also will be seeking specific public comment on
8 SECY 99-07 Alpha by issuing a Federal Register notice and as
9 Jim Lieberman will discuss during his part of the
10 presentation, a separate Federal Register notice on the
11 enforcement policy itself associated with the pilot program.

12 With respect to the feasibility of the process,
13 the feasibility review that we conducted several weeks ago,
14 that Morris Branch will discuss in just a few minutes, has
15 given the confidence to proceed with the pilot program.
16 Developmental work still remains and we expect to refine the
17 process as we move through the pilot program and gain
18 further experience.

19 But we are comfortable that we are heading down
20 the right track, although at a very rapid pace.

21 Regarding the issue of how do we deal with a plant
22 that has numerous low level issues, we are currently working
23 with the Office of Research to determine if a process to
24 assess the risk significance of a collection of low safety
25 significant issues is feasible. A basic tenet of this

1 program is that as long as a licensee remains within the
2 licensee response band of performance, that we will allow
3 the licensee to resolve issues with a minimal amount of NRC
4 intervention.

5 However, this issue is a concern to many of our
6 external and internal stakeholders, so we are pursuing
7 development of a tool for a process to determine that some
8 risk significance or risk characterization of such a
9 situation is feasible.

10 Finally, with respect to the concern raised about
11 the subjectivity of our inspection process, we are not going
12 to totally remove the subjective element from our oversight
13 program. But what we have done with this process is infuse
14 a greater degree of objectivity through the inclusion of
15 performance indicators, a greater focus on risk significance
16 of our inspection findings, and a more predictable,
17 consistent and scrutable process through our agency action
18 matrix.

19 We also plan, as part of our annual assessment
20 process, to provide not only assessment of licensee
21 performance, but also the oversight process itself,
22 including the inspection program.

23 Basically, that concludes my remarks this morning
24 and if there are no questions, I would like to introduce
25 Morris Branch, a member of the transition task force, who

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1 led the feasibility review effort and development of the
2 significance determination process. And Gareth Perry is
3 going to take my seat for a few minutes. He's a
4 representative from the Division of Systems Safety and
5 Analysis, who was a key member of that transition task
6 force.

7 Thank you.

8 MR. BRANCH: Good morning. I am here today to
9 briefly describe the two tasks that were key elements in the
10 development of the new reactor oversight process. The first
11 task was the development of a process for determining the
12 risk significance of inspection findings and the second task
13 was to conduct the feasibility review of the above process
14 in other elements of the reactor oversight program to
15 determine if they are feasible to pilot in June.

16 Before I begin, I would first like to say that
17 this effort involved a wide variety of agency assets. Our
18 task group included members from Research, NRR, the Office
19 of Enforcement, Federal Training Center, and all four
20 regional offices. Mr. Gareth Perry, of the Division of
21 Systems Safety and Analysis of NRR, along with many others,
22 provided valuable PRA insight for the process development.
23 Mr. Perry is here today to answer any questions you may have
24 in the PRA area.

25 My background is inspection. I was a field

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1 inspector for 16 years, resident inspector, senior resident
2 inspector, and since I've been in headquarters, I've led
3 several of the AE design reviews. I bring the end user
4 perspective to this project.

5 I would then like to briefly describe our efforts
6 to date in developing the processes to assign a risk
7 characterization, which we refer to as a significance
8 determination process, the STP, to an inspection finding.
9 This process is needed for the alignment of an inspection
10 finding for a cornerstone so it can be dovetailed with plant
11 performance indicators, PIs, during the plant assessment
12 process.

13 Slide, please. From this slide, you can see that
14 an inspection finding can take several routes. This slide
15 points out the areas where we have essentially completed
16 development of the STP work, as well as areas where
17 additional effort is needed. The slide also demonstrates
18 that the output of all the STP processes will be an input to
19 the plant assessment and, if necessary, enforcement process
20 that Mr. Jim Lieberman will describe later.

21 The to-be-determined on the slides represent areas
22 where more work is needed. For example, we still need to
23 make further progress in the areas of emergency
24 preparedness, radiation safety, safeguards, and shutdown
25 activities. We continue to work with industry

1 representatives in a publicly observed arena to further
2 develop this process.

3 We have made considerably more progress in the
4 development of a process to deal with items that may impact
5 an initiating event or mitigation of system cornerstones
6 associated with power situations, and I would like to
7 describe that process logic now, if there are no questions.

8 Next slide, please. Please note that this process
9 was developed using inputs derived from other agency
10 products, including Reg Guide 1.174; NUREG-5499, which
11 provides the likelihood probability of initiating events;
12 NUREG-4674, which describes the ASP screening rules; and, we
13 use typical equipment and human performance reliability
14 values generally consistent with those obtained from PRA
15 models.

16 Because this process is evolving, also, the
17 likelihood of initiating events currently in the SECY are
18 different from the values used in the feasibility study and
19 when Research provides more refined information as part of
20 their efforts, the values may change again.

21 We're just trying to describe our process and
22 concept here, not the final product.

23 From the diagram, you can see that the first step
24 in the process is to clearly identify the concern. During
25 process development and during the feasibility review, which

1 I will discuss later, it became clear that the inspector's
2 concern in any assumption has to be formulated prior to
3 using the tool. This part of the process is similar to
4 performing an engineering calculation. You first have to
5 state the problem, the assumption you are making, and then
6 you can use the process and expect repeatable results. This
7 is an assumption-driven process.

8 The next step, phase one, involves a screening of
9 issues for risk significance. This screening will be
10 accomplished by field inspectors. We believe that many
11 items will be screened as non-risk-significant in this step
12 and will be passed to the licensees for resolution through
13 their corrective action program.

14 Since we have used the screening criterion similar
15 to that used in the ASP program, we expect some results.
16 For example, during a given year, approximately 1,500 LERs
17 are issued. Of those, 50 to 100 are given a detailed review
18 and approximately ten to 15 are determined to be of risk
19 significance. Our process forces an inspector to make
20 reasonable, but conservative assumptions; therefore,
21 inspectors will most likely pass more items than necessary
22 into the phase two review.

23 That's okay. We would rather have false positives
24 at the inspector level that can be refined later during the
25 phase two process.

1 After the screening and you have determined that
2 an item requires a phase two review, the inspector has to
3 ask what initiating events are impacted by the findings.
4 There may be more than one scenario that has to be reviewed.
5 We have attempted to provide guidance to allow a field
6 inspector to conduct his phase two review. However, until
7 the inspector becomes more familiar with the process, we
8 anticipate additional risk analyst help will be needed.

9 The next step in the phase two review involves
10 determining the frequency of the initiating event and the
11 duration of the degraded condition. You then determine the
12 likelihood of occurrence of initiating event while the
13 degraded condition exists and then consider the availability
14 of mitigation equipment.

15 Mitigation of the risk significance of an issue is
16 based on the equipment available to perform the high level
17 safety functions, reactor heat removal, inventory control,
18 et cetera. The general rule of thumb is that each line of
19 mitigation available represents an order of ten change for
20 the better in delta core damage frequency. After you have
21 finished the phase two review, you will have determined the
22 final worst case significance of an issue.

23 This determination is represented by a color
24 scheme similar to that used in the PI threshold values. We
25 have built into the process a phase three review, if needed.

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1 This review will be performed by risk analysts and will
2 allow refinement of the risk characterization of the
3 significance of an issue prior to final actions associated
4 with the plant assessment or enforcement processes.

5 Using this process, industry worked through
6 several examples of issues that we evaluated in the
7 feasibility review and they got similar results. The
8 process appears to be repeatable as long as the assumptions
9 are the same. To ensure consistency between regions and
10 inspectors, we're considering, at least for the pilot, to
11 also perform a sample review of items that go through the
12 phase two review and are determined to be green by the
13 inspector.

14 Are there any questions before I continue with
15 discussion of the feasibility review?

16 CHAIRMAN JACKSON: Keep going.

17 MR. BRANCH: Next slide, please. Section 4 of
18 SECY 99-007 describes the staff's plans to test the
19 workability of the new reactor oversight process in early
20 1999. This test was advertised as a limited review of a few
21 plants using available data to demonstrate the ability to
22 assign a risk characterization to items typically contained
23 in a plant's issue matrix, the PIMs. The staff also plans
24 to conduct and exercise a new plant assessment matrix on the
25 limited data and to reach conclusions related to actions to

1 be taken using the new process.

2 Because of schedule constraints, the feasibility
3 review was performed at a time when many elements of the new
4 reactor oversight process were still under development.
5 That was okay because this review was intended to identify
6 improvement standards to support the pilot and the pilot is
7 intended to identify and correct any additional program
8 problems prior to full implementation in January 2000.

9 Before I describe the process and the results of
10 the review, I would like to discuss some of the limitations
11 associated with this effort.

12 Data review was from a non-risk-informed
13 inspection program and in some cases, the PIMs represented a
14 level of effort more than that in either the old core or the
15 new baseline programs. Only six of the proposed 20 PIs were
16 available and this restricted the team's plant assessment
17 efforts to only the initiating event and mitigation system
18 cornerstones.

19 The team did not have the luxury of looking
20 backwards, reviewing more data in order to determine what
21 additional considerations may have influenced the plant's
22 performance review outcome. However, insights from
23 reasonable personnel were solicited.

24 With that, I would like to discuss the process and
25 the SALP code.

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1 Next slide, please. The plants reviewed were D.C.
2 Cook Units 1 and 2 for 1996-97 time period; Millstone's
3 Units 2 and 3 for the '94-'95 time period; St. Lucie 1 and 2
4 for 1997-98 time period; Waterford 3 for 1997-1998 time
5 period.

6 The participants for this one-week feasibility
7 review consisted of several inspectors or first-line
8 supervisors from the four regions, several risk analysts
9 from headquarters, a member from OE, and a member from the
10 training center. The first day we spent training and
11 providing an overview of the new process to the team.

12 We broke into two groups during the second and
13 third day and processed as many PIMs entries as we could
14 through the risk characterization process. We could only
15 effectively review about 20 to 30 issues per group in the
16 two days allotted. However, we did process items that we
17 suspected to be of risk significance. That was hardware
18 items from LERs that challenge the risk assessment tool.

19 The fourth day, we assigned the limited PI data to
20 a cornerstone and colored some of the assessment inputs. On
21 the last day, we simulated a plant assessment based on the
22 data available and provided reasonable recommendations based
23 on the action matrix. The regional representatives provided
24 insight as to what actions were actually taken at the time
25 and attempted to explain the differences between what we

1 would recommend with the new process versus what was done
2 under the old.

3 Next slide, please. The results of the new
4 process was determined feasible to pilot. The exercise did
5 challenge the risk characterization process and many
6 feedback items were incorporated, but more work is needed.
7 The review determined that most of the risk important items
8 were design or hardware related and this insight was passed
9 to the task group developing the inspection procedures.

10 Based on the limited data reviewed, actions
11 proposed by the new process were similar to those actions
12 actually taken, with the exception of a few plants, but even
13 then the actions taken by the region were well explained
14 when put in the context of previous year's performance,
15 which affects how the action matrix is utilized.

16 While it is clear that inspector training is
17 needed and there would be more involvement of risk analysts
18 in executing the process, the review team came away from
19 this effort with a good appreciation of the process and its
20 capabilities.

21 Are there any questions?

22 CHAIRMAN JACKSON: I think what we may need to do,
23 so that we don't lose the thread, is to pause and see if
24 there are a few questions, because I believe the next stage
25 is talking about enforcement.

1 MR. BRANCH: Enforcement, yes, ma'am.

2 CHAIRMAN JACKSON: Is that correct? So let me
3 just ask a few questions and then we'll just go in order
4 down the line. That way, we can try to keep it fairly
5 disciplined.

6 You talked about the need for more risk analysts.
7 Is that to say that the intent would be to increase the
8 number and then have it go back down again as the inspectors
9 become more comfortable with going through? I mean, how, in
10 fact, would this work?

11 MR. COLLINS: Madam Chairman, I think the
12 statement that Morris indicated as a result of the
13 feasibility studies would tell us that SRA involvement is
14 necessary to supplement.

15 CHAIRMAN JACKSON: On a continuing basis.

16 MR. COLLINS: On a continuing basis.

17 CHAIRMAN JACKSON: As a supplement.

18 MR. COLLINS: To supplement those decisions and
19 processes that are now focused towards the resident and the
20 senior staff. This is somewhat in response to your first
21 concern, an assessment of the burden on our inspectors as a
22 result of the process, particularly the assessment process
23 itself.

24 We have talked internally and we're trying to be
25 very circumspect about where this program is driving our

1 overall resources, but we are actively discussing the need
2 for not only more involvement by SRAs, which might redefine
3 what their current tasks are and focus in more towards
4 ongoing processes rather than right now they're focused,
5 more or less, towards the results of our traditional
6 process, but also for the next class of SRAs, which is
7 typically a two-year training cycle.

8 It's time to think about that not only in support
9 of this program, but in support of overall agency succession
10 planning.

11 CHAIRMAN JACKSON: Have you dealt with the issue
12 of regional managers, particularly at the branch chief
13 level, finding themselves having to manage some plants under
14 the old process and some under the new, at least in the
15 pilot phase?

16 MR. COLLINS: Yes. This topic was brought to our
17 attention, quite appropriately, by Region III this week,
18 when myself, Bill Dean and other members of the team rolled
19 out some aspects of these processes.

20 There were branch chiefs there from DRP and other
21 members of the Region III staff. I thought we had a very
22 good meeting and it was very interactive.

23 One of the issues that was brought forth was the
24 balance between branch chiefs, which typically now are
25 assigned two to three, sometimes four, depending on plant

1 performance, individual plants. We took that issue away.

2 One of the areas that we are exploring, however,
3 is the need to supplement regional staffing, particularly in
4 the interim, but perhaps for longer periods, with an
5 individual who would serve as an oversight process
6 coordinator, who would essentially look at the process in a
7 wide view and who would support the individuals who are
8 actually implementing the process as far as feedback,
9 refinement, and, also, to some extent, to look at the
10 processes to be sure that they're being applied equitably,
11 consistently amongst all plants, and those coordinators
12 would communicate to be sure that that's being done on an
13 overall national basis.

14 So it is an issue that's only one sensitivity that
15 we have as far as being able to provide for some relief, but
16 we committed to Jim Dyer yesterday to take that issue away.

17 There were two solutions which were proposed. I
18 think we have to work through those. One was grouping the
19 pilot plants under one branch chief. Initial discussions
20 determined that might not be the right thing to do for a lot
21 of reasons. So obviously we have to provide for some
22 additional support.

23 CHAIRMAN JACKSON: Is our public outreach
24 effective in engaging the public living around the plants?

25 MR. COLLINS: Now, you're referring to currently.

1 as we receive comments, or in the future with our
2 communications plan, or both?

3 CHAIRMAN JACKSON: Right, all of the above.

4 MR. COLLINS: All right. Let me ask the staff to
5 address the comments and perhaps for the communications
6 people to address it.

7 MR. MADISON: Actually, I'd like to address that.
8 We haven't, to date, gone out to each of the pilot plants,
9 but it is, in our thinking, jointly with NEI, to attempt to
10 reach the public surrounding each pilot facility and offer
11 ourselves for questions and answers.

12 MR. COLLINS: I think to some extent Chairman, as
13 far as we've gone with the rollout of the process and the
14 communication with our stakeholders, at the regulatory
15 information conference, of course, we had a very detailed
16 breakout session.

17 There were members of the public on limited
18 accessibility, certainly, since the meeting was held in
19 downtown Washington, but probably on a little higher level,
20 we're sensitive to the transition issues which were brought
21 to us as a result of terminating the SALP with the state
22 partners.

23 We did provide for a fairly detailed discussion
24 for the states in that forum and a number of the states did
25 attend the regulatory information conference, and Paul

1 Lohaus has coordinated that for us. That's only one aspect
2 of the wider spectrum of the public.

3 CHAIRMAN JACKSON: If you go to your significance
4 determination process, and you talked about assumptions, I
5 guess the question becomes how many individual judgments and
6 assumptions are involved in the process.

7 MR. BRANCH: The assumptions have to be clearly
8 stated. It depends on the issue. One of the examples we
9 put in the Commission paper was dealing with an MOV that may
10 have hardened grease. Your assumption, in order to run it
11 through the process and actually use the risk assessment
12 tool, you have to say what that means; that that means the
13 valve is inoperable and, therefore, the train of equipment
14 is not available to do its function, and then that's the
15 assumptions you would have to make.

16 CHAIRMAN JACKSON: So you basically have to make a
17 binary judgment in terms of applying the risk methodology,
18 because, in fact, I mean, I know people are talking about it
19 in terms of so-called dynamic PRAs, but people are not
20 really dealing with degraded performance; something works,
21 but it's degraded. They think you have to make an
22 assumption that it's either going to perform its intended
23 function or it doesn't. Is that correct?

24 MR. BRANCH: Yes. It's just like 91-18, the
25 generic letter, allows a licensee to declare the equipment

1 operable, but degraded, but then that degraded condition
2 goes into a corrective action program for correction.

3 CHAIRMAN JACKSON: Well, it has a slightly
4 different meaning when you're talking about doing an
5 analysis in risk space in terms of decision trees.

6 MR. GILLESPIE: And we have designed the process,
7 and I'm going to reiterate what Morris said, to allow false
8 positives to come through and, hopefully, in making that
9 binary decision, there is a conservatism built into the
10 initial phase one questioning.

11 It does lead, in much of the procedures manual,
12 the inspector through; if this train is out, is another
13 train of the same system -- is another system performing the
14 same function. So it has a process in it that leads the
15 inspector's thought process through it. So it's not ad hoc.

16 The other thing is, and this is going to be, I
17 think, a significant improvement, Research, in the shorter
18 term, is going to be supplying us with -- we had asked for
19 system and they said they were going to try to give us
20 plant-specific table one and table two, if you look at that
21 enclosure, so that the inspector won't have to try to
22 interpolate, at a boiling water reactor, how it relates to a
23 steam generator tube rupture.

24 The first process was using some generic insights
25 with a mixture of initiating and mitigating effects from the

1 two different designs and Research is supporting us so that
2 the inspector at a particular facility will be able to see
3 his facility in those tables, and that's going to take a lot
4 of --

5 CHAIRMAN JACKSON: So the tables are generic or
6 they are plant-specific?

7 MR. GILLESPIE: These tables are generic in the
8 test process, but our intention is now to go to
9 plant-specific tables for the individual inspectors, again,
10 to bring more consistency for the individual plant decisions
11 to bear.

12 MR. PERRY: Maybe I can add to that. I think
13 those tables are intended to remain as they are. What Frank
14 is referring to is that we would like to have tables that
15 will help the licensees determine -- or the NRC staff to
16 determine which column of the table two that they're in.

17 So that those tables will tell you which systems
18 you have available to respond to different mitigating
19 systems for the different reactor types.

20 CHAIRMAN JACKSON: We're also interested in this
21 issue of guidance on assumptions. You could have hardened
22 grease with an MOV. The question is, is the default
23 assumption that it's inoperable or is the default assumption
24 that it is operable. And if you're going to be able to have
25 consistency in approach plant-to-plant or region-to-region,

1 you're going to have to deal with issues like that. You
2 agree?

3 MR. PERRY: Yes.

4 MR. GILLESPIE: Yes.

5 MR. BRANCH: Yes.

6 MR. PERRY: I think one of the important things
7 about the way the system has been set up, though, is that it
8 begs for a clear definition of those assumptions.
9 Therefore, it opens up a pathway for discussion, basically.
10 So it will be very clear what people are assuming and I'm
11 not sure that -- I mean, it may be that -- it's true that in
12 one plant, this does lead to an inoperability, and in
13 another plant, maybe --

14 CHAIRMAN JACKSON: All I'm trying to say is that
15 there needs to be something that bounds that discussion.

16 MR. PERRY: That's right.

17 CHAIRMAN JACKSON: Because it can't be all over
18 the map.

19 MR. PERRY: No, no.

20 CHAIRMAN JACKSON: Otherwise, how you go about
21 doing a risk determination is affected very strongly by that
22 kind of thing.

23 MR. PERRY: Yes.

24 CHAIRMAN JACKSON: And let me ask you this
25 question. How are you going to deal with

1 non-hardware-related issues? Like corrective action program
2 deficiencies or sleeping operators in the control room or
3 programmatic breakdowns. How does that play in here?

4 MR. MADISON: The process, as it stands, does not
5 address programmatic issues. We are working with, as was
6 mentioned earlier, Research in looking at the -- these
7 generally fall into the lower level or lower risk
8 significant types.

9 CHAIRMAN JACKSON: But what about the operator
10 sleeping in the control room?

11 MR. MADISON: That would actually fall outside the
12 process. I think Jim could probably address that question
13 better.

14 CHAIRMAN JACKSON: All right. Well, you can
15 address it when your turn comes, so we won't get out of
16 sequence here.

17 Also, I was looking at the particular feasibility
18 review plants and if you look at those plants, especially
19 for D.C. Cook and Waterford, a fair number of the findings
20 that were assessed actually couldn't be screened with your
21 risk model.

22 So how are you going to -- how are you proposing
23 to treat those?

24 MR. BRANCH: There are still holes that we have to
25 work on. Some of the issues we're dealing with, shutdown

1 risk, we currently do not have a screening tool for that
2 yet. We're working on that. We've put in place, though, I
3 think as you read through the SECY, that the inspectors are
4 going to have to call risk analysts or talk to someone else
5 to get that insight right now, until we can develop that.

6 Fire issues were -- several of the issues were
7 fire issues. We're working currently to develop a process
8 in the fire area, where they will feed into this process.
9 Once they determine the likelihood of events and the
10 equipment that you can use to mitigate, then it feeds right
11 into this process, and we're going to change the tables here
12 somewhat to allow it to dovetail right into this process.

13 CHAIRMAN JACKSON: So going back to -- you
14 mentioned shutdown risk. If a plant is in a state of forced
15 shutdown, it seems that you revert back to the manual
16 chapter 0350 process. Is that right?

17 MR. BRANCH: I was referring mostly to just
18 shutdown activities during refuelings.

19 CHAIRMAN JACKSON: But let me pursue this line.
20 You're basically saying that because you don't have the
21 performance indicators, you can't use this process. You
22 don't believe that the inspection findings --

23 MR. BRANCH: No, no.

24 MR. MADISON: No, no, no. What Morris is saying
25 is that the tool that he has developed, at its current

1 design, does not directly address shutdown issues. It
2 doesn't properly characterize the risk significance of
3 shutdown issues.

4 What we're working with others and NRR and
5 Research to develop is a front-end device that would help
6 properly characterize the risk significance of the shutdown
7 issues that feed into this process and decide what aspects
8 of the process are applicable during shutdown.

9 There were some draft concepts in the radiation
10 protection emergency preparedness and the safeguards area
11 attached. We have similar concepts in fire protection,
12 shutdown risk. They weren't as well along as the ones that
13 we attached to it, so we didn't put it with the paper.

14 MR. GILLESPIE: I will say, also, this afternoon,
15 there is a tabletop exercise of feasibility study for the
16 emergency planning process, participating with all the
17 regions, and it's going on. Tom Essig, from our Emergency
18 Planning Group, is heading that this afternoon. So we do
19 have an ongoing process that is actually stepping forward.

20 And in the next week, I think it's scheduled for
21 April 8, there is a similar tabletop for the refinement of
22 the radiation protection process. Then we'll work forward
23 for safeguards and shutdown, also.

24 It's just that they can't use this tool, but a
25 similar parallel tool which is specific to the topic area is

1 going to be necessary.

2 MR. COLLINS: Chairman, not to lose, I believe,
3 the statement you made, which is also important, there are
4 other policy decisions and programs which need to be
5 consistent and commensurate with this process as it is
6 proposed.

7 One of those is the agency's approach to plants
8 that are on extended shutdowns. As you appropriately
9 referenced, we currently use the 0350, manual chapter 0350
10 process as guidance on how to interact with our
11 stakeholders, particularly licensees, in regards to
12 long-term shutdown.

13 That policy, the senior management meeting
14 concept, the Commission meeting that now typically follows
15 the senior management meeting concept, all of those would
16 have to be and are being looked at to be consistent with our
17 ongoing process.

18 As you know, we have a SECY paper, 99-86, which
19 very recently was provided to the Commission that touches on
20 some of those areas.

21 CHAIRMAN JACKSON: Commissioner Dicus.

22 COMMISSIONER DICUS: The paper does not describe
23 how positive inspection findings have been factored into the
24 process, which leads me to believe that positive inspection
25 findings will not be part of the process. Is that true?

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1 MR. MIRAGLIA: That is true.

2 COMMISSIONER DICUS: Only negative findings and
3 then the risk characterization of them.

4 MR. MIRAGLIA: That's true.

5 COMMISSIONER DICUS: And I had a similar question
6 to the Chairman's on where we were with emergency
7 preparedness in radiation safety, et cetera, but I think
8 you've addressed that with the process that you have
9 ongoing.

10 My question really concerned whether or not you
11 will be far enough along that these things can be included
12 in the training sessions in April.

13 MR. MADISON: That is our goal, is to get those to
14 at least where we can train, in draft form. They may not
15 actually be signed off, but we'll train on those processes.
16 We'll decide if they're ready go to.

17 COMMISSIONER DICUS: Then finally, I understand
18 that the inspection report will document the phase one
19 screening and the phase two risk characterization, but have
20 you determined what the standard inspection report will look
21 like or is this to come later?

22 MR. MADISON: We're still working in that
23 direction.

24 COMMISSIONER DICUS: Thank you. That's it.

25 CHAIRMAN JACKSON: Thank you. Commissioner Diaz.

1 COMMISSIONER DIAZ: First, let me make a statement
2 of a simple kind that I think I need to do. It's kind of a
3 my pet theory that the probability of successful closure of
4 any process of endeavor is inversely proportional to the
5 numbers of degrees of freedom in the process. The more
6 things you deal with, the more problems you have.

7 But that's okay, everybody knows that. But the
8 problem is there is a second part to that, which is that the
9 additional degrees of freedom that have less importance
10 proliferate and add to the N factorial much more faster than
11 the larger issues. So you can actually start going down a
12 path and keep going.

13 And the reason that I bring that up is because in
14 the paper, and it refers to the significance determination
15 process on slide eight, there is a statement that we're now
16 going to look at the sign-in assistant to analyze the risk
17 significance of numerous small problems of low safety
18 significance, which, in the aggregate, could be significant.

19 This is what I call adding degrees of freedom to a
20 process that is still looking at the major components and
21 trying to determine how they interact, and then looking at
22 something that really is very difficult to look at. It's
23 undetermined. It might not add, in the front end, to the
24 process.

25 And there's two ways that people normally deal

1 with small issues and one is very easy. People take them
2 and score them. So they'll be higher. Then they put
3 whatever signs --

4 CHAIRMAN JACKSON: If it's less than one, it
5 becomes smaller.

6 COMMISSIONER DIAZ: Yes, but then you can put
7 whatever sign you want on it. But since they're always
8 positive, they're always above the line.

9 However, Mother Nature has something that I really
10 want to the staff to understand, which is when you take
11 noise or small things in any kind of signal analysis data
12 and so forth and you cross-correlate it with itself, the
13 noise drops out, and the reason is that they have different
14 signs and positive things, tend to compensate negative
15 things.

16 And if we look at the negative things and start to
17 aggregate them without really putting them in the context of
18 all the things, we can always get an aggregate that keeps
19 increasing and, of course, you can always start looking at
20 lower and lower and lower levels.

21 So I would caution, when we look at the things,
22 that it would be balanced and that at the front end of the
23 process, we do not emphasize the very small safety
24 significant things, because we really don't know how to deal
25 with them. They will complicate the process and they will

1 eventually lead to a stalemate in how do you deal with those
2 things.

3 MR. COLLINS: I'm going to take some liberty,
4 Commissioner Diaz, and assume there is a question in there.

5 COMMISSIONER DIAZ: Good. It was hidden.

6 MR. COLLINS: The staff acknowledges and agrees
7 with your intent. Right now, what we are trying to
8 understand is would we lose any valuable information by not
9 considering, in the aggregate, these types of issues.

10 Examples would be corrective action programs that
11 licensees implement are trending information. Licensees
12 have the ability, and it's a very sophisticated system, some
13 more than others, to link low level items to get most likely
14 to programmatic issues rather than safety significant
15 issues. And we want to ensure that, as an agency, before we
16 raise the threshold for consideration of these types of
17 issues, that we don't lose value information.

18 This gets a little bit into a statement that was
19 made earlier about how do you handle the subjectivity in the
20 process. There is a general feeling amongst the staff and,
21 anecdotally, I think, at least some industry agrees,
22 although they would agree that it's their role to do it,
23 with the preponderance of evidence or the gut feeling, if
24 you will, based on information that doesn't tie neatly
25 together, but you can draw lines through that have a

1 tendency to support the performance of overall programs and
2 should that reach us to an auction or to a mandated
3 threshold by which we go and periodically review the status
4 of a program, even though the indicators wouldn't lead you
5 in that direction.

6 That's still under assessment. These lower level
7 issues could potentially be an input to that decision-making
8 process.

9 COMMISSIONER DIAZ: You do understand that by
10 following many, many, many, many, many small things, you
11 could do precisely what you do not want to do, which is to
12 focus on the big, big, big, big, things. You could start
13 more, more, more, more time doing that, with less, less,
14 less returns.

15 CHAIRMAN JACKSON: It's a question of the balance
16 and where you place the weight.

17 MR. COLLINS: Yes.

18 CHAIRMAN JACKSON: Commissioner McGaffigan.

19 COMMISSIONER MCGAFFIGAN: I'm afraid I'm going to
20 take a little bit more time. I asked a lot of the questions
21 of the staff privately. I'd first give an impression.
22 I have some real misgivings, not about the pilot, the
23 industry is willing to have the pilot, but about this thing
24 being ready by January 2000 for implementation and I think
25 somebody said at the outset the goal was to get our sign-off

1 on that and, in theory, and I'm very far from that.

2 But let me give you some questions that will tell
3 you why. On the positive, since we've been talking about
4 positive inspection findings, I'm looking at the last paper
5 and I'm surprised that Mr. Gillespie's answer because the
6 attachment to the last paper, the 99-007, in response to the
7 direction that the Commission had given I previous SRMs,
8 that the staff should continue to include positive findings
9 in inspection reports, you said, yes, we are, positive
10 inspection findings will remain in the inspection reports.

11 I guess maybe we didn't ask the right question,
12 which is you don't intend to use them in the assessment
13 process, is that right?

14 MR. GILLESPIE: That's true. Right now, in the
15 assessment process, there is no folding in of positive
16 findings. There is no risk measure on how much safer a
17 certain finding gets a plant to fold it in.

18 COMMISSIONER MCGAFFIGAN: I think there is a huge
19 hole here that is still not filled. You've given us this
20 process for taking an individual inspection finding and
21 coming up with a core damage frequency number or some sort
22 of judgment of risk, but you are not telling us how you take
23 the sum of inspection findings, the sum of performance
24 indicators, and assign a color to and properly balance them
25 all and assign a color to a cornerstone, unless a single

1 inspection finding that's yellow or white puts them in the
2 cornerstone into white.

3 In which case, in the process, you get a random
4 event where you get a white inspection finding, you're
5 otherwise a pretty darn good plant and you're suddenly white
6 or yellow in the cornerstone. I'm just trying to understand
7 that.

8 MR. GILLESPIE: And if that happens, going by a
9 threshold is a step from turning us to being into more
10 diagnostic and more included and engaging more. So if there
11 is a clear understanding why a threshold is broken, then we
12 have a decision point at that point.

13 It's not -- things do happen and we recognize
14 that, and so these are thresholds where we go from -- into
15 -- I would say into a diagnostic mode. We depart from our
16 baseline and get more involved and want to understand what
17 the problem is.

18 Once you get the specifics of the problem and
19 understand it, then you have a decision on further action.

20 So someone going past a threshold, an individual
21 threshold, may not, in fact, be a long-term major issue.

22 COMMISSIONER MCGAFFIGAN: But I think it's a
23 disadvantage for the client. If it's a random event and
24 somebody happens to -- and it's a bad event, you guys
25 calculate delta CDF and it's five-times-ten-to-the-minus-six

1 or something, and you guys, whatever the threshold is and
2 it's way above it, you say, my gosh, this is a bad event.

3 But it's because a piece of equipment randomly
4 failed or whatever. I don't know what it is.

5 CHAIRMAN JACKSON: Excuse me. I think the real
6 question one has to understand is whether a threshold is
7 tripped by virtue of a given failure of a piece of
8 equipment, propagating into a certain core damage frequency
9 region.

10 I think the real issue is how do you relate the
11 given inspection finding to whether or not a plant crosses a
12 threshold vis-à-vis a cornerstone.

13 MR. MADISON: Frank, maybe I can address some of
14 that. First of all, in the significance determination
15 process, the object of the process is to fully characterize
16 the finding, including all mitigation capability, which may
17 be an operator with a procedure in hand, and the positive
18 findings that you may have in that process.

19 Also, the assessment process does not take any one
20 issue and color cornerstone or the overall process. There
21 is no intent to color the cornerstones any color and if you
22 look in -- when you look in the action matrix, you saw that
23 there were no colors for cornerstones or colors for
24 strategic performance areas.

25 The colors were associated with inputs, either

1 performance indicator or inspection inputs, and the actions
2 that we would take out of that matrix would be in response
3 to those.

4 COMMISSIONER MCGAFFIGAN: I misunderstood at the
5 time. I didn't think it was a single input. I thought it
6 was a composite input that you were -- but I'll just --
7 rather than belabor it, I'll -- another thing that I am very
8 worried about, and I guess we'll hear from Mr. Lochbaum
9 later, the pencil-whipping, the significance process -- you
10 know, maybe it's good enough to pilot, but I am quite
11 concerned that it's becoming darn close to risk-based.

12 Also, there is pencil-whipping that goes on in
13 both directions. I have been the -- I won't go through the
14 case, but I have seen it where headquarters staff looking at
15 what was done in region, and basically said that that --
16 something that was allegedly risk significant really wasn't
17 and that the assumptions -- I mean, it's these assumptions
18 that were used that were extraordinary in order to drive up
19 and make an inspection finding.

20 I know you're going to work on that, but it's -- I
21 have my doubts that this is going to be a straightforward
22 process. Then you've got the other hole the Chairman
23 mentioned earlier, which is how do you deal with all the
24 programmatic issues, which were dismissed quickly as, well,
25 maybe a lot of them are non-risk-significant, maybe, except

1 for the sleeping operators.

2 I fear that, for better or for worse, we may be
3 abandoning all sorts of rules that are on the books that --
4 you know, some sort of delta CDF calculations that are
5 insignificant, in which case we should have a massive
6 rule-making pretty darn quick to get rid of all that stuff,
7 or I don't know what.

8 But I have grave misgivings about a lot of this,
9 now that I see the flesh being put on the bones, and I'll
10 just leave it at that.

11 MR. MIRAGLIA: May I make a comment, Commissioner,
12 with regard to that? I think it's clear from the staff's
13 paper and the briefing today that there's still lots of work
14 to be done. We do not have all of the answers. The staff
15 is here to say that we know enough to pilot it, and the
16 pilot is going to inform us as we go along.

17 I think we have to make sure that we are not
18 losing useful information in terms of some of the low
19 significance things that we talked about and we really have
20 to understand the process. I think the pilots are going to
21 inform the process.

22 The idea of the significance matrix and process is to give
23 scrutability and an understanding. Is there mutual
24 understanding on both sides of the table that a threshold
25 has been crossed? Is that objective inscrutable and

1 reproducible, that there is agreement that a threshold has
2 been crossed? And then the degree of engagement will
3 change, depending on which threshold it is and then that has
4 a focused kind of discussion then on what those issues and
5 what the significance is.

6 I think it's to add a discipline to meet the
7 Commission's objectives of having this process to be
8 objective, scrutable and reproducible.

9 Are there still lots of questions? I think the
10 staff would definitely agree with you, there is still lots
11 of work to be done. I think we'll learn a lot by the pilots
12 in terms of where we can go and when this process can be
13 fully implemented.

14 CHAIRMAN JACKSON: I think a question may be more
15 is a six-month pilot, in the end, going to be enough,
16 depending upon the degree of completeness of the answers to
17 various questions.

18 But if the fundamental intent is that the pilot is
19 going to flesh out those answers, then it may be that the
20 six-month and immediately going January of 2000 may not be
21 feasible.

22 So I think that that is the question.

23 COMMISSIONER McGAFFIGAN: I'm just putting
24 everybody on notice that I don't think it is.

25 CHAIRMAN JACKSON: Well, that's fine and the

1 Commission can say that the pilot should go on and with the
2 particular objective of fleshing out a whole series of
3 questions and if it's premature to say it will happen in
4 January of 2000, it's premature to say it will happen in
5 January of 2000.

6 But that's why you do the pilots, in point of
7 fact.

8 MR. COLLINS: I'd like to just acknowledge that I
9 believe, at this point in time, we're working to the
10 Commission's schedule.

11 CHAIRMAN JACKSON: That's right. It's the
12 Commission's schedule.

13 MR. COLLINS: And if the Commission believes that
14 that schedule is inappropriate or the depth and breadth of
15 the --

16 CHAIRMAN JACKSON: Right. And the Commission, as
17 a whole, will make that determination.

18 MR. COLLINS: Yes, ma'am.

19 MR. GILLESPIE: What I'd like to say, later, on
20 the last slide, we're working with the Office of Research,
21 as Bill said, and if it's worthwhile, although it may not be
22 at this time, we are working on this concept of a number of
23 program failures and, in fact, we did a small pilot effort
24 as part of the corrective action program only two weeks ago
25 at Clinton and we had previously done something similar in

1 this vein at Beaver Valley.

2 So we are actively pursuing it and maybe at the
3 end, if there is time and there is still question on that,
4 we can just give a little bit more insight into what we're
5 trying there as a new concept.

6 CHAIRMAN JACKSON: Commissioner Merrifield.

7 COMMISSIONER MERRIFIELD: Thank you, Chairman. An
8 up-front comment. First off, I want to compliment the staff
9 for a lot of hard work. This is an excruciating process to
10 get where we are. Obviously, we've commented, as
11 Commissioner McGaffigan has, that it's a work in progress
12 and I think we recognize that.

13 In terms of timeliness, I think we should adhere
14 to the time line and do the reassessment and perhaps it may
15 or may not be in January, that we need to give you more
16 time. But I think it's important for us to keep the
17 pace going.

18 That goes to my first question. Between November
19 1999 and January of the year 2000, what interaction do you
20 plan with the Commission, the industry and the public to
21 share the lessons learned from the pilots and how will
22 stakeholders be able to weigh in on the changes that you
23 deem are appropriate to the pilots and the recommendations
24 you'll be giving to the Commission?

25 MR. COLLINS: Commissioner Merrifield, we can

1 answer some of that now and perhaps defer a little bit of
2 that to the communications plans.

3 COMMISSIONER MERRIFIELD: That's fine. Given our
4 time limits, briefing us -- that's fine.

5 MR. COLLINS: As well as the Chairman's question
6 on public involvement, I believe we'll elaborate on that at
7 the communications plan time.

8 MR. MADISON: There's a lot of that work that has
9 to happen. We're developing some of the concepts, some of
10 our thinking in this area. But we had originally intended
11 all along to have a meeting in the October-November
12 time-frame with the public to describe our lessons learned
13 at that point from the pilot program. We feel that there's
14 also, following that, a definite need for interaction with
15 the Commission to describe our progress and lessons that
16 we've learned and decide where we go from there.

17 CHAIRMAN JACKSON: May I just make a comment?
18 Fundamentally, it is always a prerogative of the Commission
19 to say when it wants to be engaged and how and give the
20 staff that guidance.

21 COMMISSIONER MERRIFIELD: I recognize that. When
22 I looked at slide five, which showed a number of milestones,
23 none of those indicated any either stakeholder meetings or
24 meetings with the Commission in the time line.

25 MR. MADISON: I think when we get to the

1 communications plan, we'll go over pages and pages of it.

2 COMMISSIONER MERRIFIELD: Let's keep going. You
3 received several comments regarding the issue of manual
4 scrams. Now, in the backup paper, you've indicated that
5 manual scrams should be treated as the same as automatic
6 scrams from a risk perspective and you believe that there is
7 no difference between them.

8 I remain somewhat concerned about the potential of
9 sending the wrong message with respect to conservative
10 decision-making by operators. Having read the paper, I know
11 the position.

12 What I'd like is a brief description of the
13 analysis you have that supports your conclusion.

14 MR. PERRY: Could I ask a clarification of what's
15 the conclusion you want?

16 COMMISSIONER MERRIFIELD: You conclude that there
17 is no difference between manual and automatic scrams from a
18 risk perspective and what I'm attempting to assert is that
19 we may be sending the wrong signal to operators not to worry
20 about -- making them too conservative about using manual
21 scrams when they feel that they're necessary.

22 MR. PERRY: I think we discussed that in Region
23 III yesterday, in fact, because they raised the same issue.
24 We have opposing views, but one of the views is that the
25 necessity to perform a manual scram usually means there is

1 something wrong. The fact that there is something wrong is
2 related to the risk.

3 So I think it's in that sense. The manual scrams
4 here are those that are done in response to conditions that
5 would have led to a scram in any case.

6 MR. COLLINS: Unplanned.

7 MR. PERRY: Unplanned scram, if you will. This
8 doesn't relate to those manual scrams that occur when the
9 plant is being brought down for an outage, where the plant
10 may be scrambled manually.

11 MR. GILLESPIE: Let me suggest, because this --
12 your point was actually a point of much discussion in one of
13 our in-plant meetings. The industry people, plant manager
14 level kind of people really came up and said that there is
15 no way that our operators, as well trained as they are, if
16 they see the plant in trouble, are not going to do it,
17 because of this.

18 And so what I'd suggest is -- I mean, this is not
19 in-depth analysis. This is a judgment. And that was their
20 reaction. You're balancing the insight you're getting from
21 a safety condition which would either cause an automatic
22 scram or you're doing a manual scram just right before the
23 automatic scram is going to come into play anyway and the
24 information that that gives you of the operation of the
25 facility, against a very subjective judgment, is that the

1 operator would fight his entire training not to do it.

2 And I'd say this, Ralph Beedle and Steve Floyd, on
3 the industry side, maybe should address this when it's their
4 turn, also, because it was a point of discussion, exactly
5 your point about is this going the wrong way or sending the
6 wrong message, and this is a balance and it was a judgment.
7 It's not a calculation here.

8 MR. COLLINS: Commissioner Merrifield, let me have
9 a take-away for the staff here, but I want to be sure and I
10 want to be sure that we understand your issue, for our sake.

11 Clearly, it's not the intent for the staff to send
12 any message that manually scrambling the plant in a dynamic
13 situation to preclude automatic scram or challenge to safety
14 systems, the safety actuation systems, is the wrong thing to
15 do.

16 What the staff, I believe, needs to provide to the
17 Commission is a basis that we will gain information as a
18 result of this particular indicator that is not available
19 any other way, and, therefore, we're not compromising, by
20 using this as an indicator, our message to the operators.

21 We will endeavor to do that and we will get back
22 with the Commission.

23 COMMISSIONER MERRIFIELD: It raises the question,
24 it obviously has in the regions, about the potential for a
25 mixed message there.

1 MR. COLLINS: Yes, and Region III brought that up
2 yesterday and it's a valid issue.

3 COMMISSIONER MERRIFIELD: Right. Going to slide
4 nine, you indicate that licensee identified issues, and this
5 is sort of a general take-away I get from this slide.
6 When reviewed by NRC inspectors or candidates for the
7 inspection finding risk characterization process, do you
8 have any concerns that will serve as a disincentive for
9 licensees who aggressively identify their own problems or
10 inhibit licensees from disclosing these problems to the NRC?

11 MR. BRANCH: No. What we are trying to do with
12 the characterization process is to come up with an
13 indication of what the issue represents as far as how it
14 would compare to a PI. That's what we're doing here.

15 So when licensees identify issues and write LERs,
16 if there are risk-significant issues, we want to know about
17 them and we want to run through the process and actually use
18 that data for the assessment process.

19 COMMISSIONER MERRIFIELD: My last question for
20 this section is a follow-up to a question that was asked by
21 the Chairman related to the 0350 process. I guess I was
22 somewhat left unclear how the interaction for plants that
23 are in extended outage -- what your planning is -- right
24 now, we're going to a process that would be relatively
25 disciplined as it relates to operating plants.

1 Yet, if we have a plant in an extended outage,
2 we're going to a 0350 process, which is, arguably,
3 relatively undisciplined.

4 So I'm interested in the interaction.

5 CHAIRMAN JACKSON: I would disagree that 0350 is
6 undisciplined. It may not be referenced in the right way to
7 cornerstones of safety and so on. That's the difficulty,
8 which is why I raised the question, but it has its
9 discipline built into it. It's a very disciplined process.

10 COMMISSIONER MERRIFIELD: All right. Chairman, I
11 misspoke. I would argue -- that's fine. I would argue it
12 has less discipline, perhaps, and one could argue the degree
13 of less discipline.

14 MR. MIRAGLIA: From an overall perspective,
15 Commissioner, I think that the comment that the staff was
16 giving is that the Commission has clearly indicated to the
17 staff to look at our assessment processes and then have an
18 alignment and an integration of those kinds of things.

19 In terms of the plants in extended shutdown, we
20 have lots of work to do and as we have that process better
21 defined, it's going to impact and influence the processes
22 and procedures for 0350.

23 You are going to hear today how we're aligning the
24 enforcement process. So as these tools are developed and we
25 get those thresholds defined and more predictability and

1 discipline in the process, the intent would be to go back
2 and inform those processes, as well.

3 We're just not that far along. We've looked at
4 350 to the extent that deficiencies and concerns have been
5 raised, to try to look at those issues there, and this is
6 going to further inform those kinds of processes in the
7 future.

8 COMMISSIONER MERRIFIELD: So you would foresee
9 greater alignment between the two processes down the road.

10 MR. MIRAGLIA: Absolutely. I just don't think
11 we're there yet.

12 MR. GILLESPIE: If I could, let me see if I could
13 inject what I will call a scale here on risk significant
14 events, because our screening process basically took the
15 precursor screening process and tried to delve into what was
16 the thought process behind it and simplify it, so that the
17 risk analyst wasn't needing an inspector who could use it.

18 But when you look at the -- as Morris said, when
19 you look at the precursor data, our own reports, we're
20 looking at a number of -- the number of greater than like
21 ten-to-the-minus-six, although the precursor program deals
22 in a different calculation. It's an instantaneous risk.

23 But we're only looking at less than ten events a
24 year. So in a scale -- and this, I think, addresses
25 Commissioner McGaffigan's point just a little bit -- there

1 is an expectation and history tells us that about one
2 percent of all the LERs and everything reported will
3 probably result in a broken threshold, including things
4 found by the licensee and put into his own corrective action
5 program.

6 So we should have an expectation that there's at
7 least ten occasions per year when we should be getting more
8 diagnostic and saying what's going on here, just based on
9 our own information and past history.

10 But that's not thousands and so the greater use of
11 the SRA in those events is very doable in a scale sort of
12 sense. It's more the exception than the rule.

13 So I would just like to interject that, because
14 that dealt with a lot of our thinking about if you let twice
15 as many things through the screening process as really
16 should get through, what does that mean? It means 20 items
17 instead of ten, in a whole year, for a whole industry. So
18 that puts in a slightly different perspective, I think.

19 That's part of our thinking in developing the idea
20 of allowing false positives through and trying to come up
21 with a conservative approach, but handleable.

22 COMMISSIONER McGAFFIGAN: Madam Chairman, I was
23 first going to agree with you on the manual chapter 0350
24 process. It isn't clear to me that it's undisciplined. I
25 think what it does --

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1 COMMISSIONER MERRIFIELD: But I want to make a
2 clarification. It was not my intent to say undisciplined.
3 I meant to say less disciplined.

4 COMMISSIONER MCGAFFIGAN: And just so it's clear
5 to me, it's less disciplined because I think that the heart
6 of many manual chapter 0350 processes are in the hole that
7 the Chairman identified at the outset, which is programmatic
8 deficiencies, which this process doesn't lend itself to,
9 this calculating whether it's ten-to-the-minus-six CDF or
10 not.

11 I also am a little concerned with the answer about
12 there being ten risk significant event a year. I know the
13 industry is good, but if we're down to having sort of an
14 expectation at the outset that we have ten findings a year
15 that we have to worry about, then I think we're also saying
16 unless performance indicators are bad, everybody is going to
17 be in green and we're not going to have much to do.

18 So maybe it's that these programmatic issues are
19 the things that are going to again drive things -- drive us
20 into having to do something, but it's -- I don't know.

21 CHAIRMAN JACKSON: Commissioner Diaz.

22 COMMISSIONER DIAZ: I just wanted to point out
23 that Commissioner McGaffigan has elicited a kind of a
24 question or comment which I think you all are doing it, but
25 maybe the Commission is not hearing well.

1 That is that these processes are not risk-based
2 processes and that's -- and no matter how much PRA you put
3 into them, and hopefully there will be more, there is a
4 technical basis which is fundamental to the PRA or to
5 whatever we do.

6 I mean, do you have one pump functional that was
7 capable of providing the required function? Do you have the
8 amount of water? Regardless of what the PRA results said
9 you could have done, if, during mode five, you had, quote,
10 an event and the temperature in the core went up by two
11 degrees and it went up to the very high temperature of 110
12 degrees, how do you assess that.

13 And the other thing is the regulatory basis. So
14 you have three things that are playing in here and I think,
15 from my viewpoint, what Commissioner McGaffigan's comment
16 has elicited is that in some case, we need to understand a
17 little better how the interplay of the technical basis, the
18 regulatory basis, and the risk-informed processes are
19 convergent to provide us with the right information, and
20 they are not independent of each other.

21 MR. COLLINS: Right. That's a legitimate issue.
22 I think when we get to Jim Lieberman's presentation, perhaps
23 slide 19 has a tendency to integrate where we are with our
24 license requirements as far as compliance with rules and
25 regulations and acknowledging that those issues exist within

1 the industry and they will not be ignored by the agency as
2 opposed to the dispositioning of those issues on the
3 approach commensurate with risk and safety and a process
4 that's defined to ensure that's done consistently.

5 I believe we'll touch upon some of those areas in
6 Jim's presentation and certainly if we don't satisfy the
7 Commission --

8 CHAIRMAN JACKSON: Then we'll now go to Jim's
9 presentation. So we can get to that. Thank you.

10 MR. LIEBERMAN: Good morning, Chairman Jackson and
11 Commissioners. Slide 13. We've developed a new approach to
12 enforcement and integrate in the new overall reactor
13 oversight process.

14 Our plan is to apply it during the pilot process.
15 It should make the enforcement process simpler, clearer,
16 and, most importantly, more risk-informed and
17 performance-based.

18 The approach is described in SECY 99-007A.
19 Following Commission approval of the paper, we plan to
20 submit to the Commission an interim revision to the
21 enforcement policy to address the pilot program for
22 publication in the Federal Register. This is providing
23 notice to the pilot plants and serve as a basis to obtain
24 public comments on the enforcement approach.

25 The current escalated enforcement process has been

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1 successful in focusing attention on compliance issues to
2 improve safety. We've used enforcement to provide
3 regulatory messages, to improve performance. Sometimes,
4 however, mixed messages were provided because the staff did
5 not always integrate the SALP and enforcement processes.

6 In reconsidering our enforcement approach, in
7 light of the new assessment process, we wanted to integrate
8 enforcement into the overall reactor oversight process.
9 We've discussed various approaches to achieve this
10 integration in public stakeholders' meetings.

11 If I could have the next slide. As a first step,
12 informally, in the enforcement approach, we considered the
13 purposes of enforcement and assessment. They're similar.
14 Each process evaluates the safety significance of individual
15 compliance issues. Both serve as a basis to formulate
16 agency responses to violations of performance issues. The
17 enforcement process uses sanctions, such as citations and
18 penalties. It also uses processes similar to those
19 described in the action matrix of the assessment process,
20 such as regulatory conferences to discuss declining
21 performance, 50.54(f) letters as a means of information, and
22 orders.

23 Both provide incentives to improve compliance and
24 performance, as you provide a measure of deterrence, since
25 presumably licensees strive to avoid negative performance

1 labels and the associated regulatory attention, similar to
2 licensees today when they try to avoid enforcement
3 sanctions.

4 Finally, both provide the public with NRC's views
5 on the status of performance and compliance.

6 If I could have the next slide. Given the
7 similarity and the purposes of both enforcement and
8 assessment, our goal is not to have two separate processes.
9 Rather, we want an enforcement program that compliments the
10 assessment process, not drives it.

11 The assessment process will be considering
12 compliance issues, as well as findings that might not be
13 violations. Enforcements, on the other hand, only focuses
14 on violations. It should be used in a manner that maintains
15 an emphasis on compliance and serves as a basis to document
16 compliance issues and obtain corrective action.

17 Enforcement also has a focus on safety, consistent
18 with the philosophy of the new assessment process. We want
19 enforcement to be more risk-informed and performance-based.
20 We want to maximize the likelihood that what's considered
21 significant from an assessment view will be considered
22 significant from an enforcement view and vice versa.

23 To achieve this, we should evaluating individual
24 enforcement findings once, using the same process for both
25 assessment and enforcement. As with our other programs, we

1 want to design any new enforcement process in a manner that
2 would not create unnecessary regulatory burdens. We want to
3 simplify the process and make it more predictable, creating
4 a more effective and efficient process.

5 Making the enforcement process more consistent and
6 more predictable should add to public confidence.

7 If I could have the next slide.

8 We've come up with an approach that meets our
9 objectives. Essentially, it provides violations under two
10 groups. The first groups are those violations which would
11 be evaluated under the significance determination process
12 and considered by the HC action matrix. The second group
13 includes three types of violations; first, violations
14 outside the assessment process, such as willful violations
15 and those that impede or may impact the regulatory process;
16 second, violations that involve actual consequences, such as
17 over-exposures and substantial releases of material; and,
18 third, particularly significant violations.

19 If I could have the next slide. As to the first
20 group, we will be building on the interim enforcement policy
21 for severity level four violations. That went in effect
22 March 11. Violations will be considered for either formal
23 or informal enforcement action based on the assessment
24 process.

25 Severity levels are not needed to be used.

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1 Violations which are evaluated by the assessment processes
2 inputs to the regulatory response band, white, yellow or
3 red, will be considered for formal enforcement. These
4 violations, being risk or safety significant, would result
5 in notices of violations, requiring formal responses, unless
6 NRC already has the required information on the docket.

7 Violations evaluated by the assessment process as
8 inputs to the licensee response band, green, will be
9 considered for informal enforcement and treated as non-cited
10 violations. These violations are not considered risk or
11 safety significant.

12 We plan to continue exceptions one, two and four
13 of the interim enforcement policy. These three exceptions
14 address failing to restore compliance, failing to place the
15 violation in a corrective action program, and certain
16 willful violations.

17 The third exception, which addresses repetitive
18 level four violations identified by the NRC would no longer
19 be needed, as the issue of repetition is more of an
20 assessment issue and, therefore, should be addressed in the
21 assessment process.

22 To maintain consistency in regulatory messages,
23 the assessment action matrix and not the enforcement process
24 will be utilized to formulate the agency response to root
25 causes and emphasize the need to improve performance for

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1 safety significant violations. We would not be using civil
2 penalties for most group one violations.

3 The assessment process will provide for
4 conferences to discuss declining performance and compliance
5 issues. Licensees will have incentives to avoid being
6 labeled white, yellow or red band performance so that
7 further negative impacts and civil penalties normally would
8 not be needed to deter violations covered by the assessment
9 process.

10 A question was raised earlier about programmatic
11 issues relating to problems with corrective action programs
12 and how would that be treated in the process.

13 From an enforcement perspective, in the absence of
14 a risk significance, those items would be considered a
15 non-cited, as they would be treated as green. They'd be
16 included in inspection reports and they'd be placed into the
17 PIM.

18 If the licensee crosses into a white area, such
19 that it now is in the regulated response band, now we go
20 into a more diagnostic mode. That information would be
21 utilized in helping us plan our approach. But if the
22 failures to take corrective action, a repetitive violation,
23 are not in and of themselves risk significant or safety
24 significant, then they would still be considered as
25 non-cited violations.

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1 If I could have the next slide. The traditional
2 enforcement process with a potential for civil penalties
3 would be retained for the second group of violations. These
4 are violations where a more deterrent approach may be
5 warranted.

6 We reserve the traditional approach with the four
7 existing severity levels for violations which are not
8 evaluated by the significance determination process, and,
9 therefore, are outside the assessment process for
10 deterrents. These would be violations involving willfulness
11 and discrimination, sleeping operator issue, such as Peach
12 Bottom, would be included there, because that was an
13 integrity issue.

14 Also, violations which impede or impact the
15 process, the NRC process of oversight would also be subject
16 to the current enforcement process. These violations would
17 include violations associated with reporting issues, by
18 completing inaccurate information to the agency, failures to
19 obtain NRC approval such as for 50.59 changes to QA plans,
20 and other issues that impact our ability to oversee
21 licensees.

22 In addition, the traditional enforcement process,
23 given the importance to avoid actual consequences, would be
24 retained for violations involving over-exposures and
25 substantial releases of material, because there the barriers

1 failed.

2 Finally, we reserve the authority of the
3 Commission to utilize traditional enforcement approach with
4 civil penalties for particularly significant violations,
5 such as exceeding safety limits or involving accidental
6 criticality.

7 If I could have the next slide. The approach that
8 I have been discussing is a clear shift from our past
9 approaches to enforcement, which we've been using for almost
10 30 years. It would take regulatory functions which, in the
11 past, have been separate activities and integrate them.
12 Enforcement will compliment assessment as part of the
13 overall reactor oversight process.

14 We will be escalating our regulatory responses
15 based on safety significance. The new approach will retain
16 a compliance focus as we move to a more risk-informed and
17 performance-based regulatory process.

18 The new process should deter violations and result
19 in improved performance as the licensees strive to avoid
20 regulatory costs, such as increased inspection costs and
21 regulatory attention given by compliance and performance
22 issues with safety impacts as evaluated by the assessment
23 process in the action matrix.

24 There will be a reduced need for civil penalties
25 and its associated burdens. An enforcement process that is

1 consistent with the assessment process provides for more
2 consistent and more predictable regulatory responses should
3 further public confidence. Once the assessment process has
4 evaluated the violations, enforcement will be relatively
5 straightforward, making the process more -- easier to
6 implement and thus more efficient than the current process.

7 I'd be happy to answer any questions you might
8 have.

9 CHAIRMAN JACKSON: Let me ask a few questions
10 here. You talk about a two-track approach and you talk
11 about violations involving something with actual
12 consequences.

13 But some of the violations that actual
14 consequences that were identified in the paper seem to have
15 this SDP-like evaluation process. For instance, if you talk
16 about worker radiation protection.

17 And I guess I don't understand why those kinds of
18 processes cannot be folded into an SDP type evaluation.

19 MR. LIEBERMAN: Those types of violations will be
20 evaluated under the SDP process and will be assigned colors
21 for the action matrix. But when a worker is over-exposed or
22 a member of the public is exposed, in our view, that raises
23 to a level of unacceptability that should not happen.

24 Over-exposure is extremely rare at reactors and we
25 want to keep it that way. So that's why we feel that is

1 appropriate to have a civil penalty if that happens.

2 CHAIRMAN JACKSON: Okay. Then you mentioned that
3 the assessment action matrix formulates the NRC response and
4 normally would not use civil penalties. What criteria would
5 you use to determine when to issue civil penalty, as opposed
6 to sending a message that, per se, says you would not
7 normally use civil penalties?

8 MR. LIEBERMAN: I use the term normally, for
9 example, with the radiation protection issue. The only time
10 that we would use civil penalties would be when you're in
11 the second group and some items in the second group also are
12 evaluated by the action matrix; for example, the
13 over-exposures, the releases of material, the particularly
14 significant type violations, exceeding the safety limit.

15 Exceeding the safety limit would be, I presume,
16 red in the action matrix.

17 CHAIRMAN JACKSON: So you're saying that if a
18 violation is covered by the SDP and it goes through that
19 process, it is deemed to be very risk significant, that you
20 would not issue a civil penalty. That's what you're saying.

21 MR. LIEBERMAN: That is correct. The only times
22 would be in these extremely rare situations and in those
23 cases, it would require the specific approval of the
24 Commission. Our intent is most violations -- almost all
25 violations which are evaluated by the action matrix would be

1 treated by that matrix and not -- and we not utilize civil
2 penalties.

3 MR. GILLESPIE: In the matrix piece, because we're
4 marrying enforcement and assessment here and trying to get
5 kind of a seamless flow, the ultimate sanction and the
6 purpose of the assessment matrix was to get the plant into a
7 safe configuration, if you would; to have a safe plant, to
8 get the corrective action done, and it does go through a set
9 of meetings, regional meetings, Commission level meetings,
10 and shutdown orders are in there.

11 So it's those sanctions are still in our tool kit.
12 Those sanctions are very much there. It wasn't clear,
13 philosophically, when Jim and the staff and his staff and
14 our staff were looking at this that the civil penalty
15 actually contributed to the safe configuration of the
16 facility, and that was kind of a philosophy that we knew
17 with it.

18 But a confirmatory action letter, an order, if you
19 have something that's recalcitrant, that's necessary. The
20 focus was getting the licensee to correct the condition and
21 if it was deliberate, that takes you outside the system, and
22 if it's deliberate, you are in civil penalty space.

23 MR. MIRAGLIA: I think it's consistent with the
24 threshold approach and the level of escalation of regulatory
25 involvement, and I think the process we're talking about is

1 aligning those processes and our enforcement tools are
2 broader than just civil penalties.

3 I think Jim actually has a phrase in one of his
4 papers that talks about enforcement being broader than all
5 of those kinds of things, including --

6 MR. LIEBERMAN: Our thought process that led to
7 this approach is that assessment and enforcement are
8 essentially the same thing. They're evaluating the
9 violations, they're evaluating issues, and formulating
10 agency response. The action matrix leading to the shutdown,
11 which is the ultimate action for unacceptable performance,
12 should be a system that provides deterrence, because
13 obviously no one wants to shut down, and the escalating
14 responses should achieve the same actions from licensees
15 that we have civil penalties for and to provide the coherent
16 message, we wanted to have a more seamless approach.

17 There were some violations that one might say are
18 beyond the pail, just grossly unacceptable, and that is
19 releasing material in substantial amounts or over-exposures.

20 CHAIRMAN JACKSON: Let me ask you this question.
21 Could you ever envision enforcement resulting from
22 assessment? Let me explain to you what I mean. You stress
23 a lot putting things into a corrective action program.
24 Suppose that an assessment determines -- if that's what the
25 assessment is going to cover -- that a licensee's corrective

1 action program is woefully inadequate.

2 What's going to happen? Are you going to take an
3 enforcement action? Are you going to inspect them some
4 more? What's going to happen? It's just kind of punting
5 over the fence into corrective action programs, but you
6 describe this significance determination process that
7 doesn't even deal with that. But everything gets punted
8 over the fence into corrective action programs from
9 enforcement and otherwise.

10 So I guess I'm a little confused in terms of what
11 happens then. If you're going to be performance-based as
12 opposed to programmatically driven, then a corrective action
13 program is only as effective as what it achieves.

14 MR. MIRAGLIA: Exactly.

15 CHAIRMAN JACKSON: And what you have not
16 addressed, from what I've heard on both the assessment side
17 and the enforcement side, is how you're going to get at the
18 issue of the effectiveness of a corrective action program.

19 That is what has gotten us into trouble with some
20 famous examples. So the question is, how are you going to
21 get to that.

22 MR. COLLINS: You raise an issue that I think is
23 going to have to be explained in a plain English way for
24 anyone to really be able to fit all the pieces together, in
25 that when we talk enforcement, there is a tendency here,

1 even as we work on this process, to deal in separate
2 programs and not take -- it's a theorem of mathematics that
3 you referenced in one of your presentations, where you try
4 to measure it from inside, you can't measure it outside.

5 CHAIRMAN JACKSON: The measurement sets the item
6 state.

7 MR. COLLINS: Right. Bodim's mathematical theory.

8 CHAIRMAN JACKSON: It's quantum mechanics.

9 MR. COLLINS: Quantum mechanics. Okay. You have
10 to be able to step back and see how all these pieces fit
11 together and what is the hierarchy, which we're building and
12 we haven't done a real effective job of communicating yet,
13 certainly not to the public.

14 There are some building blocks in this process
15 that are tested and handled differently than routine
16 inspection findings. The corrective action program is one,
17 because this process is dependent on an effective corrective
18 action program.

19 The other aspects, where we can't lose sight as
20 the staff that enforcement, in and of itself, is a
21 derivative of inspection and assessment and reporting is in
22 there, also.

23 It's a means to an end after you do the --

24 CHAIRMAN JACKSON: Tell me, just tell me precisely
25 how you're going to handle effectiveness of corrective

1 action programs within the new process.

2 MR. COLLINS: Okay. You want a direct answer.

3 CHAIRMAN JACKSON: That's what I need to
4 understand.

5 MR. COLLINS: Frank.

6 MR. GILLESPIE: Let me go back to specifically our
7 basic assumption in this whole process. And if this is a
8 flawed basic assumption, we don't think it is, but it is our
9 basic assumption.

10 It is that if someone -- if someone is performing
11 in the 20 quantitative indicators and I will call it the
12 seven cornerstone inspection indicator areas, in the green,
13 then there is an expectation that you can't do that if you
14 have a satisfactory corrective action program --
15 unsatisfactory corrective action program.

16 That was an ongoing assumption, that was kind of a
17 basic assumption upon which a lot of this is built; that the
18 thresholds were picked such that, the screening process was
19 picked such that a significant failure of the corrective
20 action program should show up with specific performance and
21 that was a basic premise of the program.

22 Now, because it is such a big cornerstone of the
23 whole program, if you would, cornerstone in a different
24 sense, in the inspection portion, we have what I will call
25 an extraordinary amount of inspection that would come in.

1 It's built into each inspectable area and it's periodically
2 then going to be built in to go in and specifically look at
3 the corrective action program.

4 And now we have some longer-term efforts that we
5 have to do and we have to be able to look at it better.

6 CHAIRMAN JACKSON: So if you have it built in and
7 you have this additional emphasis in inspection on
8 corrective action program efficacy, how does that get rolled
9 into some kind of a performance assessment?

10 MR. GILLESPIE: It's going to get rolled in
11 through the normal process, because we will be looking at
12 the corrective action programs and if the corrective action
13 program -- if the cumulative number of things in the
14 corrective action program -- you might say -- are all
15 aligned, so that there is an unsafe condition represented at
16 that plant at a point in time, that's a failure of the
17 corrective action program.

18 We're working very hard now to understand how do
19 we relate the corrective action program specifically through
20 the SPD screening process to a level of safety.

21 We're going to continue to work that, but it goes
22 right -- that inspection finding goes right into the system.

23 CHAIRMAN JACKSON: I'm confused. Commissioner
24 Discus.

25 COMMISSIONER DISCUS: That probably makes two of

1 us, but let me go back to public participation. The current
2 enforcement policy allows for public attendance at
3 enforcement conferences, and my question is what is the
4 parallel process for public participation under the new
5 enforcement policy?

6 For example, will the public be able to attend
7 these quarterly and mid-cycle performance meetings? And if
8 the answer to that is yes, how do you plan to transmit that
9 information to them or is that part of your communication
10 plan that's still under development?

11 MR. MADISON: I thought the question was going to
12 be for Jim. Could you repeat the question? I was thinking
13 of another issue.

14 MR. COLLINS: Let me try to answer. I think it's
15 important to understand that our enforcement process still
16 has all the attributes that it did before. We were focusing
17 specifically on when escalated enforcement results in a
18 civil penalty. But escalated enforcement will still have
19 the opportunity for enforcement conferences, including
20 public observation of those.

21 Currently, our PPR meetings are not open to
22 public. We communicate those by ways of letters that we
23 send to licensees that forecast our inspection plan based on
24 trends. Those subsequently are discussed in public meetings
25 at the sites in a graded approach, depending on the level in

1 the region, and perhaps I should ask Jim to elaborate on
2 this, to ensure that public understands how we translate
3 inspection findings that are contained in the PIM, into
4 inspection planning, and into inspection effort at the site.

5 Those processes currently we do not envision to
6 change, although we have to look at those in light of the
7 observation or the oversight process to ensure that the
8 language that we speak still makes sense. We have yet to
9 clarify, although we have an interim paper in front of the
10 Commission, the role of the annual, quote, roll-up meeting
11 and certainly we will formulate a proposal and receive
12 Commission guidance on an annual Commission meeting.

13 So those are a little further out, but they are
14 yet to be touched on and public participation will be part
15 of that.

16 MR. LIEBERMAN: In addition, when we get into
17 inspection findings that have white inputs, one of the
18 options on the matrix is a regulatory conference and we
19 haven't worked out how we're going to bind the regulatory
20 conference with the enforcement conference, whether that's
21 going to be two meetings or one meeting, but that would be a
22 public meeting, as enforcement conferences are now.

23 COMMISSIONER DICUS: Okay. Then one other
24 question. This is coming off of slide 18 and it relates to
25 those violations, the particularly significant violations.

1 My question is, I know in your paper you mention examples of
2 what some of those are. I guess my question goes to, do you
3 have or are you planning to develop a set of criteria to
4 define what these might be?

5 And I suggest that, if it's possible, because
6 otherwise some subjectivity might creep into determining
7 what would fall into that category.

8 MR. LIEBERMAN: We haven't yet decided exactly
9 what those should be. Probably will be more like the level
10 one violation today in power reactors. Again, we feel that
11 to keep control on those and make sure these really are
12 significant violations, we would only do this with
13 Commission approval.

14 COMMISSIONER DICUS: Okay. Thank you.

15 CHAIRMAN JACKSON: Commissioner Diaz.

16 COMMISSIONER DIAZ: First, going back to the first
17 part of the discussion. I notice that you keep using this
18 word "seamless" and I get a little bit concerned with how
19 the word seamless is used and how far it is taken.

20 It seems to me like there is a meshing or an
21 interplay between the inspection, assessment and
22 enforcement, and at which time you're using this process as
23 to the term of what enforcement means.

24 But eventually I believe you mean to continue with
25 a discreet enforcement process that once you have used a

1 determination from this measurement, that you actually say
2 this is now enforcement and it's no longer seamless to the
3 oversight process.

4 Is that correct?

5 MR. LIEBERMAN: I think yes and no. The process
6 will begin together. The inspection findings will be
7 evaluated for significance and then if it appears to be risk
8 significant, then from an enforcement point of view, that
9 separates into developing non-compliances, the citation.

10 Now, that documentation may have -- may be
11 combined with the same documentation that we might be
12 inviting the licensee in to having a regulatory conference
13 under the action matrix. So whether there are going to be
14 two letters or one letter, but there's a separate focus on
15 compliance, what are the requirements and how they were
16 violated and obtain the response.

17 That response would be fed back into the
18 inspection process.

19 COMMISSIONER DIAZ: But there is a discreet action
20 taken by enforcement and then feeds back. That still makes
21 it a discreet process that is not seamless. I mean, if the
22 Commission wants to know what the process of enforcement is
23 at any one time, we should be able to get exactly that.

24 MR. GILLESPIE: Yes.

25 MR. LIEBERMAN: Yes.

1 COMMISSIONER DIAZ: Good. The second, on slide
2 18, again, there is a statement, violations impacting
3 regulatory processes. In the paper, you talk about 50.59
4 and it goes further into things like less than
5 ten-to-the-minus-six delta CDF, which are part of things
6 that are not important, and that seems to be minimal, to me.

7 CHAIRMAN JACKSON: Nice try.

8 COMMISSIONER DIAZ: Could you elaborate on what
9 impacting the regulatory process means?

10 MR. LIEBERMAN: There are various requirements
11 that provide for the licensees providing information to us,
12 changing the QA plans, changes to the security plans,
13 changes to the emergency preparedness plans, 50.59 type
14 issues, providing -- making the facility available for
15 inspections, giving us information that we need to do our
16 job, providing reports to us, Part 55, certifying operators'
17 training.

18 A variety of things that don't go to whether the
19 -- say, the safety level of a particular reactor, but goes
20 to how we oversee licensees and the requirements associated
21 with NRC's ability to oversee licensees. Those would be
22 those type of violations.

23 COMMISSIONER DIAZ: And those will be clearly
24 identified and discreetly separated, not even seamless from
25 the others.

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1 MR. LIEBERMAN: That's right. That would be a
2 separate -- that category would be a separate group.

3 CHAIRMAN JACKSON: Commissioner McGaffigan.

4 COMMISSIONER MCGAFFIGAN: On the two tracks, if
5 you look back over the past year or any recent year and made
6 a guesstimate as to what percentage of escalated enforcement
7 actions would fall into the significance determination
8 process loop and which percentage -- what number would fall
9 into the other loop, what would your guesstimate be?

10 MR. LIEBERMAN: Okay. I have looked at the last
11 two years of escalated enforcement from the point of view of
12 the traditional group and the non-traditional group. I
13 think that was about 17 percent.

14 As to --

15 COMMISSIONER MCGAFFIGAN: Which was 17 percent?

16 MR. LIEBERMAN: About 17 percent were the
17 traditional -- would be covered under traditional
18 enforcement. The integrity issues impacting the process,
19 things like that.

20 COMMISSIONER MCGAFFIGAN: And 83 percent would
21 lend itself to the significance determination process?

22 MR. LIEBERMAN: Right. I have not done a review
23 of the numbers of cases that we consider for escalated
24 action in the first group and how many of those would be
25 considered significant under the white, yellow, red. As a

1 guesstimate, it would probably be a 30 percent maybe, a
2 third.

3 COMMISSIONER MCGAFFIGAN: Thirty percent of the 83
4 percent.

5 MR. LIEBERMAN: Right. And I say that because of
6 the regulatory significance aspect. We would not -- where
7 today we might aggregate violations based on regulatory
8 significance, we would not be doing that because we would be
9 focusing more on the risk aspect. But I would also say that
10 in the past several months, the number of escalated actions
11 have dropped considerably because we're focusing on
12 regulatory significance with a tighter screening to make
13 sure there is a more -- there is a closer nexus to safety.

14 From that point of view, the more recent escalated
15 enforcement may be in line with the -- what violations would
16 be significant under this new approach.

17 COMMISSIONER MCGAFFIGAN: If I understood Mr.
18 Gillespie earlier, he said there's ten or fewer are likely
19 to be the annual number of events. You're basically going
20 to be a corollary of the assessment process, of the
21 inspection process, and ten or fewer events will trip the
22 trigger. You're not going to bother, as I understood
23 earlier, to try to assess severity levels to it.

24 Once they're into the triggered space, you'll do a
25 notice of violation.

1 MR. LIEBERMAN: That's right.

2 COMMISSIONER McGAFFIGAN: And so in numerical
3 terms, if it's ten, let's assume ten, and then what does the
4 17 percent add up to per year as a number? Isn't there
5 going to be a very significant decline in enforcement under
6 this approach?

7 MR. LIEBERMAN: There will certainly be a decline
8 in the group one cases compared to, say, two or three years
9 ago, but in more recent months, we have not had many
10 escalated reactor cases in the past six months.

11 COMMISSIONER McGAFFIGAN: Going to Mr. Lochbaum's
12 pencil-whipping issue, is there going to be any scrutability
13 into the process whereby you guys determine that an item
14 doesn't reach this ten-to-the-minus-six threshold? I know
15 that's a summary that's much more complex than that, but in
16 -- I mean, is there going to be a -- based -- you're going
17 to -- in the PIM item, you're going to say we have this
18 inspection finding and it didn't breach any threshold
19 because under our matrix or under our STP, it ended up in
20 category Y, which is not a category that brings concern, and
21 then the public could come in and ask, well, jeez, I can
22 make this calculation, I question that.

23 MR. GILLESPIE: Yes. We're still going to be
24 documenting our findings, compliance, rules, license
25 requirements are still there. So when we come across it, it

1 will be documented in the report and will be visible.

2 COMMISSIONER MCGAFFIGAN: But will you document
3 why, for -- say there's a close call -- why it ended up as a
4 non -- in the significance determination process, why it
5 turned out non-significant, that it was categorized -- I'm
6 trying to --

7 MR. GILLESPIE: Yes. We're going to have to have
8 -- actually --

9 COMMISSIONER MCGAFFIGAN: And it fell into
10 category H or whatever.

11 MR. GILLESPIE: If something gets screened out,
12 we're going to have to have documentation in the report that
13 documents why, consistent even with the policy today on
14 level four violations, why it just got turned over to the
15 licensee. So there will have to be a characterization of
16 the -- of each observation that's listed.

17 It's not in the calculation. It will be a
18 characterization that this fell below the threshold, it may
19 be a statement such that the phase one of our published
20 screening criteria, that it's screened out at phase one, if
21 it were turned over to the licensee's corrective action
22 program.

23 And I think we're being public with that and we're
24 going to be held accountable to what we write and what we
25 say.

1 CHAIRMAN JACKSON: Commissioner Merrifield.

2 COMMISSIONER MERRIFIELD: I don't have a question,
3 as Commissioner Dicus already essentially asked it, related
4 to the particularly significant violations issue. But I
5 guess I do want to weigh in with my feeling that this --
6 given the fact we will be -- we won't be in the action
7 matrix at that point, I think it's important to have good
8 guidance to make sure we've got sufficient discipline to
9 ensure that we're using that particular flexibility and that
10 we do it in a consistent manner.

11 CHAIRMAN JACKSON: Okay. We want to move on.

12 MR. MADISON: Good morning. My portion of the
13 presentation will address changes to the processes described
14 in SECY 99-007, the pilot program and its success criteria,
15 and our communication plan.

16 Based on comments received from the Commission,
17 public, industry and the staff, numerous changes were made
18 to the processes described in SECY 99-007. These include
19 the addition of the significance determination process
20 presented by Morris Branch and the enforcement policy which
21 Jim just discussed.

22 However, let me be clear; no changes were made or
23 necessary regarding the basic concepts or principles
24 described in our original submittal.

25 Noteworthy changes were made in the following

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1 areas. The assessment process action matrix has been
2 modified to provide for increased Commission awareness and
3 earlier involvement. Also, the last column was modified to
4 reflect the original intended meaning of overall
5 unacceptable performance and to indicate that plants are not
6 permitted to operate within this band.

7 In the column that includes repetitive degraded
8 cornerstone was modified to include one red assessment
9 input. We continue to consider possible refinements and
10 discuss possible refinements to the matrix.

11 The staff has modified the performance indicator
12 table to reflect the progress in this area. For example,
13 the risk significant scrams indicator has been renamed
14 scrams with loss of normal heat removal, to reflect the
15 method that was used to set the thresholds.

16 The SSPI indicators were renamed safety system
17 unavailability indicators, as a more accurate name, and to
18 differentiate them from the WANO indicators.

19 Additionally, several thresholds were changed in
20 that indicator.

21 The containment leakage indicator was changed to
22 eliminate the use of the integrated leak rate test results
23 and to use only the local leak rate test results, because
24 these are more frequently monitored. This indicator will
25 provide more meaningful information.

1 Most recently, the vital area security equipment indicator,
2 availability indicator has been dropped because it was not
3 considered meaningful, and safety system failures has been
4 renamed safety system functional failure to more accurately
5 reflect the purpose of the indicator. We just did that a
6 couple of days ago and it's actually not reflected in
7 99-007A.

8 Also of note are some items which did not change.
9 For example, concern had been expressed that the red
10 thresholds for unplanned scrams and scrams with loss of
11 normal heat removal should be set at lower risk-informed
12 levels. The staff has determined that these settings were
13 risk-informed rather than risk-based and that they
14 appropriately indicate the margin of safety in that area.

15 Questions were raised regarding the lack of red
16 thresholds for several PIs. These remained N/A for various
17 reasons. For example, the barriers PI lower thresholds are
18 already set at the technical specification limits.
19 Consequently, operations beyond these settings would never
20 be allowed. The plant would already be shut down.

21 On the other hand, unplanned transients remained
22 N/A because they represent little or no public or risk to
23 the public health and safety, and so threshold setting was
24 inappropriate.

25 Safety system failures, we felt because of the

1 wide range of systems, the differences in safety
2 significance, that it was not possible to assign a risk
3 significance to these indicators or thresholds at the yellow
4 and the red level.

5 In the baseline inspection area, the staff has
6 determined that inclusion of severe accident management
7 guidance would not be appropriate at this time.
8 Additionally, the staff has agreed on the knowledge gained
9 from conducting the pilot fire protection functional
10 inspections and how it should be factored into the baseline
11 inspection program, and this is reflected in the revised RIM
12 document.

13 Are there any questions in this area?

14 CHAIRMAN JACKSON: Why don't you keep going.

15 MR. MADISON: Next slide, please. As mentioned in
16 SECY 99-007, the staff intends to exercise the proposed
17 processes during a pilot program beginning June 1 of this
18 year. The purpose of the pilot program is to exercise the
19 entire oversight process, including inspection, significance
20 determination, assessment and enforcement, to identify
21 weaknesses and challenges to the process, and to propose
22 changes and refinements prior to full implementation in
23 January 2000.

24 An additional objective of the pilot is to better
25 quantify the level of effort required by the baseline

1 inspection program. The success of the pilot will be
2 measured against pre-established criteria, which I will
3 discuss in a moment.

4 Next slide, please. We have selected nine
5 facilities to participate in the pilot. Our selection
6 criteria included a balance of plant design, plant
7 performance characteristics, and regional work loads, and an
8 attempt to give priority to those licensees that had
9 volunteered or had participated in the NEI task force.

10 Next slide, please. During the pilot, we will
11 follow established sound rules. For example, all pilot
12 plants will be subject to the revised oversight process,
13 including enforcement, in lieu of the current processes.
14 This will require pre-planning by each region to identify
15 those portions of the baseline inspection program and any
16 initiative or reactive inspection to be performed at each
17 facility. The goal is to exercise each baseline inspection
18 procedure in each region at least once, including in the
19 areas of emergency preparedness, radiation protection and
20 safeguards.

21 However, the intention is not to accomplish 12
22 months of inspection in a six-month pilot. Care will be
23 taken to prevent over-exercising the baseline program at any
24 facility.

25 To aid in this pre-planning, PI data collection

1 will begin in May and will include the previous one to two
2 years of data. Also, PI data will be reported on a monthly
3 basis during the pilot and will be made publicly available
4 on our web site.

5 Additionally, in November or mid-cycle, an
6 inspection planning type review will be performed for each
7 facility.

8 Next slide, please. As I mentioned previously,
9 the success of the pilot program will be measured against
10 pre-established criteria. Criteria have been established to
11 measure the efficiency and effectiveness of performance
12 indicator reporting and the baseline inspection program.
13 This includes the elements of planning, conduct of the
14 inspection, inspection finding evaluation and documentation.

15 Criteria have also been established to measure the
16 effectiveness and efficiency of the assessment process and
17 the enforcement policy, as well as the success of the
18 overall program. And criteria have been established to
19 determine the readiness of information management systems to
20 support full implementation.

21 Where possible, quantitative success criteria were
22 chosen. However, certain success criteria can only be
23 measured by expert judgment. To accommodate this process,
24 we will establish the pilot program evaluation panel. The
25 panel will be composed of NRC staff and NRC representatives.

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1 including pilot plant personnel.

2 Additionally, representatives of the state
3 regulatory agencies involved in the pilot program will be
4 included, as well as a representative of a public interest
5 group. At this time, Mr. David Lochbaum has agreed to
6 participate in this panel.

7 The panel will be kept aware of the pilot program
8 activities and will meet periodically to assess progress.
9 These individuals will then provide their assessment of the
10 success of the pilot program in a report that will be made
11 part of our final report in January 2000.

12 By continuing to involve our internal and external
13 stakeholders, we hope to capitalize on their strengths and
14 facilitate acceptance of the final product.

15 Next slide, please. To prepare for the pilot
16 program, we're in the process of developing the performance
17 indicator reporting manual in cooperation with NEI, as well
18 as the baseline inspection procedures and other program
19 documents. Training on the processes will be accomplished
20 during three workshops. During the week of April 12, NRC
21 and licensee staff participating in the pilot program will
22 receive training associated with the performance indicators.
23 This will be a public workshop held in Glen Allen, Illinois.

24 Consequently, other interested individuals will
25 attend. However, the space is limited and the workshop will

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1 be structured to focus on pilot program participants.

2 During the week of April 26, NRC staff will
3 receive training associated with the baseline inspection
4 program and the significance determination process. Pilot
5 plant states with reactor inspection programs have also been
6 invited to participate in this workshop. This will not be a
7 public workshop and will be held in Region II.

8 Following this workshop, inspection planning
9 meetings will be held in each region, with the assistance of
10 the transition task force, to determine the level of effort
11 required at each pilot facility.

12 The third workshop will include presentations on
13 the performance indicators, a brief workshop on the baseline
14 inspection procedures, and the significance determination
15 process, descriptions of actual plant inspection activities
16 at each facility, discussion regarding the inspection and
17 enforcement programs and description of major activities
18 during the pilot study, including mid-cycle reviews, and the
19 pilot program evaluation panel.

20 This will be a public workshop and will be held in
21 the Philadelphia area.

22 Next slide, please. In keeping with the
23 Commission's direction regarding communications and
24 incorporating the previous communication activities
25 regarding the tasking memorandum, the transition task force

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1 includes a staff dedicated to communication.

2 As was previously introduced, Mr. August Spector
3 is the task lead in that area.

4 The true measure of our program's success is how
5 well our people carry out the plans and changes discussed
6 here today. This requires consistent, effective, accurate
7 and timely communication with both our internal and external
8 stakeholders. Our communication plan provides an approach,
9 we think, which fosters these objectives.

10 Our plan calls for reiterating as often as
11 possible the four key messages; to maintain safety by
12 establishing a regulatory framework that ensures that plants
13 continue to be operated safely, to enhance public confidence
14 by increasing predictability, consistency and objectivity of
15 the oversight processes, so that all constituents will be
16 well served by the changes taking place; to improve
17 effectiveness and efficiency of the oversight process by
18 focusing agency resources and increased licensee resources
19 on those issues with the most risk significance; and, to
20 reduce unnecessary regulatory burden for ourselves, as well
21 as our licensees, as the process becomes more effective and
22 efficient.

23 We meet with external stakeholders on a regular
24 basis, holding public meetings once every two weeks with
25 NEI, licensees and members of the interested public. These

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1 sessions are considered true working sessions, at which time
2 there is open and meaningful dialogue. We have also met
3 informally with state representatives and have established
4 liaisons with the Office of State Programs and the Office of
5 Congressional Affairs. We have learned much from these
6 public meetings and feel that the results of our new program
7 will reflect the needs of our constituents, as well as
8 maintaining a sound regulatory program.

9 Next slide, please. To accomplish these
10 objectives and to deliver the key messages, our
11 communication plan utilizes a variety of approaches. Key to
12 communicating with our staff are our supervisors. We've
13 begun to hold meetings with our first level supervisors,
14 including section leaders and branch chiefs, within each
15 region as well as in NRR, to provide them with the necessary
16 information and to answer their questions and concerns.

17 We have established a network of employees
18 throughout each region and major headquarter offices to form
19 what we call a change coalition. Change coalition members
20 will provide feedback to the transition task force in the
21 form of specific concerns regarding program implementation
22 or specific technical portions of the program.

23 We've provided our change coalition members with a
24 guide book, which we call the change coalition backpack,
25 which not only outlines the vision for the future, we hope,

1 but provides both typical questions along with answers,
2 which change coalition members may use as they meet with
3 fellow employees.

4 The transition task force is also utilizing a
5 variety of electronic communication approaches, including a
6 web page, which became active, I believe, the day before
7 yesterday, which consists of a series of internal to NRC and
8 eventually external web links, which directly relate the new
9 oversight framework program. This will be updated each week
10 under a "What's New" link and also disk versions of the web
11 page will be made available to those that do not have access
12 to the internet.

13 A variety of print media will be used to
14 communicate with our external stakeholders. The most
15 current print communication is the recently published
16 NUREG-1649, which was included in the SECY 99-007. This
17 consists of a plain English explanation of the current
18 status of the regulatory initiative. This publication was
19 coordinated by our Office of Public Affairs and along with
20 the transition task force providing assistance in
21 development of the content.

22 In the future, we expect that this NUREG will be
23 updated so as to reflect current information, as will all of
24 our communication activities.

25 Then as I mentioned earlier, we're also

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1 considering additional communication activities to try to
2 focus on the members of the public that are directly
3 associated with the pilot facilities and additional
4 workshops have been in the concept phase at least planned
5 for each region that would mirror the May 17 workshop, as a
6 public way of -- a way of getting additional public
7 information out.

8 Additionally, we believe that by continuing to
9 involve various NRC staff, industry, state and public
10 stakeholders in multiple facets of the development and the
11 pilot program, we will enhance communication, foster real
12 change, and ensure successful accomplishment of our overall
13 objectives.

14 This concludes my remarks.

15 CHAIRMAN JACKSON: Thank you. Let me ask you a
16 couple of questions. I noted that one of the success
17 criteria involved all sites expending within 25 percent of
18 the same effort in terms of hours. Do the inspectors know
19 that that is a goal and what the hourly goals are for
20 various cornerstones or can this lead to corrupting the
21 sample?

22 MR. MADISON: As I mentioned earlier, we're still
23 in the process of really refining what do we mean by the
24 level of effort for each of the inspectable areas, and we're
25 going to be monitoring that during the pilot.

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1 It's a rough goal. We're still in the process of
2 evaluating how we're going to communicate that to the
3 inspection staff, as well as the pilot participants.

4 CHAIRMAN JACKSON: And I noted also that another
5 success criterion was whether the total inspection efforts
6 is reduced by 15 percent over the existing core program, and
7 I'm curious as to how you arrive at it.

8 If you are, in fact, risk-informed, are you
9 prepared for the total inspection hours to increase by 25
10 percent or 15 percent?

11 MR. MADISON: That is a distinct possibility. We
12 have challenged the individuals that are writing these
13 procedures to not focus on the hours necessary to perform
14 the inspection, but on what is the important aspects or
15 things that they need to look at during the inspection
16 activities.

17 CHAIRMAN JACKSON: But if you have a success
18 criteria that relates to reducing the hours by a specified
19 amount going in, how do those two things comport?

20 MR. MIRAGLIA: I think, Madam Chairman, in terms
21 of -- and Frank could probably add more. In terms of
22 developing the risk-informed inspection program, that was
23 done by the folks in the field and it was a best estimate
24 and we've got this number in mind. It's a goal. We want to
25 see how close we can come to that goal.

1 In terms of the planning process for previous
2 budgets, there have been some assumed efficiencies in there.
3 I think the pilots are going to inform us as to how close to
4 that we come and we realize.

5 CHAIRMAN JACKSON: My only real comment is this;
6 I'm sure which way it's going to go, but if you set an
7 arbitrary percentage, to me, that's not a risk-informed
8 approach. That in point of fact, the point of having the
9 pilot is to understand where the risk-informed approach
10 might take you.

11 It could be plus or minus 25 percent, but you
12 always seem to be hours-driven and as opposed to really
13 having a pilot program do just what it's supposed to
14 accomplish.

15 MR. MADISON: And in actual fact, that's why we
16 added qualitative success criteria, primarily is that -- and
17 we feel that those possibly override --

18 CHAIRMAN JACKSON: Well, this is NRC. You put a
19 number down, that's the way it's going to end up. And you
20 know it and I know it. And so I claim that you've already
21 biased the results. And a risk-informed approach drives you
22 to where it drives you and so you've already biased it.

23 MR. MIRALIA: I think the intent would to do the
24 risk-informed and see what the hours are.

25 CHAIRMAN JACKSON: But you've laid out success,

1 quote-unquote, success criteria that are referenced to a
2 specific direction and a specific quantitative result. And
3 even if I wanted to accept the direction, the specific
4 quantitative result, so you've put a double bias and there
5 is no way you can walk around that.

6 MR. GILLESPIE: Chairman Jackson, we agree and, in
7 fact, we had discussion after the paper went out on that
8 one, where we stepped back and put it in the perspective of
9 it's the wrong goal. We do think a comparison between a
10 risk-informed baseline and a core is the wrong goal and we
11 agree.

12 The structure we'd see here is they should go out
13 and they should look. If there is any reduction -- if there
14 is any reduction in the future, as would be expected, it
15 will come from the restrictions placed on having a public
16 structure, which really impacts the regional initiative
17 aspects of it.

18 The real question would be is when are you going
19 to react and how much are you going to react, not -- I'm
20 agreeing it's an unfair criterion and we're already looking
21 at it differently.

22 CHAIRMAN JACKSON: All I'm saying is it's a
23 criterion that is an oxymoron really to a risk-informed
24 approach.

25 MR. GILLESPIE: It is.

1 CHAIRMAN JACKSON: A risk-informed approach should
2 lead you where it leads you.

3 MR. GILLESPIE: Yes, we agree.

4 CHAIRMAN JACKSON: I mean, I'm probably the only
5 one around here who does not have a bias as to where -- what
6 risk-informed means. That it takes you where it takes you.
7 And if it takes you down, it takes you down. If it takes
8 you down by 30 percent, it takes you down by 30 percent. If
9 it blips up, it blips up.

10 Otherwise, you are driving a result as opposed to
11 saying that you're taking a risk-informed approach. Why
12 have all this apparatus for doing risk analysis if, in fact,
13 you've already decided from the beginning what the result is
14 going to be, and so I think you need to think about that.

15 Then my only other question is, have you clearly
16 identified areas of licensee performance or aspects that are
17 not covered by the performance indicators, but which are
18 tied to the cornerstones? I'm not sure that I got that
19 clearly from you.

20 MR. GILLESPIE: Yes.

21 CHAIRMAN JACKSON: What I'm saying is if you have
22 a risk-informed baseline inspection program, is it only
23 covering the areas that the performance indicators cover?

24 MR. GILLESPIE: No. In fact, it's going back to
25 January and where we approach it was the first question was

1 what's everything that we should need to inspect at a
2 facility. Then you took the performance indicators --
3 remember when Bruce overlaid the performance indicators and
4 said where are we inspecting where the performance
5 indicators are already giving us information. Then we broke
6 down the inspection even further into verification of the
7 indicators, inspection where no indicators covered it, and
8 inspection where indicators were only partially covering it.

9 So we did go through a very, very deliberate
10 process in trying to step back and look at the whole to make
11 sure we had the whole risk -- all high risk areas adequately
12 covered to develop the information we needed to make a
13 decision.

14 MR. MIRAGLIA: So the inspection program that we
15 have has all three of those covered.

16 MR. GILLESPIE: Has all three of those in there.

17 CHAIRMAN JACKSON: Let me go back again to this
18 business of a risk-informed approach. An approach with more
19 integrity, with a goal like this. If we really did a
20 risk-informed baseline inspection program using tying things
21 to the cornerstones, using all the apparatus, and it came
22 out that on average, the net number of hours were 25 percent
23 down and we looked at what the implications of that would be
24 for nonetheless maintaining a presence in the plants and
25 regional structure and decided it couldn't go down that

1 much, that 15 percent, because we had to maintain some
2 baseline resources, that is a more honest approach than to
3 say it's 15 percent today, and that's all I'm really saying.

4 That if you haven't even gone into your pilot, you
5 still have all of these questions that various people have
6 asked, and you have assigned some number, then you have
7 already driven the process the way you go.

8 MR. MIRAGLIA: That's fair and I'm not going to
9 disagree with that, Madam Chairman. I think the issue that
10 you're raising, there are other issues that we have to
11 consider within the context of the overall planning process,
12 and we're asking ourselves those kinds of questions and
13 trying to get a feel for that and what issues do they raise
14 for us in other contexts, as well, and we are going to be
15 communicating with the Commission on it.

16 CHAIRMAN JACKSON: Let me ask one last question or
17 comment. If 15 percent is where efficiencies within your
18 existing process would take you, then that should be
19 disjoined from some overlay on the risk-informed baseline
20 inspection program. But when you mix the two, then you're
21 biasing it.

22 COMMISSIONER MERRIFIELD: Chairman, I don't mean
23 to go out of order. I just want to make a comment. I agree
24 with you that if we're going to take a look at this, we
25 ought to be willing to accept up or down the way it goes, if

1 we're truly going to be risk-informed, and I just wanted to
2 -- the Chairman had made a comment that she was the only one
3 who felt this way.

4 I just want to make it clear that I share her
5 concern in that regard.

6 CHAIRMAN JACKSON: I appreciate that, because I
7 get frustrated, because we talk risk-informed, but people
8 assume that they can just assign some figure. And what I'm
9 saying is it could be 25 percent down, I will accept that,
10 too, if you've done an honest risk-informed approach. But
11 if it fluctuates up, then you ought to be able to look at
12 that and justify it. That's the whole point of doing it
13 that way, so that you have some coherent basis for whatever
14 you do.

15 And if you don't accept it, then there is no point
16 in doing all of this, there is no point involving
17 sophisticated risk analysis and all of this kind of thing.
18 It's just a game. And I feel that very strongly.

19 MR. MIRAGLIA: I don't think that was the staff's
20 intent, Madam Chairman, and I fully agree with you and I
21 think the pilots will tell us what we aren't going to be
22 able to achieve.

23 CHAIRMAN JACKSON: Commissioner Dicus.

24 COMMISSIONER DICUS: The project managers clearly
25 had a significant role to play in the old SALP process.

1 Could you give me some idea on what their role will be in
2 the new process?

3 MR. GILLESPIE: In the new process, it would be
4 very, very much significantly less. In the current
5 reorganization in NRR, even the name of the licensing group,
6 they are now the licensing project managers. So I think
7 there is indication that we're looking at a changing or
8 evolving role for the project managers, and they will be
9 focusing on the licensing process.

10 MR. COLLINS: Right now the project managers
11 provide input to the plant issues matrix, having to do with
12 the performance of the engineering and the licensing
13 departments. That will not change. They do not duplicate
14 those functions that are performed by the region, as we have
15 in the past, as early as a year to two years ago. We cut
16 those areas out of the budget.

17 COMMISSIONER DICUS: And the other quick question,
18 you've obviously communicated with the states that have the
19 pilot plants in them. What is the reaction overall from the
20 states?

21 MR. MIRAGLIA: We had a session at the RIC and it
22 wasn't representative of all of the states that may have the
23 pilots, but some, and then as Alan indicated, that we intend
24 to go out to each of the affected -- Alan, you might want to
25 characterize some of the discussion that was there.

1 MR. MADISON: So far, they have basically just
2 been informed of the concepts and the things that we -- in
3 basic terms, what we intend to do, and there has been a
4 great interest on their part. They -- I know at least the
5 State of Illinois very interested in participating in the
6 workshops.

7 MR. MIRAGLIA: I was going to interject, just more
8 broadly, the changes that we're making within our regulatory
9 process is not only here in performance assessment, but in
10 the licensing area and renewal and adjudication process. We
11 have the challenge of keeping the four cornerstones ahead of
12 us or four filters in terms of we need to make sure we
13 articulate it internally, as well as externally, about
14 maintaining safety and doing our regulatory mission.

15 The key mission is to provide reasonable assurance
16 of protection of public health and safety and we have to do
17 it in a way that people don't hear reduce unnecessary
18 burden, that we're walking away from that mission. And we
19 have to do it that the public confidence that all the
20 stakeholders have in our processes are understood. So to do
21 the job effectively and efficiently, and that's a balance
22 that we're going to have on many of these issues.

23 I think there is some indication in the paper here
24 relative to how we're going to communicate with performance
25 assessment, but I think that challenge is before the staff

1 and the agency to articulate that and all the changes that
2 we're making.

3 CHAIRMAN JACKSON: If I may interject on
4 Commissioner Dicus' question, and if it's going off the
5 track, I'll withdraw it. But in terms of stakeholders, how
6 are resident inspectors reacting to what they think they
7 know about this program?

8 MR. MIRAGLIA: Jim is here as part of the change
9 coalition and that would be a segue to that part of the
10 process, and Jim could perhaps indicate that.

11 MR. WIGGINS: We in the region have been spending
12 a significant amount of time trying to communicate with our
13 staff on this. We recognize, though, that our primary role
14 right now, especially during this transition, is to keep our
15 eye on the plants as they're running today. That's the
16 primary thing we're doing in the NRR program.

17 But at the same time, we've invested heavily in
18 the development of the program and invested heavily in
19 communicating it. Sam and his staff have been helpful, as
20 you probably understand, his staff has been going out to the
21 regions with the express intent of communicating and
22 discussing with the regional staff the program, so that we
23 can increase understanding.

24 My sense of where the residents and the region
25 based inspectors are coming from, honestly, there is some

1 varying opinion, but the general trend is they're
2 inspectors, so they're skeptics. The best inspectors are
3 skeptics. They want to be shown before they buy it
4 completely. But at the same time, they're cautiously
5 optimistic with the program.

6 Most folks in the region, the overwhelming
7 majority, and as soon as you communicate it, if you
8 communicate it well, you're able to sign more people up to
9 it.

10 I would characterize the regions as being
11 committed to make the program work and as opposed to some
12 type of a construct where we're trying to stand in the way
13 of it, and this is from the regional administrators down to
14 the -- throughout the staff, to the newest inspector.

15 I would say, in direct answer to your question,
16 the people are skeptics at this point.

17 CHAIRMAN JACKSON: They're from Missouri.

18 MR. WIGGINS: Right. They're inspectors. We
19 train them not to accept promises, but to look for results.

20 CHAIRMAN JACKSON: No promissory notes.

21 MR. WIGGINS: And that's what they're looking for.
22 But at the same time, I think it's fair to state, and the
23 rest of the regional administrators would agree with this,
24 that overall they're cautiously optimistic with the program.

25 COMMISSIONER MERRIFIELD: Chairman, if I may go

1 out of order, as well, just because it touches on this very
2 issue. I have visited a number of plants in regions
3 recently and I have talked to a number of the inspectors and
4 I agree with you that I think that there is a commitment.
5 We've got some great staff and I think they're committed to
6 doing the right thing.

7 But I think there is that skepticism there and
8 even more so than I think perhaps you've indicated. Two of
9 the most significant issues that they raised to me, the
10 first one related to a general feeling that they felt their
11 hands were going to be tied in this new oversight process
12 and that if they found a problem in a plant that was not
13 associated with a risk significant system, that they would
14 be forbidden to raise that problem to plant management.

15 The other issue that was raised is that there are
16 some inspectors who I spoke to who had themselves convinced
17 that the number of inspection hours that they were going to
18 be having would be cut in half, not 15 percent, but in half.
19 So clearly there are some misconceptions still out there,
20 and these are relatively recent conversations.

21 But I think there are still some misconceptions
22 out there in the field and I sort of pass along that I think
23 we've got more work to do in that regard.

24 MR. WIGGINS: I didn't want to say that everyone
25 has bought into it and there aren't some real concerns. I

1 don't want to leave the impression that everyone has signed
2 up completely or anywhere near that at this point.

3 I think, though, it's fair to say, as folks have
4 the opportunity to get more involved in understanding the
5 program, and it takes time, they begin to feel better about
6 it as they understand it more, they begin to feel better.

7 Frankly, when the program was first being
8 developed and the first understanding that came out, and you
9 can talk to the folks in the field, what they see the
10 program is more a performance indicator dominated program
11 and then they look at the performance indicators that are in
12 the current program and say, gee, we're going to be
13 marginalized, we're going to be on the sidelines as passive
14 observers in the process.

15 What they're under-valuing is the role of the
16 inspection and the inspection areas at this point. They
17 haven't completely understood them, because up to this
18 point, all you see in the inspection program is some topics.
19 It's the transition task force now that's putting some meat
20 around the topics and that's what they're waiting to see.

21 What I wanted to tell you before, what the four of
22 us hope to do for the regional administrators is to show the
23 continued commitment from the region in the development of
24 the program, but to try to provide the perspective of the
25 front end implementer and what the front-end implementer

1 sees in this assessment and oversight program, and to bring
2 to the table the concerns, an understanding of the concerns
3 that, Commissioner, you're seeing when you talk to the staff
4 out there.

5 They can work the arithmetic, they can work the
6 numbers. They know how many inspection hours we've been
7 given. They know the number in the paper that's tied to the
8 baseline and they can draw conclusions.

9 I believe what you're hearing from the staff now,
10 though, and somewhat in response to the Chairman, going
11 along with the Chairman's question, is there is more of a
12 focus, especially during the pilot, and let's make sure
13 we're doing the right thing. Make sure we're doing the
14 right inspection, make sure we're covering the right areas,
15 got the appropriate scope and depth and content, and see how
16 much time it takes to do the program and to work the results
17 through whatever significance determination process it has
18 to go under, how long does it take.

19 And the point of view, I think I would agree with
20 you, it takes as long as it takes and to get the end point,
21 the outcome that you're looking for. So I would say you're
22 right. Like I said, there's a spectrum of opinion and the
23 -- I would hold that there are -- it is a tough discussion
24 for folks and there is some concern with regard to whether
25 the NRC will still be as effective as it had been.

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1 I think we're making -- I think from the four of
2 us, the four deputies, I think we generally would agree that
3 we're making progress in that regard. We're trying to get
4 the word to folks, and Sam and his staff is helping by
5 coming out into the regions and taking their comments and
6 showing that there is a positive reaction.

7 They're getting it -- the comments are coming in
8 and they're being considered and there is rational
9 explanations for what's in the program now. There is an
10 up-front answer back. If the answer to the question is we
11 don't know, we have to work on it, that's what is coming
12 through, and I think that's going to help in the long run.

13 COMMISSIONER MERRIFIELD: As somewhat a fan of
14 military history, the lesson is that the best battle plans
15 designed at headquarters are only as good as the ability to
16 implement that at the front lines, and for us, and I guess I
17 sort of turn the more sentinels of safety, our front line
18 inspectors ultimately are the proof in the pudding as to
19 whether this plan that we've put together is going to work,
20 and I think it's very important that we really spend a lot
21 of time communicating with them and getting them in with our
22 program.

23 CHAIRMAN JACKSON: And to get their insights.

24 COMMISSIONER MERRIFIELD: And their insights, yes.

25 CHAIRMAN JACKSON: Right. Because the worst thing

1 that could happen for us is that we merrily roll along, we
2 work with our stakeholders, we have Mr. Lochbaum involved,
3 we work so nicely with NEI, and then you end up having your
4 own internal whistle-blowers, who are the people who go to
5 those plants every day of the week.

6 Then it is a disaster and if you don't understand
7 that, then we're all barking up the wrong tree here.

8 MR. COLLINS: Commissioner, we understand that.
9 We have had the regions involved since the inception of this
10 program. We have had on the conceptual design team.

11 CHAIRMAN JACKSON: But it's the same thing, Sam,
12 and this is not meant to get into an argument with you, but
13 it's what we do with our licensees. Does it go down through
14 the organization and if you go and ask the random inspector
15 105, what is he going to tell you.

16 And I agree. I know you've had the regions
17 involved and I applaud actually having this executive
18 coalition, but the metric for us is the same for the metric
19 we claim in terms of, quote-unquote, safety culture with our
20 licensees, and that is, is it down through the organization
21 and does everybody understand where we're going and
22 understand it. And if they don't --

23 MR. COLLINS: The answer to that is no, it's not,
24 but the answer is that we've been working on it very hard
25 and we have the communication --

1 CHAIRMAN JACKSON: All this just says re-double
2 the efforts. The Commissioner has told you he's been to
3 plants recently, he knows what he's hearing. It's not
4 unlike what I've heard when I've had the Chairman/staff
5 dialogues. Then I'm talking to large numbers of folks.

6 So it's just a warning. I mean, it's just a
7 warning flag and, Augie, I'm glad you're here and you're
8 hearing all of this, because it just tells you the
9 importance of communication, because those are the rocks on
10 which this big ship can wreck.

11 MR. MIRAGLIA: We don't underestimate that
12 challenge, Madam Chairman, and we fully understand it. The
13 point I would make is that we have that challenge in other
14 areas, as well.

15 CHAIRMAN JACKSON: I think we're going to have to
16 move along. Commissioner Diaz? And we're going to abrogate
17 the rest of your slides. We'll just read them, because
18 we've got two other panels here.

19 COMMISSIONER DIAZ: I think this has come up
20 several times today and I keep seeing it in a lot of the
21 work that the staff is common, is this four key messages,
22 four key cornerstones, four key filters, four is maintained,
23 safety, improved efficiency and effectiveness, reduce
24 unnecessary burden, and increase public confidence.

25 I think those are all very good. I think

1 sometimes, and I'm going to borrow from Mr. Lochbaum, you
2 know the sense that he communicated at one time is in the
3 area of increasing public confidence, it is very difficult
4 to use that a priori, because you really don't know what the
5 effects, that fundamentally increasing public confidence,
6 the result of what we do is a result of the implementation.

7 And so we need to be focusing on what the results
8 are and how do we properly communicate and to increase
9 public confidence, it's the results that really count and
10 it's counting them ahead of time is good, but it's not
11 sufficient to achieve the objectives.

12 CHAIRMAN JACKSON: Commissioner McGaffigan.

13 COMMISSIONER MCGAFFIGAN: With regard to the
14 dialogue that was had a few minutes ago, I encourage the
15 skepticism. I may be being subversive here, but I encourage
16 the skepticism at the lower parts of the staff, if they are
17 indeed raising these issues.

18 I think the issue of marginalizing the inspection
19 process and relying unnecessarily or precipitously on
20 performance indicators is exactly a good issue. If the
21 entire inspection process, if the expectation going in is
22 that the entire inspection process per year is going to
23 result in ten or less significant findings that threaten a
24 white or yellow input into the process, I do think
25 performance indicators will give us more white or yellows.

1 The expectation going in is on inspection
2 findings, but -- so I encourage the skepticism and I hope
3 we'll listen to the skepticism, because if we're really in
4 the mode already of trying to roll this thing over people, I
5 think I agree with the Chairman, there will be a backlash at
6 some point, because some of their concerns may indeed
7 develop.

8 MR. MIRAGLIA: Commissioner, I would have to react
9 to the word that we're trying roll it over to the staff. I
10 don't believe that we have underestimated the challenge that
11 it's going to take to change the management and the culture
12 of this organization.

13 We've talked to the Commission on several
14 instances and the change coalition, the backpack, the
15 meetings that we have, we have all the inspectors on board,
16 no. Are we going to make them part of the process? Yes.
17 This has to be a participative process.

18 That's our goal and objective. Are we there
19 today? Clearly, you heard from Jim, representing the
20 regions, that we're not there. I don't believe we
21 underestimate that challenge.

22 CHAIRMAN JACKSON: I think, Frank, we should all
23 be calm, but the fact that you're hearing it tells you the
24 degree of concern that the Commission has about it, and
25 that's the message you need to take away.

1 MR. MIRAGLIA: And I would agree and I would say
2 the management has that degree of concern, as well.

3 COMMISSIONER McGAFFIGAN: The question on the
4 topic we just had, the public communications strategy, is
5 there any intent to involve not just Mr. Lochbaum, but local
6 publics? Are you going to simulate local public meetings,
7 where you try to explain this process in plain English at
8 the plants and try to walk people through why they should
9 have enhanced confidence in this and why we're still
10 maintaining safety under this process?

11 MR. MADISON: Yes, sir. I think I said that
12 earlier, that we -- that is in our plan. We've talked about
13 this would be a cooperative type of effort with the licensee
14 at that facility, where we would be available to explain the
15 process and then answer questions.

16 COMMISSIONER McGAFFIGAN: Not just explain the process, but
17 take November; in November you're going to have a process,
18 you're going to run it five months, and you're going to have
19 some results and you're going to have either inspection
20 findings or you're going to have performance indicators.
21 Are you going to attempt to sit down and say here is our
22 assessment, not just of the process, but here is our
23 assessment of this licensee based on the pilot over the last
24 six months, using the new process.

25 MR. MADISON: We were -- our planning had been

1 that we would do that in a large public workshop, not
2 necessarily at each individual pilot facility.

3 CHAIRMAN JACKSON: I think you might want to
4 reassess that.

5 MR. MADISON: We'll take that comment. Thank you.

6 CHAIRMAN JACKSON: Commissioner Merrifield.

7 COMMISSIONER MERRIFIELD: I just want to repeat
8 part of what I said before, and I direct some of this to
9 Frank and Sam. I think the staff has done an awful lot of
10 hard work and needs to be complimented for that. This is a
11 work in progress.

12 I think we all need to recognize that. That's why
13 we have a pilot, to take those lessons. And one of the
14 things that relates to the comment that I had gotten from
15 some of the inspectors that I talked to, I just want to
16 relate that.

17 It seems to me, and you didn't say this, but it
18 seems to me that the pilots is a critical place where we're
19 going to have -- and I assume you naturally intended that --
20 obviously, the inspectors are going to have a very intimate
21 involvement in those pilots.

22 This is clearly an opportunity now where they will
23 really be able to get their hands around it and you didn't
24 mention that, but it dawned on me that clearly they will
25 have a significant input in the pilot process in terms of

1 the analysis.

2 MR. MIRAGLIA: Specific training for the resident
3 is going to be implemented by those residents and the
4 regional folks in the field. So that's the intent.

5 MR. MADISON: We actually have two of the resident
6 inspectors involved in the pilot study and are writing
7 procedures right now.

8 COMMISSIONER MERRIFIELD: Well, good. Hopefully
9 they can take some of the experience that they have and the
10 lessons that they've learned through the pilots and share
11 that with their counterparts in the regions and perhaps
12 dispel some of these lingering concerns.

13 MR. MIRAGLIA: The expectations that we have in
14 terms of involving the regions and the folks that are in the
15 field that are going to implement the process is that they
16 become change anchors for those processes.

17 CHAIRMAN JACKSON: You know, before I excuse this
18 panel, the hardest thing, when you've worked as hard as all
19 of you have in getting this to this point, is for someone to
20 come along and appear to criticize. But I think we all kind
21 of are nervous together, because we know we're embarking on
22 something that is quite different from where we've been
23 heretofore.

24 I think we all have come to believe it's the right
25 way to go, but don't misread the Commission's concerns. At

1 least don't misread mine, because I have complete disjoining
2 of my raising what I consider to be legitimate concerns with
3 my being able to compliment you on what you've done to this
4 point, because you've done an amazing job in a very short
5 time, under an enormous amount of pressure, and I thank you
6 for that.

7 COMMISSIONER MERRIFIELD: I second the Chairman.

8 CHAIRMAN JACKSON: So I'm going to excuse this panel and
9 then we'll bring -- we'll have a five-minute break and then
10 the next panel will consist of Mr. Lochbaum, from UCS.

11 [Recess.]

12 CHAIRMAN JACKSON: We will now hear from Mr. David
13 Lochbaum.

14 COMMISSIONER McGAFFIGAN: Why don't we do them at
15 the same time?

16 CHAIRMAN JACKSON: Well, we have an idea. It's a
17 question of whether the NEI representatives are willing to
18 come forward at this time, so we can have one panel. If Mr.
19 Lochbaum can be surrounded by these folks. Mr. Beedle, Mr.
20 Floyd, and then we have the mysterious gentleman.

21 MR. BISHOP: Madam Chairman, Bob Bishop, General
22 Counsel of NEI.

23 CHAIRMAN JACKSON: Would you turn on your
24 microphone?

25 MR. BISHOP: My sense is the presumption is either

1 that everyone knows me or no one cares.

2 CHAIRMAN JACKSON: Well, the only thing I would
3 say is it's the bow tie that made me think you were a
4 lawyer.

5 MR. BISHOP: Thank you.

6 CHAIRMAN JACKSON: That's okay, I don't want to
7 hear it.

8 COMMISSIONER MERRIFIELD: I want a bow tie, I want
9 to make that very clear.

10 CHAIRMAN JACKSON: Let us begin. Mr. Lochbaum.

11 MR. LOCHBAUM: Thank you. The assessment program
12 that's presented in SECY 99-07A can be viewed two different
13 ways. Originally, I had titled my presentation for this
14 morning as public confidence in the process, but it got
15 changed a little bit.

16 The new process, there are certainly elements of
17 the new process that could be viewed as improvements across
18 the board. There are also things in the new process or
19 changes in the new process that could be viewed as lessening
20 regulatory effectiveness.

21 I think our personal view is that the overall net
22 effect of the proposed changes are positive, but we're
23 getting a lot of calls from people that live around the
24 plants and people we work with feeling that these possible
25 elements of back retreating outweigh the benefits and they,

1 therefore, should not -- we should not move in this
2 direction.

3 So I think it goes back to a public communications
4 standpoint, unless we're wrong, but we hope we're not.

5 The program needs to be communicated fully and
6 effectively so that people really understand it, and I think
7 that's where I've tried to steer most of my comments today.

8 I originally spent a lot of time looking at 1649,
9 because I thought it was a proposed document. I didn't
10 realize it was out. Because I attended all three days of
11 regulatory information conference, but I never saw it, so I
12 didn't know that it was a public document. So a lot of
13 those comments are moot now.

14 The proposed oversight process is not complete, as
15 we heard this morning, but it appears to be developed to the
16 point where the time has come to try it out. To us, the
17 encouraging thing about trying out a work in progress is
18 that the NRC staff has been and appears -- there is every
19 sign that it will continue to be receptive to comments and
20 to make midcourse corrections. So with that encouragement,
21 we figure it's probably time to go ahead and try this thing
22 and see how it works.

23 Plus, some haste is warranted because the plants
24 are currently operating in a transition regulatory state and
25 of uncertain effectiveness. So there is risk either way and

1 we think the risks of not proceeding are greater than
2 proceeding at this point.

3 With respect to the question of aggregation of
4 little bitty things, we think it's time to put this issue
5 onto the shelf until sometime in the future. To me, it's
6 kind of like trying to determine if the car involved in a
7 drive-by shooting was speeding at the time. We really need
8 to focus on the felonies before we get into the
9 misdemeanors.

10 COMMISSIONER MERRIFIELD: You really have a term
11 for those phrases. We ought to compliment him.

12 CHAIRMAN JACKSON: Are you sure you were not an
13 English major?

14 MR. LOCHBAUM: No, I got proof of that.

15 CHAIRMAN JACKSON: I like that. Can I use that?

16 MR. LOCHBAUM: Sure.

17 CHAIRMAN JACKSON: You won't accuse me of
18 plagiarism.

19 MR. LOCHBAUM: No. I don't even know what that
20 word means. Slide three. These are things that we look at
21 as being the best parts of the new program. The new
22 assessments -- the old assessments used to be performed in
23 four broad categories, even though it says board categories.

24 CHAIRMAN JACKSON: Now I see what you mean about
25 the English major.

1 MR. LOCHBAUM: I do that mainly for Herb's
2 benefit. He catches one every time. So it's just to make
3 him happy.

4 The new process is going to look at 18 to 20
5 performance indicators and so you get more discreet
6 indications of performance. In addition, the new
7 performance assessments will be done every three months
8 instead of 18 to 24 months. You'll be better defined and
9 quicker NRC response to performance declines. So we think
10 those greatly outweigh any potential drawbacks in the new
11 process.

12 But there are signs that people could take that
13 the new process is a step backwards or at least not a step
14 forward, those being, not in any particular order, the fact
15 that level four violations are now being neglected.

16 NRC is going to rely heavily on performance
17 indicators provided by the plant owners themselves.

18 CHAIRMAN JACKSON: Can we have the next viewgraph,
19 please?

20 MR. LOCHBAUM: The NRC will be spending -- may or
21 may not be spending significantly fewer hours inspecting
22 plants and the NRC will downplay problems if the overall
23 performance is green.

24 That's slide five, please. Then I took particular
25 issue of page two of the SECY paper, which said over the

1 last ten years, commercial nuclear power plants have
2 operated safely. I took personal -- I have a chip on my
3 shoulder, because if I felt that was true, I wouldn't be
4 with UCS. It was my feeling that the NRC didn't handle a
5 safety issue that I brought forward that led me to be at UCS
6 and I think that's the reason George Glass is on the cover
7 of Time and others, that there is two sides to every coin.

8 I work with a lot of people who share this view.

9 CHAIRMAN JACKSON: May we have the next viewgraph,
10 please?

11 MR. LOCHBAUM: I think the important thing is that
12 that opinion and also the opinion on the next page, slide
13 six, GAO's opinion that NRC regulations and guidance do not
14 define for either a licensee or the public the conditions
15 necessary for plant safety. If GAO's opinion is right, then
16 the first opinions can't be right, because the NRC doesn't
17 know what safe and unsafe is.

18 I think the important part is that they're all
19 just opinions. It doesn't really matter, but they do lead
20 to perceptions amongst the various stakeholders and I think
21 those perceptions are the key to why some people think this
22 program will work and may not work.

23 Going to specific comments, on slide seven, the
24 figure one, which was also in slide eight in the handout
25 this morning, on the significance determination process,

1 contains a box titled engage licensee and NRC risk analyst
2 for refinement.

3 There was no discussion of what that really meant
4 within the SECY paper or this morning. Our concern is
5 that's the subjectivity of the past, where there was a
6 problem, you then kicked it back to the licensee to say tell
7 me why this is not a problem. That, first of all, it isn't
8 going to incur some kind of delay. Since the results are
9 being reported quarterly, you can't wait six months to a
10 year to get a response back on what this -- whether this
11 really was or was not a problem. So we're concerned about
12 the potential delays.

13 We're also concerned about what -- if there is a
14 large percentage of these items that are passed through all
15 the other screens and get to this point and now downplay,
16 the public confidence in the whole process will be not as
17 great if there isn't a high percentage of these things that
18 are downplayed at that point.

19 Also, there seem to be an awful lot of boxes on
20 that screening or significance determination process and it
21 makes me a little bit skeptical that that process is going
22 to be timely.

23 On attachment four, the enforcement strategy, this
24 was already discussed this morning a little bit. Whether
25 you can really use a delta core damage frequency to

1 determine the significance of inspection findings. I think
2 it works pretty well in the performance indicators, because
3 if there is a bias between the plants, it's the same bias
4 and it doesn't -- it gives you some relative indication of
5 safety significance.

6 On individual inspection findings, when you start dealing
7 with licensees, you're going to get some licensees that can
8 play the game very well, that played the game under the SALP
9 process very well, and there's going to be some licensees
10 that can't play the game very well, and their inspection
11 findings will not be.

12 Plus, you allow the NRC subjectivity in whether
13 they -- how much weight they want to give on the licensee's
14 determination of whether -- how refined refined can be. So
15 we think there are some concerns with these two process as
16 they are coupled together.

17 The example would be this Sunday is the 20th
18 anniversary of the Three Mile Island accident. I think if
19 you took the stuck-open pilot operated relief valve, which
20 there had been a history at the plant and other plants, the
21 closed AFW valves and the human performance problems, and
22 did a delta core damage frequency on those three events, you
23 probably would have gotten something less than
24 ten-to-the-minus-sixth.

25 Which is not to say that this new process should

1 be able to capture or prevent TMI, that is not a realistic
2 goal and that's not what we're saying, but the point we're
3 trying to make is that numbers can be misleading sometimes
4 and too much faith put into a shaky system is not warranted
5 at this time. Maybe down the road, but not at this time.

6 We also are somewhat disheartened at the April
7 1998 predecisional enforcement conference for the D.C. Cook
8 situation, Mr. Lieberman asked the licensee if the
9 containment was functional or operable at the time and they
10 said they couldn't -- didn't have an analysis to show that
11 it was, but their gut feeling was it would have worked and
12 would have functioned in case of an accident.

13 I don't know how a gut feeling, is that
14 ten-to-the-minus-sixth, I don't know how that will play out
15 in this new system, but we're concerned that those kind of
16 numbers might be used to downplay the significance of what
17 happened at that plant and others in the future.

18 Slide eight, please. These were the comments on
19 the NUREG, which I thought was a draft form, so I spent more
20 time there than I probably should have. Some of these words
21 are difficult for the people in the street to understand,
22 like the manual unplanned reactor scram, somebody actually
23 asked me one time how it could be, does the operator just
24 not know what was going on. They took it that the unplanned
25 was the fact that he somehow bumped into the scram switches

1 or something, how did that happen, not that it was what
2 really happened.

3 Those terms have real nice meaning to most people
4 in the industry, but not people in the street who don't know
5 what that nice -- those tricky words mean.

6 So sometimes that can lead to a false impression
7 and heighten concerns. So I'm not going to spend a lot more
8 time on that.

9 Slide nine. The communication plan, I thought it
10 was interesting that on the table, the internal/external
11 stakeholders, there wasn't any public -- actually people
12 living around the plants included. For the pilot plants,
13 we'd be glad to provide a list of people living around each
14 one of those plants that are concerned about safety and the
15 people we deal with.

16 I can't guarantee that they'll come to the
17 meetings and things like that, but they should at least be
18 solicited to see if they're interested, and I can provide
19 that if that would be helpful.

20 In conclusion, going back to the statement on
21 slide ten, if the NRC staff truly believed that all nuclear
22 power plants had operated safely in the last ten years,
23 first of all, the Senate might be right as far as reducing
24 the number of staff members.

25 If that is truly the case, then the staff may be

1 too large, as the Senate proposed last year. We don't agree
2 with that. We think the staff has an important mission and
3 needs to do that. We don't think there should be any number
4 cut drastically. We also don't think the evidence would
5 suggest it.

6 It goes back to the definition of safety and I
7 think the person in the street could see a car zoom by a
8 school district and consider that an unsafe practice,
9 whether you hit a child or not. It is an unsafe practice.
10 So I think some of the plants in the last ten years have
11 been in the more broadly accepted view of safety and
12 non-safety, been operated unsafely.

13 The fact that they didn't cause an accident or
14 there wasn't an accident at the time is nice, but it's not
15 the true definition of safe and unsafe.

16 So I think that may be a difference between the
17 public acceptance of these terms, is the definition of what
18 is safe and unsafe, and I think it's important that in this
19 process, we nail that down and reach a consensus on that.

20 Thank you.

21 CHAIRMAN JACKSON: Okay. Commissioner Dicus.

22 COMMISSIONER DICUS: No questions.

23 CHAIRMAN JACKSON: Commissioner McGaffigan.

24 COMMISSIONER MCGAFFIGAN: The issue of what the
25 role if inspection is compared to performance indicators, we

1 had some discussion of that earlier. What is your
2 expectation of our inspection program and what its
3 contribution to this process is going to be? You heard
4 Commissioner Merrifield and the staff talk about the fear
5 among some of our folks that our inspection program is going
6 to be marginalized, but relatively few findings are going to
7 rise to the significance that they're going to have any
8 impact at all on the assessment process.

9 And since I think we've now got -- we don't have
10 an enforcement process driving assessment anymore, we have
11 the enforcement process, at least for the calculable areas,
12 a corollary of the assessment process, which may be good.

13 But does that add up to you or would you expect
14 more of the inspection process? What are your expectations?

15 MR. LOCHBAUM: Like I said, I didn't look at it in
16 that view. I looked at it in view of the feasibility study.
17 It showed like D.C. Cook and Millstone, a lot of the issues
18 that came out of that backward-looking or the feasibility
19 study was that hardware issues were identified and those
20 hardware issues weren't really captured under the old
21 inspection program.

22 I think the new focus, as I saw it laid out in the
23 January original version of the SECY paper, kind of
24 recognized that and took the inspection program into the
25 right areas.

1 CHAIRMAN JACKSON: Do you feel that's being
2 preserved in 007A?

3 MR. LOCHBAUM: I think so, yes, from everything
4 I've seen.

5 COMMISSIONER MCGAFFIGAN: But we don't expect to
6 find much. You think the new inspection process, with this
7 threshold for ten-to-the-minus-six delta CDF, whatever, that
8 those things that happened at Millstone or the other plants
9 would have triggered, or are we really relying on
10 performance indicators to trigger that this plant is in some
11 difficulty?

12 Because if you take each of them individually and
13 pencil-whip it, as you say, you may remain merrily in the
14 below ten-to-the-minus-six zone and how does it all --

15 MR. LOCHBAUM: I think I haven't tried to figure
16 out which is more important, because I think it's being
17 presented as an integrated process and I think they're
18 equally important.

19 I think the fact that there are so many discreet
20 categories, that whether it's a performance indicator that
21 raises a flag or an inspection finding that raises a flag,
22 the process should allow that to be -- that performance
23 slide to be detected and action taken to correct it.

24 I think the numbers I heard today, if I was an
25 inspector and I saw that there were only ten -- you know,

1 that number of ten that kept getting used, I'd want to get
2 one of those ten. So I think I would -- and I think I
3 could, over the next year, get one of those ten, because
4 that gets you into a pretty elite category right off the
5 top.

6 COMMISSIONER MCGAFFIGAN: Are you volunteering to
7 -- no, I'm just --

8 MR. LOCHBAUM: I am. I'm not sure the plants
9 would equally volunteer for that. I didn't realize that
10 point about having the inspectors on board. I think that
11 was important that that came up this morning, because I
12 hadn't thought of that and I feel somewhat remiss for not
13 having, because it is an important part.

14 But I think the effort that I saw in January, as
15 far as what the inspection module was laid out and what it
16 was going to look at, should be a pretty good process.

17 COMMISSIONER MCGAFFIGAN: Who is going to -- if
18 you're worried about pencil-whipping and some licensees
19 being better at it than others, do you intend or who will
20 keep the process on us? They did answer earlier it's going
21 to be scrutable and, therefore, when they categorize it, an
22 inspection finding is something that's not going to be one
23 of the ten, that they'll have a little notation in there as
24 to why it wasn't, that it fell into category 1GH or
25 something.

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1 And then you'll be able to go to work and see
2 whether you agree or whether there's an awful lot of these
3 IGHS showing up, starting a pattern or whatever. But is
4 there any intent -- has anybody in the public have the
5 resources to look at the results and question whether we are
6 covering things up or pencil whipping things?

7 MR. LOCHBAUM: I think Ross Perot has the
8 resources. Whether he'll allocate them for the purpose, I
9 don't know.

10 COMMISSIONER MCGAFFIGAN: Are you, also, making a
11 request to the Ross Perot foundation?

12 MR. LOCHBAUM: No. I think that's a good
13 question. I don't know -- the best we can do is monitor
14 processes and when we see abuses, raise a flag. I think --
15 like I said earlier, I'm encouraged by the NRC staff's
16 receptiveness to comments. I have every reason to believe
17 that's going to continue and that will -- that's why I
18 agreed to Mr. Madison's request to be on -- although I
19 forgot to check with him about the uniforms, but I wanted to
20 be on the --

21 MR. MADISON: No uniforms.

22 [Laughter.]

23 MR. LOCHBAUM: Agreed. I think that would be
24 helpful. That's how we intend to factor that kind of
25 comments back.

1 MR. MCGAFFIGAN: Thank you, Madam Chairman.

2 CHAIRMAN JACKSON: Thank you. Commissioner
3 Merrifield.

4 COMMISSIONER MERRIFIELD: I've got two questions.
5 I guess -- I've been sitting here long enough at this point.
6 I was going through slide five and I'm not as -- I saw the
7 comments about the Easter Bunny, Santa Clause, and the Tooth
8 Fairy, and I'm not as receptive to sarcasm as I may have
9 been a few hours ago. But, I guess my primary point relates
10 to the comment in SECY 97-07A, regarding the fact that
11 overall plant performance has improved -- that's sort of the
12 second half of that sentence -- over the last 10 years.

13 And I guess the question I have for you is: are
14 you saying that overall plant performance has not improved
15 over the last 10 years or do you think it's the matter that
16 we, as the NRC, lack the objective evidence to make that
17 conclusion?

18 MR. LOCHBAUM: Right now, there's four plants that
19 have been shut down for over year due to safety problems.
20 The fact that these plants are in extended shutdowns,
21 there's no winners for -- shows that they built -- they're
22 in pretty big holes, that it takes a year plus outage to
23 fix. Our feeling is that those plants were marginally safe
24 or unsafe before they shut down for these year plus outages,
25 and that shouldn't have been allowed to happen. It's good

1 that the process ultimately led to them being shut down and
2 there things to be fixed. But, in our view, that downward
3 slide hurt for too long a period and too much safety margin
4 was removed before that step was taken.

5 MR. MERRIFIELD: That's fair, but let me reiterate
6 my question. Are we or are we not safer than we were 10
7 years ago? That's the summary of what the second part of
8 that sentence says.

9 MR. LOCHBAUM: I think you're -- overall, it's
10 safer than it was 10 years ago. But, in some respects, it's
11 like Abe Lincoln. You were shot in the head. Overall, his
12 body was in pretty good shape, but --

13 [Laughter.]

14 CHAIRMAN JACKSON: He's good.

15 MR. MERRIFIELD: You know, you just had to tag
16 that on. I'll take the first half of your answer on that
17 one.

18 MR. LOCHBAUM: The same price.

19 MR. MERRIFIELD: I'll just finish -- I know you
20 spent some time going with some detailed comments regarding
21 new reg 1649, and I have to say, I appreciate those
22 comments. Obviously, you know, notwithstanding the fact,
23 you sort of -- you were looking at an interim document,
24 rather than a final one. I think that, obviously, you put a
25 lot of time and thought into that. I think -- you know, we

1 know the staff is working hard to explain this stuff. It's
2 in plain English and I think, hopefully, as we do a further
3 revision on that document, your comments and further
4 comments in that regard will prove helpful.

5 MR. LOCHBAUM: Okay; thank you.

6 CHAIRMAN JACKSON: I have a few questions for you.
7 I'm going to your slide that talks about signs that NRC is
8 retreating. That's slide four. You said most level four
9 violations are being neglected. The question I would have
10 for you, as you look at the -- where the enforcement program
11 has gone, what, in terms of correcting the conditions that
12 make up the violation, has changed from the old method?

13 MR. LOCHBAUM: None whatsoever. It's not that I
14 disagree. In fact, I was a proponent or an advocate of the
15 new process, as it's done.

16 CHAIRMAN JACKSON: Okay.

17 MR. LOCHBAUM: But, you know, the slide that was
18 shown to the Senate, where you show the numbers, somebody
19 who wasn't privy to those meetings and understands why that
20 happened, looks at that -- could look at that, that the NRC
21 has just conceded to what the Senate asked for and just
22 backed off and let the industry do what it wants. I don't
23 think that's a fair impression, but that's --

24 CHAIRMAN JACKSON: So, it's a communication issue?

25 MR. LOCHBAUM: Right.

1 CHAIRMAN JACKSON: Then you say NRC will rely
2 heavily on performance indicators and data supplied by the
3 plant owners. And the question is, again, is this a
4 communication issue or do you acknowledge both the NRC
5 verification of the PIs included in the program, as well as
6 the fact that the baseline inspection program will cover
7 more than just what the PIs will cover?

8 MR. LOCHBAUM: I take great comfort in both of
9 those. I don't see any problem with it. This is part of
10 the question I get most often from reporters, who call up
11 and want to know what's the difference between the new
12 program and no program. Most reports and most people, who
13 live around the plants, don't sense some kind of game being
14 played by licensees and the number -- the information that's
15 being passed along and some ability to manipulate it and,
16 therefore, the NRC to be misled.

17 My consistent answer is, if you don't trust the
18 plant owners, you should take away the keys. You shouldn't
19 -- this shouldn't be what you're worried about. I mean,
20 they have a big investment in that plant. They're doing
21 things right. You know, trust -- you need to get trust out
22 of the equation. To a certain extent, the NRC is coming in
23 and verifying that, to make sure that the information is
24 right. I think that's a prudent thing to do. But, we don't
25 have any problem at all. But, that's a comment we get more

1 often than anything else.

2 CHAIRMAN JACKSON: Do you feel, again, it's
3 communication, in the sense of the NRC not adequately
4 explaining the various elements, not just performance
5 indicators, but the baseline inspection program and how
6 enforcement is going to work, the integrated whole?

7 MR. LOCHBAUM: Well, I think it's a symptom of an
8 overall communication problem, because we get a lot of calls
9 from people who think that the resident inspectors are
10 looking over their shoulder of every plant employee doing
11 every test and inspection. And that's not a realistic
12 expectation; it should never be. But, people don't really
13 understand what the inspection program is and lack of --
14 this is a fall out of that lack of understanding.

15 CHAIRMAN JACKSON: And then the one that says, NRC
16 will downplay problems, if the overall plant performance is
17 green. I mean, the fact that you've endorsed the process
18 means that's not what you believe, but this is a perception,
19 again. Is that what you're saying?

20 MR. LOCHBAUM: Right. Even -- we skipped over the
21 third one with the few hours. I don't see any of these as
22 being problems. These are perception issues that I've heard
23 over the last few months, that are all communication
24 problems. I'm not sure that NUREG-1649 really address these
25 and put these kind of issues to bed.

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1 CHAIRMAN JACKSON: If I go to slide six, where you
2 said you agreed with GAO's comments --

3 MR. LOCHBAUM: Yes.

4 CHAIRMAN JACKSON: -- NRC's regulations and other
5 guidance do not define for either a licensee or the public
6 the conditions necessary for plant safety, therefore,
7 determining a plant safety is objective. Would you be
8 arguing that if NRC went away, that the existing level of
9 safety would remain and there is no role for the regulatory
10 oversight?

11 MR. LOCHBAUM: I don't personally believe that,
12 but I would be hard pressed to prove it. Because, if you
13 look at the industry, there are really good performers, who
14 are doing it because it's economics and they're making a
15 huge investment. There are certain people that don't get
16 the message. And I think the people who don't get the
17 message, unless the NRC does a better job of getting that
18 message to them, will persist in the future. And the guys
19 who are doing good now will continue to do good.

20 CHAIRMAN JACKSON: On your page seven, the issue
21 on enforcement strategy. You know, you pointed out what you
22 felt were weaknesses of the 10^{-6} delta CDF. And to some
23 extent, I agree with you. I understand what you mean. But,
24 what would you see us offer, as an alternative methodology,
25 to get at the --

1 MR. LOCHBAUM: I wouldn't -- in terms of
2 enforcement space, I wouldn't even worry about it. I would
3 decouple that all together. The assessment program, itself,
4 with the responses that are built into that matrix, those
5 are -- that just seems like a waste of effort on everybody's
6 part, with the exceptions of the ones that are -- the
7 willful -- the other category, the willful actions and so
8 on. That seems like a lot of unnecessary effort.

9 CHAIRMAN JACKSON: And slide 10, you say, if NRC
10 staff truly believes that all nuclear power plants have
11 operated safely, and this is going back to what you were
12 saying earlier -- I guess I'm trying to understand something
13 -- and if it truly believes that all the NPPs have operated
14 safely in the past 10 years, the proposed reactor oversight
15 process is doomed to failure. I guess the question is --
16 I'm trying to make a link between this statement about its
17 being doomed to failure, to your basically believing, you
18 know, let's get on with the process, where --

19 MR. LOCHBAUM: Right.

20 CHAIRMAN JACKSON: -- you like it. I mean, are
21 you arguing that there's some holes in the process, as it
22 has been laid out, that wouldn't allow us to have gotten at
23 these today, if we use the process on a go forward basis?
24 You know, what do you say about whether these particular
25 licensees would have been captured?

1 MR. LOCHBAUM: I think the hole -- in the January
2 Commission briefing, we talked about the executive
3 overrides. If the staff believes all plants are safe, then
4 there would be a greater reluctance --

5 MR. MERRIFIELD: If I could interrupt for a
6 second.

7 MR. LOCHBAUM: Yes.

8 MR. MERRIFIELD: You've got to go back to the
9 language. It says, over the last 10 years, commercial
10 nuclear power plants have operated safely and overall plant
11 performance has improved. It doesn't say all plants --

12 CHAIRMAN JACKSON: I think there are two issues
13 here.

14 MR. MERRIFIELD: -- have operated safely.

15 CHAIRMAN JACKSON: One has to do with his bullet
16 that has "all," as opposed to --

17 MR. MERRIFIELD: Right.

18 CHAIRMAN JACKSON: -- average performance. But,
19 there's a separate question that I'm actually addressing,
20 which has to do with these specifically identified examples
21 that you say have been shut down for a year, two years, for
22 serious safety problems. I guess I'm trying to understand
23 whether you think the process, as laid out, will -- well,
24 first of all, are you saying that you, yourself, or UCS
25 believes that these plants were not being operated safely?

1 MR. LOCHBAUM: I believe J.C. Cook, Millstone,
2 LaSalle, and I don't know much about Haddam Neck, when they
3 got the fines, so I'd say three of those four were unsafe,
4 yes.

5 CHAIRMAN JACKSON: Now, do you believe that the
6 process, as outlined, will capture those?

7 MR. LOCHBAUM: It's hard to say. It could. But
8 with the -- for example, the Millstone case, we have a
9 letter -- correspondence between the Director of NRR and
10 myself about whether that plant was operated safely the day
11 before it shut down. The NRR staff's position is yes, it
12 was. If you believe Millstone was operated safely and you
13 have a -- either at that plant or another plant, you have
14 similar kinds of performance problems. you will be less
15 likely to consider it red, whatever it was performance
16 indicator inspection finding, you're more likely to put it
17 into white or yellow.

18 CHAIRMAN JACKSON: So, what you're saying is your
19 concern is whether some subjective and/or summary judgment
20 will override what comes out of an examination of
21 performance indicators and the inspection program?

22 MR. LOCHBAUM: Exactly.

23 CHAIRMAN JACKSON: Is that what you're saying?

24 MR. LOCHBAUM: That's exactly right.

25 CHAIRMAN JACKSON: So, what you're basically

1 saying is that if one is going to implement the process, one
2 has to implement the process and not have -- and refine it
3 as necessary through the pilots, but not have it overridden
4 by summary subjective judgments? Is that the message you
5 really want to deliver?

6 MR. LOCHBAUM: That's the message, because that
7 was what we told the Senate, was, technically, the old
8 program, the way it was written would have worked as well.
9 So, it's not the program, it's the implementation. And I
10 think that's still the key to this program, as well as it
11 was the old one.

12 CHAIRMAN JACKSON: Okay. I think that's a good --
13 that's a reasonable admonition. When Arthur Andersen came
14 in here -- I don't know how long ago now -- two or three
15 years ago and looked at the issue of performance indicators
16 and whether they could be developed or used to make
17 judgments in the then senior management process, a point
18 that was made was that -- by them, at least they asserted,
19 was that NRC had ample data, had a lot of data from the
20 various -- I mean, even if they were -- some of them
21 redundant and so forth. But, it had ample data from the
22 existing processes: inspections, PPRs, SALPs, whatever.
23 But, there got to be a point where there was a disconnect
24 between everything below the senior management meeting and
25 the senior management meeting, itself, in terms of the

1 judgments that were made. And so, I think -- is that what
2 your comment relates to?

3 MR. LOCHBAUM: The other comment on putting the
4 aggregate of little bitty items on the shelf?

5 CHAIRMAN JACKSON: Right.

6 MR. LOCHBAUM: This focused on the importance of
7 first, get some confidence and then go on to the lesser
8 important stuff.

9 CHAIRMAN JACKSON: And then I think just back to
10 your sort of basic bullet, I think -- is the message there
11 that you want to be sure that one doesn't confuse aggregate
12 performance for all performance, in terms of aggregate being
13 good or improved, versus all being good and improved?

14 MR. LOCHBAUM: Right, because --

15 CHAIRMAN JACKSON: Given the specific examples
16 you've culled out here, is that the message, that one --

17 MR. LOCHBAUM: That's --

18 CHAIRMAN JACKSON: -- should not confuse the issue
19 by taking average to include all, is that -- because, it
20 does say "average;" it doesn't say "all."

21 MR. LOCHBAUM: Right. Well, that's kind of the
22 new oversight process, is that the inspection reports are
23 going to document positive findings, but the assessment
24 program is not. It's looking at the bad parts. So, this
25 statement lumped it all together, kind of threw it --

1 probably like judges, you throw out the high and the lows,
2 you go for the middle. But, in nuclear safety, it's really
3 the lows that are what this agency should be looking at.

4 CHAIRMAN JACKSON: That's right. I mean, TMI was
5 one plant.

6 MR. LOCHBAUM: Right.

7 CHAIRMAN JACKSON: Since you're talking about the
8 20-year anniversary, it was one plant; right?

9 MR. LOCHBAUM: Yeah.

10 CHAIRMAN JACKSON: And the one plant drags all the
11 plants down, by implication.

12 COMMISSIONER MCGAFFIGAN: Madam Chairman, can I
13 ask him one question before you let him go? There's one
14 issue that came up this week, and I meant to ask you about
15 when it was my turn. You've recently sent us a report about
16 excess of overtime, use of excess of overtime in the
17 industry. And I was a little surprised that you hadn't said
18 that that should be a performance indicator. Is your
19 long-term strategy, that we -- if you get all the data that
20 you and the various Congressmen are asking for from us and
21 we look at it, that this will be a performance indicator on
22 human performance or something? What do we do with the
23 information you're asking for?

24 MR. LOCHBAUM: We very carefully didn't ask for
25 performance indicators, because there are several plants,

1 and perhaps the majority of plants, that do have adequate
2 controls on worker overtime. It's kind of like our comments
3 on safety culture, we didn't want to create a new rule -- a
4 new performance indicator, because most of the people are
5 doing well. There are some people that are abusing the
6 system and those are the ones that need to be dealt with.
7 And it's not fair to penalize all the plants for a couple
8 that are abusing the system.

9 COMMISSIONER MCGAFFIGAN: But isn't that what a
10 performance indicator is? I mean, if you had a performance
11 indicator and 90 out of the 103 plants, or 98 out of the 103
12 plants are doing swell, and then green would be the 21's
13 indicator and 98 are doing well and we could focus on the
14 five and we'd know them. So, that's why I'm a little
15 puzzled why you say --

16 MR. LOCHBAUM: Well, performance indicators aren't
17 necessarily places where -- I think most of the performance
18 indicators, 90 percent of the plants are going to be doing
19 swell. I think our group has a proliferation component and
20 we're worried about just assume any performance indicators.
21 If the answer to every issue is a performance indicator,
22 that's a burden -- unnecessarily regulatory burden part of
23 it. So, we're trying not to do that --

24 COMMISSIONER MCGAFFIGAN: Okay.

25 MR. LOCHBAUM: -- whenever possible.

1 CHAIRMAN JACKSON: Commissioner Diaz didn't have
2 the benefit of, you know, hearing your remarks and the
3 particular twists. Nonetheless, I would like to offer him
4 the opportunity to ask any questions.

5 COMMISSIONER DIAZ: I would just like to say a
6 comment, that everybody looks very good on the T.V.
7 monitors.

8 [Laughter.]

9 CHAIRMAN JACKSON: You mean from upstairs?

10 COMMISSIONER DIAZ: From upstairs. It's a little
11 bit better than looking across the table. No, no, just
12 kidding.

13 [Laughter.]

14 CHAIRMAN JACKSON: I think we'll go along now to
15 -- it's getting late -- Mr. Beedle, Mr. Floyd, and Mr.
16 Bishop. Thank you.

17 MR. BEEDLE: Commissioners, good afternoon.

18 CHAIRMAN JACKSON: Yes, good afternoon.

19 MR. BEEDLE: Could we have slide two for -- let's
20 go to slide two. We would -- some general remarks: we
21 think there's been some just superb progress made in this
22 area and we would comment on the fact that the staff has
23 really put an awful lot of effort into this. We've, also,
24 had a lot of industry effort devoted to it, as well. And as
25 a result of that, I think there's been a lot of stakeholder

1 industry, as well as other support and opportunity to
2 participate in this.

3 CHAIRMAN JACKSON: Let me ask you a question, Mr.
4 Beedle. When you say stakeholder, do you mean industry?

5 MR. BEEDLE: I mean industry and it's open to the
6 public. We've had some, not many, but it's been available
7 to them. So the opportunity is there, whether or not they
8 avail themselves of that opportunity. I've often wondered
9 whether we ought to just go down and grab four or five
10 people off the street, bring them up, and have them sit in a
11 meeting. We call that a public meeting. But, they are
12 public and they're noticed and those that are interested
13 participate. In fact, I would note that David's been
14 involved in the initial workshop that we had on this
15 subject. I think you were there probably the full time, or
16 at least the better part of it.

17 A lot of, I think, good dialogue in this process
18 that I think serves as a model. As you know, we've
19 continued to press to have more and more information
20 exchange with the agency, as we try and come to grips with
21 some of these problems.

22 And before we turn to some details that Steve will
23 cover, let me talk just a little bit about this scam issue
24 and I think there was an invitation that we make some
25 comment on that. In the early days of INPO's development of

1 the performance indicators, there was concern over how you
2 counted the scrams. And at the time we were developing
3 those indicators, the number of scrams per plant was, in
4 some cases, in the teens, but typically in the five or six
5 range. And there was a real concern for trying to rely
6 heavily on the automatic protection systems at the plant.
7 It isn't that they didn't trust them, but they wanted the
8 operators to understand that you didn't rely on that system
9 to protect you.

10 And so, they were encouraging the operators to
11 take manual action before you got to the point where the
12 trip signals would cause the plant to scram. And in
13 counting the number of scrams as a performance indicator,
14 they made a reason judgment that we would only count the
15 automatic scrams and that would thereby encourage the
16 operators to take manual action, before the automatic kicked
17 in. And that's how we got into that -- this conflict
18 between automatic and manual, at least from the performance
19 indicators, as INPO was looking at them. And I think in a
20 large measure, that has carried in to this discussion of
21 whether or not we ought to count all scrams in looking at
22 the performance indicators for this assessment process.

23 We have made some tremendous improvement in the
24 performance indicators overall, the WANO performance
25 indicators, and we're looking at the typical plant has less

1 than one scram a year. We've had a couple of plants
2 recently where they had a little more than two or three
3 scrams, but it's, you know, pretty decent.

4 So, now, we're talking about an indicator for this
5 assessment process, where the lower end of the green band is
6 at three. And I would argue that any plant that has three,
7 whether they are automatic or manual -- unplanned manual, is
8 probably looking at some problems in the plant that is
9 deserving of attention. So, we see this green band that was
10 established for the scram parameter here in the assessment
11 process is all encompassing, in terms of the performance
12 indicator that the WANO performance indicator would have you
13 look at.

14 So, we're -- you know, we don't -- we have not
15 been overly concerned about counting the manual scrams.
16 And, in fact, we think that counting the manual scrams is,
17 along with the automatic scrams, is the right thing to do,
18 because it represents that transient in the plant that is
19 indicative of some material or procedure problems.

20 COMMISSIONER DIAZ: I'm sorry, I just want to
21 bring something out that will probably show how old I am,
22 which is not precisely one of my favorite subjects. But, I
23 clearly remember in 1978-79, the studies being made with a
24 totally different twist. We didn't know how to use risk
25 information. And we actually looked at the fact that scrams

1 were an indication of how good the safety systems were. And
2 the manual scrams were a good indication of how alert the
3 crews were.

4 And of course, a lot of changed since then. But,
5 however, it does still remain that, you know, scrams per se
6 -- and this is what -- you know, before I said it's
7 important to, you know, deal together with the technology
8 base, the regulatory base, and the risk-informed based, and
9 not independent of each other, because many years ago, we
10 used to say, wow, this plant -- if anything happens and it
11 shuts down.

12 Of course, now, we are concerned about the
13 shutdown. But, it does, you know, show you how the industry
14 has changed and how the regulatory bases have changed. And
15 now, we have an opportunity of pulling them together and we
16 should avail ourselves of the history and the risk
17 significance of these events.

18 CHAIRMAN JACKSON: Commissioner?

19 MR. MERRIFIELD: I was just -- I was actually
20 going to wait and ask you that question at the end, but, I
21 was just wondering if Mr. Lochbaum had a response. Do you
22 agree with Mr. Beedle on that?

23 MR. LOCHBAUM: Well, one of the things I got out
24 of this morning's discussion was the redefinition of manual
25 scrams to be loss of heat sink. And I think -- that was the

1 first time I heard that. That's not right?

2 MR. DEAN: No.

3 MR. LOCHBAUM: Okay. Well, even with that
4 correction, now, I still do agree with Mr. Beedle. From
5 everything I've seen, from what I've read, I think that's
6 not going to be a problem. So, I would agree with him.

7 MR. BEEDLE: Well, this topic of counting the
8 manual scrams has been -- there's been a lot of heated
9 discussion within the industry, because they're still
10 looking at the performance indicators that the WANO
11 organization utilizes, in comparing that with what the staff
12 has proposed.

13 And that's the case in a number of these
14 indicators. There's a little conflict between a WANO
15 indicator and what is being proposed for use in this
16 assessment process, and we continue to try to resolve that.
17 It's easy to look at this set of indicators and say, is this
18 the same as the WANO indicator. And the answer is no, and
19 we need to continually remind people of that.

20 One last observation, before I turn it over to
21 Steve, is this issue of communications. And I agree with
22 David and I agree with the Commissioners and I agree with
23 the staff, that it is an issue that we need to put a lot of
24 effort into. Steve has now structured an organization, in
25 which he's got some people dedicated to dealing with the

1 pilot plant process, as well as communications and
2 information transfer. And we'll work hard to try and make
3 sure that our people within the industry and the people in
4 the vicinity of the plants are as informed as we can
5 possibly make them with out this process. So, it's not
6 something that's escaped the industry and our effort to try
7 and deal with this.

8 So, with that, Steve.

9 MR. FLOYD: Thank you, Ralph. Good afternoon. If
10 I could have slide three, please.

11 I do have a couple of open issues and comments to
12 make on the overall process. But, first, I think where we
13 really are in this process now is it's time to test it out
14 in the pilot phase. I think we've pretty much learned about
15 all we could learn about where our differences of opinion
16 may be right now, without getting more knowledge. And the
17 only way we're going to get more knowledge, I think, is to
18 test it out and move forward. So, don't read my comments as
19 being impediments to moving forward, but merely things that
20 need to be addressed and considered as we move forward.

21 The significance determination process that Morris
22 Branch described, we think it's well developed. It's well
23 thought out. It's been an awful lot of effort put into
24 that. We were very encouraged in one exercise we went
25 through. The staff asked us to take a look at about 20

1 licensee events reports that they thought had some
2 significance from the past census they did internally and
3 have our people take a look at it to see if we would reach
4 the same significance determination using the matrices in
5 that process. And I can tell you with the exception of one,
6 we did, and the one was probably -- because we had some
7 later information that was factored into it that staff
8 didn't have at the time and, perhaps, if they had that
9 information, we think they might have reached the same
10 conclusion that we did on it.

11 CHAIRMAN JACKSON: Mr. Floyd, do you feel that the
12 significance determination process works equally well
13 vis-a-vis inspection findings, as opposed to LERs, you know,
14 event reports?

15 MR. FLOYD: Yes, we do. And, in fact, we've taken
16 a look at some of the inspection findings internally. And
17 the one thing I do agree with what the staff said this
18 morning is that there's going to be heavy reliance placed
19 upon people that have legitimate risk analysis capability.
20 And that's going to be an important part, as we try to test
21 this out.

22 Now, what we found within our industry group is
23 that those people that did not have much of a risk
24 background had a lot of difficulty applying the table and
25 often got quite variant answers. But the people that had a

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1 good foundation in risk analysis capability were very
2 quickly able to assess the matrices and come to the
3 conclusion. In fact, we have a very experienced risk
4 analyst on our task team that took a look at the 20 and he
5 actually did all 20 in about a four-hour period and reached
6 a consensus that was consistent with the staff's evaluation
7 of it. So, we don't think it's a very difficult process to
8 go through, if you have the right going in knowledge.

9 The same cannot be said, however, for the
10 significance determination process, we think, for the
11 non-reactor safety cornerstones. There's been much less
12 effort and development put into these so far. We're not
13 sure the flowcharts are the right way to go with those. We
14 think it might be simpler and clearer to construct some
15 tables that give by -- give criteria and then give by
16 examples what might be different categories of findings.
17 The flowcharts right now are relatively confusing to work
18 your way through and somewhat subjective -- in fact, very
19 subjective. And as an example, I'd just point you to the
20 one, four safeguards and the others suffer from some of the
21 same problems.

22 The very first decision box in the flowchart asks
23 if -- asks you to determine the risk of radiological
24 sabotage, as a result of the condition, and you have two
25 outcomes coming out of the box. It either has some risk or

1 it has low risk. I don't know the difference between those
2 two, so -- there's more development work that needs to be
3 done. But, I think it can be developed.

4 The draft inspection procedures have just been
5 released for public comment. We just got them. I believe
6 Wednesday they were put in the PDR. So, we'll be going
7 through those and probably have comments in the future on
8 those.

9 On the action matrix, and I think this is an
10 important point for the industry. I think we need to
11 maintain the objective that what we're really after here is
12 trying to evaluate performance relative to the safety
13 significance of issues. And in one case, for example, in
14 the action matrix, there's a heading that talks about the
15 results. And there's a characterization that repetitive or
16 multiple degraded cornerstones, which may be degraded or put
17 into that characterization merely on the basis of white
18 inputs, we don't think that should be characterized as a
19 significant reduction in safety margin. Because if you go
20 into the other section of the SECY paper, where we talk
21 about the overall construct of the response zones, a white
22 inspection finding or a white performance indicator result
23 is characterized as having minimal reduction in margin of
24 safety and it's the yellow findings or PI results that are
25 characterized as having a significant reduction in margin of

1 safety. So, any more than you can take multiple greens and
2 say, gee, I think that might equal a white, we don't think
3 it's appropriate to take multiple whites and say, I think
4 that might equal a yellow.

5 The other thing that we think could be an
6 enhancement to the action matrix would be to distinguish
7 between a red input that is due to a single event, and I
8 think it was an issue that Commissioner McGaffigan mentioned
9 this morning, as compared to a red input, where it might be
10 as a result of a more programmatic issue at the plant, which
11 would be an indication of a more systemic problem. And
12 there needs to be some way to characterize those two
13 situations within the action matrix.

14 CHAIRMAN JACKSON: Let me ask you a question. I
15 mean, in terms of tying two and three together, you know,
16 there is an issue -- I'll use Mr. Lochbaum's example of, you
17 know, the individual who speeds pass the school every day
18 and doesn't hit anybody, and then one day he plows into a
19 group of kids and kills them all. And so, there has to be
20 someway to get from the one and do something to preventing
21 the other. And so, I think, you know, that's a kind of
22 issue that links your second and third bullets, and that you
23 can't walk away from.

24 MR. FLOYD: Yes. We totally agree. I think there
25 are several different ways to accommodate that in the action

1 matrix. Perhaps the addition of another column in the
2 matrix, to make not such a large jump between just having
3 one or two white findings all the way over to a
4 characterization of the significant reduction in margin of
5 safety is a way to handle it. Maybe an acknowledgment that
6 if you start having repetitive multiple degraded -- multiple
7 or degraded cornerstones, as a result of only white
8 findings, that -- there is indication that there is a
9 systemic problem of some kind going at the plant, but I
10 think it's premature to jump to the conclusion, as the
11 action matrix does, that that condition represents a
12 significant reduction in margin. It's certainly something
13 that needs to be evaluated and I think that can be reflected
14 --

15 CHAIRMAN JACKSON: Well, I think the issue -- the
16 programmatic issue and how it may relate to some multiple,
17 you know, degraded cornerstones that would put you in the
18 white is going to have to be addressed. I mean, I even had
19 licensees come in to tell me anyway, I don't know what they
20 tell the rest of them, but to tell me that, in fact, what
21 they look at for themselves is not just whether there is
22 someone big banana; but, in fact, they look at declining
23 trends across multiple areas, as a sign that they may be
24 getting into trouble. And so, one cannot take away from the
25 regulator the right and the ability to do that. But, I

1 agree with you, that one has to refine how one arrives at
2 the conclusion.

3 MR. FLOYD: I don't think in terms of philosophy
4 we differ at all. I think the only point we're making is
5 that the characterization of the wording in the action
6 matrix may not be the appropriate wording to use, but,
7 certainly, the issues that underlie it have to be dealt
8 with.

9 MR. BEEDLE: Let me just comment. The matrix
10 helps you characterize things. But, I don't think we want
11 to lose sight of the fact that when you end up with a white
12 cornerstone, that the objective of the program was to
13 trigger an increased response on the part of the inspection
14 folks to go out and find out what's happening.

15 CHAIRMAN JACKSON: No, I agree.

16 MR. BEEDLE: I mean, that was the whole purpose of
17 this program, was to allocate resources, so -- you know, as
18 opposed to characterizing three whites equal one, you know,
19 or whatever.

20 CHAIRMAN JACKSON: Oh, I agree with that. That's
21 right.

22 MR. FLOYD: If we could go to slide five, please.
23 I'll try not to spend too much time on this. I know we
24 spent a lot of time on this issue quite a bit and this is
25 the aggregation of low significant findings into something

1 which may have risk significance. We think the process has
2 a lot of measures in it that maybe make that particular
3 activity not really warranted. We agree with the staff's
4 underpinning in the whole oversight process, that it's
5 difficult to maintain performance on all of the indicators
6 and to have an absence of significant inspection findings
7 over a period of in-depth inspection, unless you have an
8 effective corrective action program.

9 If you really stop and think about it, the whole
10 purpose of the corrective action program is to ensure that
11 the desired results are being achieved and that when they're
12 not, that corrective actions are put into place, such that
13 in the future that you can have assurance that they are
14 being achieved. That can -- now, if there is a problem, a
15 legitimate problem with the corrective action program, then
16 we do believe that it will start showing up in the
17 performance indicators, crossing at the threshold, and it
18 will also start to show up as in the area of more
19 significant inspection findings.

20 But, we think with the response band approach that
21 has been set up, where you have decades of margin between
22 the bands, in terms of their risk importance, that there's
23 an opportunity to catch it in plenty of time before it does
24 result in an unacceptable condition. And we agree with
25 Commissioner's Diaz's comments that you can chase your tail

1 on this one quite a bit and spend a lot of resources for
2 perhaps not a lot of return, when the whole construct of the
3 process with the margins and the bands allows for the lack
4 of perfection in this area, because it does give you early
5 warning.

6 CHAIRMAN JACKSON: But, do you agree with
7 Commissioner Diaz that you have to fold in risk, you know,
8 regulation, and the technical?

9 MR. FLOYD: Absolutely; absolutely. You can't
10 focus on just the one.

11 Slide six. Enforcement: I'll be quick on this
12 one. We do support the proposed enforcement approach. We
13 think it's very innovative. It should result in a more
14 efficient and effective use of NRC and industry resources.
15 We think by focusing on fixing the condition and less
16 discussion on what is the actual severity level, what should
17 be the value of the civil penalty, who found it, who should
18 get credit, who should not get credit, and all those issues,
19 which really detract from what the bottom purpose is, and
20 that is to identify and fix the problems.

21 We do think a little more definition of criteria
22 is needed for the violations that are still subject to
23 traditional enforcement action. And I guess the bottom line
24 here is we need to ensure that that significance and,
25 therefore, the severity levels and CPs of those are

1 consistent with the oversight process. That can certainly
2 be done and we fully expect that it is being done.

3 Slide seven. I want to shift now to the
4 preparation for the pilot study. The performance indicator
5 manual is nearing completion. This is the manual that will
6 be used as the primary education tool for the April 12th to
7 15th NRC sponsored workshop. We're in the process also of
8 developing software to facilitate data reporting, not only
9 for the pilot plants, but for the balance of industry. And
10 at least the effort to date looks like we're going to be
11 able to come up with a very uniform reporting and results
12 display for all plants, which should ensure a degree of
13 consistency across the industry on this. So, we're
14 encouraged by that.

15 The pilot plants are gearing up for the study.
16 And as Ralph mentioned, we do have now a dedicated training
17 and communications programs being developed, and we are
18 working with the NRC personnel in the equivalent roles, to
19 ensure that we're using the same terminology, so that we
20 don't unnecessarily confuse the public by trying to explain
21 the same concept with different terms.

22 CHAIRMAN JACKSON: Does the industry understand
23 that the process is not just performance indicator driven?

24 MR. FLOYD: Absolutely. We've made that point
25 very loud and clear to the plants.

1 MR. BEEDLE: In conclusion, the industry does
2 believe that the revised process will fulfill the agency's
3 objective of trying to produce a more objective assessment
4 process. There's tremendous industry interest in this. And
5 as you may know, a number of plants petitioned the staff to
6 be included in the pilot program and were turned down simply
7 because of the amount of resources needed to deal with the
8 limited number of pilots. And then the process, we do
9 believe, will provide stakeholders, and read that industry
10 and others, with a more effective and objective picture of
11 the actual plant safety performance.

12 And so with that, we are willing to answer any
13 questions you might have.

14 CHAIRMAN JACKSON: Thank you. Commissioner Dicus?

15 COMMISSIONER DICUS: I don't have any, thank you.

16 CHAIRMAN JACKSON: Commissioner Diaz?

17 COMMISSIONER DIAZ: I'm just going to pick up on
18 something that Commissioner Dicus said this morning, which
19 I'd like the Commission to concede that the next time that
20 we have one of these meetings, we have the stakeholders,
21 where we would put on first, so we can pounce on them with
22 the same gusto that we do on the staff.

23 [Laughter.]

24 CHAIRMAN JACKSON: That's an interesting comment.

25 MR. BEEDLE: What do you think, David? I thought

1 they landed on you pretty well.

2 [Laughter.]

3 CHAIRMAN JACKSON: Commissioner McGaffigan?

4 COMMISSIONER MCGAFFIGAN: Just to not let them get
5 off. You know, you can sense, on our part, some trouble
6 with the notion that we're going to have on the order of 10
7 significant inspection findings a year, a massive program to
8 get 10 findings. And it sort of goes to this issue of
9 aggregation of lower -- I'm trying to figure out whether we
10 set the thresholds right for these inspection findings, to
11 trigger you guys into white, or whether you, indeed, believe
12 the industry is performing so well that expectation of it in
13 the order of 10 findings a year is what we should go into
14 this with.

15 MR. FLOYD: I guess one way of addressing that is
16 -- and it's really the work that the staff did, is they went
17 back and took a look at, at least for the limited sample of
18 plants that they did evaluate the significance of the
19 inspection findings and licensee event reports for, where
20 would that have put them in the action matrix base and how
21 well did that comport with the actions that the agency
22 thought were appropriate to take against those facilities.
23 And I think at least for the ones that they evaluated, they
24 came out generally in alignment with what they -- with the
25 actions that were appropriate for the agency.

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1 MR. MCGAFFIGAN: My recollection is it's the
2 performance indicators, rather than the inspection findings
3 that are -- maybe that's your expectation going in, that the
4 performance indicators are going to be the thing that really
5 is at the heart of the process. And the staff -- I guess
6 you're saying the inspection program is being focused on the
7 other areas, the other areas are not as likely to trip
8 performance indicators, and the inspection findings the
9 staff -- I mean, might once have had in an area covered by a
10 performance indicator, they're now relying on the
11 performance indicators?

12 CHAIRMAN JACKSON: No, they are not supposed to be
13 that way.

14 COMMISSIONER DICUS: No.

15 CHAIRMAN JACKSON: The inspection program is to
16 both validate the performance indicators, as well as to
17 cover areas that the performance indicators do not cover.
18 That's what my recollection is.

19 COMMISSIONER DICUS: Right.

20 MR. BEEDLE: I think probably one of the best
21 examples of those areas that aren't covered by performance
22 indicators is design basis. I mean, the rules and the
23 requirements for design basis performance still exists. So

24 --

25 CHAIRMAN JACKSON: I agree, but --

1 MR. BEEDLE: The way to look at it is through
2 inspection.

3 CHAIRMAN JACKSON: -- I think there's a
4 communication difference. Staff tells us -- tells me that
5 its risk-informed baseline inspection program will both
6 validate the performance indicators and cover areas --

7 MR. BEEDLE: Right.

8 CHAIRMAN JACKSON: -- the performance indicators
9 do not cover. Not that they -- the inspection program just
10 covers areas of the performance indicators.

11 MR. MCGAFFIGAN: But the validation, as I
12 understand it, is yes, indeed, they have this number of
13 safety system actuations last quarter, as opposed to maybe
14 -- there is a communication issue here, whether they will
15 then inspect in-depth, as to why they had a bunch of safety
16 system actuations the last quarter or --

17 CHAIRMAN JACKSON: Let me let Frank speak to that.
18 Frank, do you have a comment?

19 MR. GILLESPIE: I think we're getting to actually
20 the integral nature of all the pieces, and it is very
21 difficult. In the inspection program, the way the
22 inspection procedures, themselves, and the inspected areas
23 are set up, there is a reactor element to it. It also
24 guides the person through, if I find this, querying, is the
25 next train of this system available. If the next train of

1 the system isn't available, the person is then guided to the
2 next system that provides a similar function.

3 So, just because an individual observation doesn't
4 make a threshold, it's not an individual finding in the way
5 we're talking. An observation is the plant configuration at
6 the time. So if the inspection procedure is followed
7 through completely, then we may, indeed, be tripping a
8 threshold. The inspection procedures, in and of themselves,
9 are intended to look at defense in depth, maintenance of
10 function. So, it's not just one pump. That one pump should
11 cause the inspectors, then, to look at the power to the
12 other train and anything that could upset that function.
13 So, it is an integral hole.

14 And on the verification, we, indeed, would be
15 doing more than saying, well, yes, they just had three
16 scrams. The inspection program would have -- right now,
17 would have in that area, would have the inspector saying,
18 okay, putting the corrective action program, was a root
19 cause analysis done; did the root cause analysis make sense.
20 Just because it didn't trap -- press the three -- trip the
21 three scram threshold, doesn't mean as part of the routine
22 program, it would not be followed up. Indeed, it would.
23 So, each thing would be followed up and documented. So even
24 though it doesn't trip a threshold, the public documentation
25 will, in fact, be available for everyone's scrutiny.

1 Did I answer the --

2 CHAIRMAN JACKSON: Any other questions? Go ahead.

3 MR. MCGAFFIGAN: That's okay; that's fine.

4 CHAIRMAN JACKSON: Mr. Merrifield?

5 MR. MERRIFIELD: I just have a brief question for
6 both Mr. Beedle and Mr. Lochbaum. We talked earlier about
7 the -- with the staff about 0350 process and the
8 interrelationship, as we evolve into a new oversight
9 process. I just want to get your comments relative to that
10 discussion. Where do you think that the -- you know, do you
11 see us going into a situation where we will have a more
12 seamless web between 0350 and what we are postulating for a
13 new pilot project?

14 MR. LOCHBAUM: Well, I guess when I heard that
15 discussion this morning, I think if -- with this new
16 oversight process, we should have fewer challenges to 0350.
17 But, there still might be a plant in that category, so it's
18 good to retain it.

19 We have a letter into the Commission -- I forget
20 the exact date -- about two different 0350 processes, one at
21 Millstone and one at D.C. Cook, being essentially 180
22 degrees apart. So, if we get to vote on which one we like,
23 we like the one that was used in Region 3. But, there needs
24 to be consistency, and I don't know how to do that in the
25 process. If they're all to be like Region 3, implemented

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1 0350, that would work great; if not, it wouldn't. So, it's
2 hard to say.

3 MR. BEEDLE: I think this assessment process that
4 we're going through is going to probably give us a much
5 better picture of where the plant is from not only the NRC's
6 point of view, but the licensee's point of view and the
7 stakeholder's point of view, the public. And I think with
8 that, we'll see better definition, better clarity, and
9 understand better what actions the NRC takes in dealing with
10 the performance issues at the plant. So, I think we see a
11 much improved process here.

12 CHAIRMAN JACKSON: Thank you. On behalf of my
13 Commission colleagues, I would like to thank the NRC staff,
14 NEI, and the Union of Concerned Scientists for a most
15 informative meeting. I, again, would like to congratulate
16 the staff and our stakeholders, both those assembled here
17 and those not, for what I consider to be an outstanding
18 effort in coming this far, this fast.

19 At this year's regulatory information conference,
20 I commented that the reactor oversight program was a work in
21 progress and that it should remain so with continuous
22 improvement as a goal. I think we've seen today that while
23 a great deal remains to be done, a great deal has been
24 accomplished to develop this program. And while we are far
25 from being able to see -- to declare victory in this

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1 endeavor, at this point, I think we can see enough to see
2 that victory is achievable.

3 And I hope this effort, in fact, will encourage
4 other similar cooperative NRC stakeholder efforts, such as
5 in the area of decommissioning and risk informing Part 50 of
6 the Code of Federal Regulations, and comparable improvement
7 in the inspection assessment and enforcement processes for
8 materials licensees.

9 And with that, unless we have any further
10 comments, we're adjourned. And we're going to move
11 immediately into an affirmation session, so we can do it
12 before Commissioner Diaz has to leave.

13 [Whereupon, at 12:57 p.m., the briefing was
14 concluded.]

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CERTIFICATE

This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: BRIEFING ON PROPOSED REACTOR
OVERSIGHT PROCESS IMPROVEMENTS
AND ENFORCEMENT PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Friday, March 26, 1999

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company

Transcriber: Natalie Renner

Reporter: Mark Mahoney



**NRC Briefing on
Reactor Oversight Process
Improvements
March 26, 1999**

**Ralph Beedle
Steve Floyd**

NEI

General Comments

- Good progress continues to be made
- Ample opportunity for stakeholder involvement
- Cooperative dialogue should serve as the model for other regulatory reform initiatives
- Some details still need to be refined...but enough in place to proceed with pilot study

Open Issues/Comments

- Significance Determination Process (SDP) for reactor safety cornerstones well developed -- ready for pilots
- SDP for non-reactor safety cornerstones not ready -- flowcharts are subjective and confusing
- Draft inspection procedures just released for public comment

Open Issues/Comments

■ Action Matrix

- Need to maintain objective to evaluate performance relative to safety significance of issues
- Repetitive or multiple degraded cornerstones due to white inputs should not be characterized as a “significant reduction in safety margin”
- Need to distinguish between a red input due to a single event versus programmatic issue

NEI

Open Issues/Comments

- Lingering cultural issue: NRC staff concern with quantity of issues of low safety significance
 - SECY mentions RES project to analyze “risk significance” of the aggregation of “low significant” findings
 - Substantial margins built into the process (PI thresholds and risk-focused inspection) do not warrant this attention

Enforcement

- Industry supports proposed enforcement approach
- Should result in more efficient and effective use of NRC and industry resources
- More definition of criteria needed for violations still subject to traditional enforcement actions

Industry Preparation for Pilot Study

- Performance Indicator manual nearing completion
- Software development to facilitate data reporting -- for pilots and balance of industry
- Pilot plants gearing up for study
- Training/communications programs being developed

High-level Comments

- **Opportunity and time to include public**
- **Additions to process**
- **Feasibility review and pilot program**
- **Addressing subjectivity concerns**

Conclusions

- Industry believes revised process will fulfill agency objectives
- Great industry interest in proceeding with pilot study
- Process will provide all stakeholders with a more effective and objective picture of actual plant safety performance

**UNION OF
CONCERNED
SCIENTISTS**

Partial Comments on the Reactor Oversight Process

**David A. Lochbaum
Union of Concerned Scientists**

March 26, 1999

Introduction

- **Proposed inspection, assessment, and enforcement processes can be viewed as improvements**
- **Parts of the proposed processes can also be viewed as evidence that the NRC is lessening its regulatory effectiveness**
- **NRC should develop a simple, plain-English brochure comparing the proposed processes to the old processes (NUREG-1649 is NOT such a document)**

Signs that NRC is Improving

- **Plant assessments based on 18-20 performance indicators and risk-informed inspection findings instead of only 4 board categories**
- **Plant assessments every 3 months instead of every 18-24 months**
- **Better-defined NRC response to performance declines**

Signs that NRC is Retreating

- Most Level IV violations are being “neglected”
- NRC will rely heavily on performance indicators and data supplied by the plant owners
- NRC will spend significantly fewer hours inspecting plants
- NRC will “downplay” problems if overall plant performance is “green”

Another Sign that NRC Has Retreated

- **SECY-99-007A, page 2, first sentence: “Over the last 10 years, commercial nuclear power plants have operated safely and overall plant performance has improved. This improvement in plant performance can be attributed, in part, to successful regulatory oversight”**
- **These are NRC’s opinion, not facts -- the agency is entitled to any opinions it wants.**
- **UCS does not share this view -- we don’t believe in the Easter Bunny or Santa Claus or the Tooth Fairy either.**

Another Sign that NRC Has Retreated (continued)

■ GAO/OCG-99-19, January 1999

- “NRC’s regulations and other guidance do not define, for either a licensee or the public, the conditions necessary for a plant’s safety; therefore, determining a plant’s safety is subjective.”**

■ Also opinion, not fact -- the GAO is entitled to any opinion it wants.

■ UCS, and *most* members of the public that we interact with, agree with the GAO’s views, not those of NRC.

Partial Comments on SECY-99-007A

■ Attachment 2 - Inspection Finding Risk Characterization Process:

- Fig. 1, Significance Determination Process, contains a box titled "Engage Licensee and NRC Risk Analysts for Refinement" -- this step must be eliminated before the pilot effort
- Appendix 1 describes the Significance Determination Process, but Phase 3, the Risk Refinement part, "is not described herein." Why was this phase put in at this time if the justification does not exist?
- On average, how many years will it take for the typical inspection finding to percolate through this characterization process?

■ Attachment 4 - Enforcement Strategy:

- "Violations in a risk range of greater than 10^{-6} Δ CDF will be evaluated as 'significant' and assigned a color band of white, yellow, or red for assessment purposes." Didn't Quad Cities pencil-whip a two order of magnitude change in CDF? It would be a dreadful mistake to pursue this method at this time.

More Partial Comments on SECY-99-007A

■ Attachment 7 - NUREG-1649

- 4th paragraph on page 1 should be deleted as irrelevant.**
- The bulleted items on page 1 should be clarified. The second bullet, for example, could be revised to: “Focusing regulatory attention on facilities with performance problems.”**
- The tables on pages 2 and 3 could be simplified. For example, use “plant owner” instead of “licensee.” Also, a reasonable person might wonder how there can be a manual unplanned reactor scram.**
- The 6th paragraph on page 4 needs to explain why a 15% reduction in inspection hours is a good thing.**
- The 7th paragraph in page 4 should indicate that hard copy of inspection reports will continue to be available.**
- The definitions of the assessment categories on page 5 are “weak” and should be “improved” or “enhanced.”**

Even More Partial Comments on SECY-99-007A



■ Attachment 8 -Communication Plan

- The table of internal and external stakeholders does not include the public (i.e., the people living near the plants that the regulations are intended to protect). Is this omission intentional?**

Conclusion

- **If NRC staff truly believes that all nuclear power plants have operated safely the past ten years, the proposed reactor oversight process is doomed to failure.**
 - **Was NU fined \$600,000 for safe operation at Haddam Neck?**
 - **Was ComEd fined \$600,000 for safe operation at LaSalle?**
 - **Was NU fined \$2.1 million for safe operation at Millstone?**
 - **Was AEP fined \$500,000 for safe operation at D C Cook?**

**RECOMMENDATIONS FOR REACTOR OVERSIGHT PROCESS
IMPROVEMENT
(FOLLOW UP TO SECY 99-007)**



**NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION**

MARCH 26, 1999

Recommendations for Reactor Oversight Process Improvement (Follow up to SECY 99-007)

- **William Travers**
- **Samuel Collins**
- **Frank Gillespie**
- **William Dean**
- **Morris Branch**
- **James Lieberman**
- **Alan Madison**
- **James Wiggins**

Topics to be discussed ...

- **Public Comments**
- **Significance Determination Process**
- **Feasibility Review Results**
- **Enforcement Strategy**
- **Significant changes to SECY - 99-007**
- **Pilot program status and schedule**
- **Communication initiatives**
- **Future Improvements**

Current Status ...

- **Transitioning from development to implementation**

- **Requesting Approval for Full Implementation**

Transition Task Force

- **William Dean (NRR) Task Manager**
- **Alan Madison (NRR) Task Force Leader**

- **Timothy Frye (NRR) Pilot Program Lead**
- **Donald Hickman (NRR) PI Lead**
- **David Gamberoni (NRR) Assessment Lead**
- **August Spector (HR) Communications Lead**
- **Lee Miller (TTD) Training Lead**
- **Steven Stein (NRR) Inspection Procedure Lead**
- **Morris Branch (NRR) SDP Review Lead**

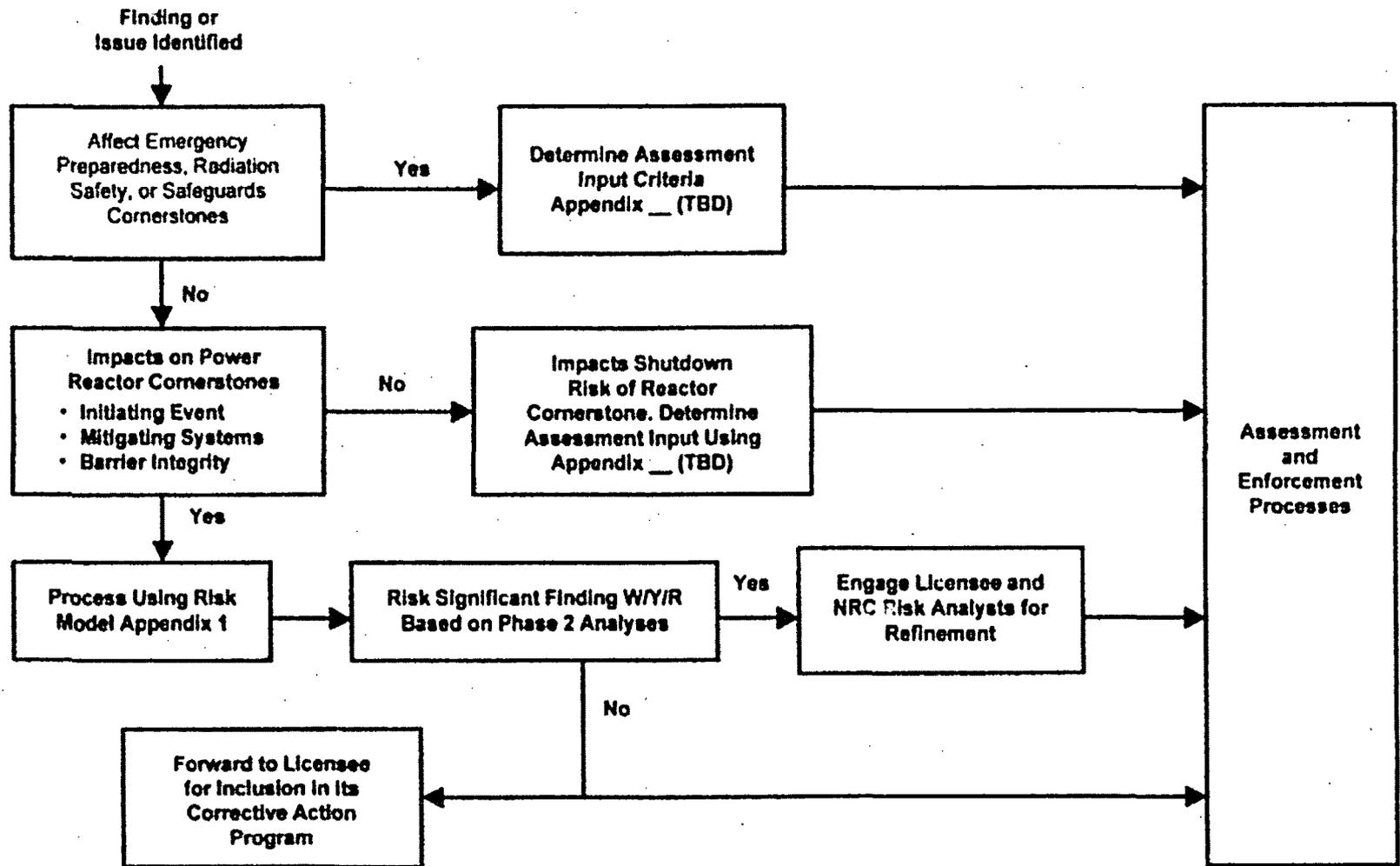
Major Transition Milestones

- **Commission Presentation** - January 1999
- **Public Comment Period** - February
- **Final Commission approval** - April
- **Workshops/Training sessions** - April/May
- **Begin Pilot Projects** - June
- **Implementation Workshop** - October
- **Complete Pilot Projects** - November
- **Implement New Process** - January 2000
- **First Annual Review** - April 2001
- **Complete Project** - June

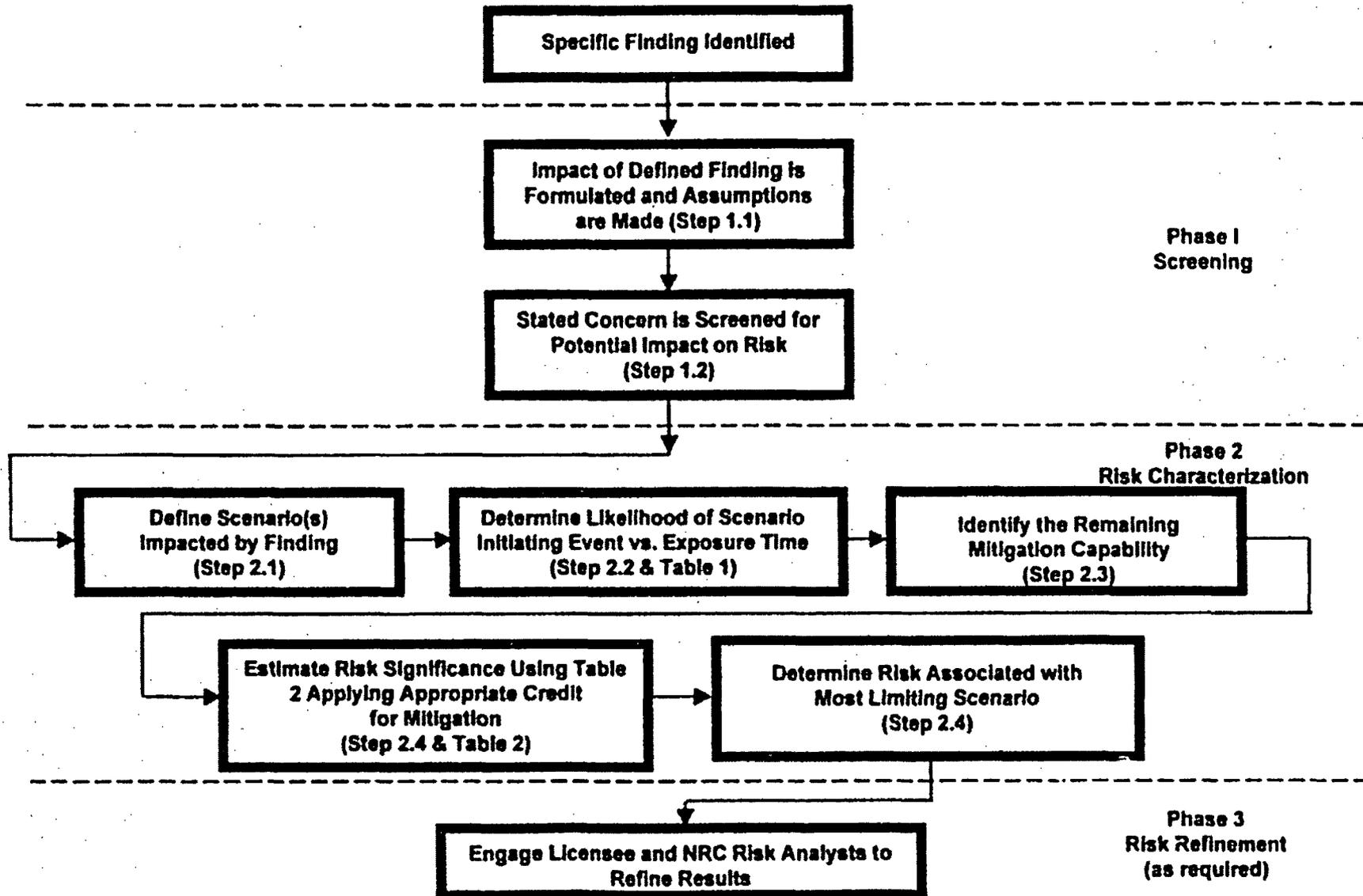
Public Comment Strategy

- **High-level Comments**
- **Detailed Comments: Program Documents**
- **Implementation Comments: Pilot Program**

SIGNIFICANCE DETERMINATION PROCESS



SDP INITIATING EVENTS, MITIGATION SYSTEMS & BARRIER INTEGRITY CORNERSTONES FOR POWER SITUATIONS



Feasibility Review:

Objectives and Limitations

- **Evaluate new oversight program feasibility**
- **Evaluate usability of Significance Determination Process**
- **Based upon available performance data, assess plant performance using new methods**
- **Compare results of new process with old process**

Feasibility Review: Plants

•	Plant	Period
⊙	D.C. Cook: Units 1 & 2	-- 1996-1997
⊙	Millstone: Units 2&3	-- 1994-1995
⊙	St. Lucie: Units 1&2	-- 1997-1998
⊙	Waterford: Unit 3	-- 1997-1998

Feasibility Review: Results

- **New process feasible to pilot**
- **Significance Determination Process successful for items in current scope. More work and refinement needed.**
- **Actions proposed by new assessment process similar to past actions, but new approach more scrutable**
- **Inspector training needed**

Proposed Enforcement Approach

- **Integration of Enforcement and Reactor Oversight**

Enforcement and Assessment Purposes Similar

- **Safety significance evaluated**
- **Agency responses formulated**
- **Emphasize performance and compliance**
- **Public notice provided**

New Enforcement Process Should:

- **Complement assessment process, not drive it**
- **Maintain focus on compliance**
- **Be risk informed and performance based**
- **Reduce unnecessary regulatory burden**
- **Encourage effectiveness and efficiency**
- **Increase public confidence**

Reactor Enforcement: Two Track Approach

- **Violations covered by the SDP**
- **Violations not covered by the SDP
or with actual consequences**

Proposed Enforcement Approach: Violations covered by SDP

- **Assessment process to categorize significance**
- **NOV's for safety/risk significant violations**
- **NCV's for less significant violations
(utilize 3 of 4 Interim Policy Exceptions)**
- **Assessment Action Matrix formulates NRC response
(normally would not use civil penalties)**

Traditional Enforcement

- **Not covered by SDP**
 - **Willful and discrimination violations**
 - **Violations impacting regulatory process**
- **Over exposures and material releases**
- **Particularly significant violations**

Enforcement Process will Complement Assessment

- **Escalating regulatory response based on safety significance**
- **Maintain compliance focus**
- **Should deter non-compliance**
- **Improve public confidence**
- **More efficient for NRC to implement**

SECY-99-007: Noteworthy Changes

- **Action Matrix revised**
- **Performance Indicators clarified**
- **Additional issues addressed:**
 - **Severe accident management guidance**
 - **Fire Protection Functional Inspection**

Pilot Program

- **Six-month program begins June 1999**
- **Objective -- exercise processes before full implementation**
- **Each region has two pilot sites**
- **Site selection coordinated with industry**
- **Established criteria will measure success**

Plants Participating in Pilot

- **Hope Creek -- RI**
- **Salem 1 and 2 -- RI**
- **FitzPatrick -- RI**
- **Shearon Harris -- RII**
- **Sequoyah 1 and 2 -- RII**
- **Prairie Island 1 and 2 -- RIII**
- **Quad Cities 1 and 2 -- RIII**
- **Ft. Calhoun -- RIV**
- **Cooper -- RIV**

Pilot Program Ground Rules

- **Revised inspection, assessment, and enforcement processes in lieu of current processes**
- **Regional planning of baseline and initiative inspections for all plants**
- **Each baseline inspection procedure performed by each region at least once**
- **PI data collection begins May 1999**
- **Mid-cycle PI assessment and inspection findings in November 1999**

Pilot Program Success Criteria: Efficiency and Effectiveness Measures

- **Quantitative and qualitative measures**
- **Pilot Program Evaluation Panel (PPEP) to assess qualitative success criteria**

Major Activities Prior to Pilot

- **Develop & issue procedures by May 1999**
- **Training sessions**
 - PI Workshop -- April 1999**
 - Inspection Program Training -- April 1999**
 - Pilot Program Workshop -- May 1999**
- **Inspection program planning meetings held in regions**

Communication Plan: Overview

- **Objectives**
- **Four key messages**
- **Stakeholders identified**
- **Varied approaches applied**

Communication Plan: Key Approaches

- **First Level Supervisor**
- **Change Coalition**
- **Electronic Communication**
- **Internal Written**
- **Interface Sessions**

Comments from the Change Coalition Executive Forum ...

- Role to provide high-level comments at key points during the transition and the pilot project phase.**

Future Improvements ...

- **...generation of plant specific risk insights**
- **...computerized system to capture and link cumulative inspection findings to risk**
- **...development of additional and improved risk-informed PI's**