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NUCLEAR REGULATORY COMMISSION

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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BRIEFING ON LICENSE RENEWAL ISSUES

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PUBLIC MEETING

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Nuclear Regulatory Commission
One White Flint North
Rockville, Maryland

Monday

March 15, 1993

The Commission met in open session, pursuant to notice, at 2:00 p.m., the Honorable IVAN SELIN, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

IVAN SELIN, Chairman of the Commission

KENNETH C. ROGERS, Member of the Commission

JAMES R. CURTISS, Member of the Commission

FORREST J. REMICK, Member of the Commission

E. GAIL de PLANQUE, Member of the Commission

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STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

SAMUEL J. CHILK, Secretary

WILLIAM C. PARLER, General Counsel

JAMES TAYLOR, Executive Director for Operations

DR. THOMAS MURLEY, Director, NRR

JAMES SNIEZEK, Deputy Executive Director for
Operations

WILLIAM TRAVERS, Deputy Associate Director of
Advanced Reactors and License Renewal

JOE COLVIN, President/CEO, NUMARC

WILLIAM RASIN, Vice President and Director,
Technical Division, NUMARC

ROBERT BISHOP, Vice President & General Counsel

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P R O C E E D I N G S

(2:00 p.m.)

CHAIRMAN SELIN: Good afternoon, ladies and gentlemen. We are pleased to welcome the staff, General Counsel's Office and representatives from NUMARC, to brief the Commission on implementation of 10 CFR Part 54, Requirements for Renewal of Operating Licenses for Nuclear Power Plants.

In December of last year, the Commission received three briefings on the status of the various license renewal activities and on the staff's plans to resolve key license renewal issues.

The staff informed us that a senior management review group would review these issues. The Commission endorsed the staff senior management review, identified a number of issues for consideration by the review group, and directed the staff to submit its recommendations to the Commission. To be more precise, we endorsed the concept of the senior management review, and the substance of that review is to be presented here this morning.

So, we look forward, Mr. Taylor, to your recommendations to resolve the key license renewal issues. Copies of the staff's paper and the Vu-graphs are available at the entrances to this room.

Commissioners, any opening remarks?

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1 (No response.)

2 Mr. Taylor?

3 MR. TAYLOR: As noted in the paper we provided
4 in the paper we provided to the Commission, the review was
5 at a senior level of the staff and specifically to address
6 the policy issues related to implementing the license
7 renewal rule, and our paper included various staff
8 positions and suggested the Commission approve our
9 approach to implementing these policy issues.

10 With me at the table is my Deputy Jim Sniezek;
11 to my right, Tom Murley and Bill Travers, from NRR. I'll
12 ask Tom to continue.

13 DR. MURLEY: Thank you, Jim. Mr. Chairman,
14 Commissioners. After the briefing of the Commission in a
15 series of briefings in December, the senior staff of NRR
16 and, in fact, other offices from the EDO's, Office of
17 Research, and even on some occasions from OGC, met to
18 discuss the workings of the license renewal rule. We held
19 three all-day meetings in December and in January.

20 Subsequent to that, we had a public meeting.
21 Our first public meeting was on January 29th, where we
22 discussed the outlines of our proposal, and then based on
23 feedback that we've gotten through further discussions
24 internally and refining of our views, the paper was sent
25 to the Commission in SECY 93-049, which has been made

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1 public.

2 Last week, the staff briefed the ACRS on
3 Thursday, and held a second public meeting to discuss the
4 actual paper, SECY 93-049. The second public meeting was
5 on Friday.

6 If I could have slide 2, please. (Slide)

7 I'd like to outline the highlights of the staff
8 conclusions which are, of course, laid out in more detail
9 in the SECY paper. Staff started out with a goal of
10 making the current rule work, and we quickly concluded
11 that we can make the rule work, that no change to the rule
12 is needed.

13 So, the subsequent briefing today is going to be
14 based on that premise, that the current rule can work. We
15 think it is a logical rule. And I should say that we have
16 not -- we, the staff, have not thoroughly evaluated any of
17 the impacts if the rule were to be changed. So, we don't
18 know what the implications of such a course would be.

19 Second, was an item that had come up as a matter
20 of contention -- we don't think it should be a matter of
21 contention -- and that is, the form of the license renewal
22 rule, whether it's a new license versus an amendment to
23 the old license. It does not affect the scope of the
24 technical issues reviewed or the safety evaluations
25 required. And, so, the fact that it's a new license would

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1 not require anymore work to be done, or any broader
2 systems or components to be looked at.

3 Third item is that the current licensing basis
4 is carried forward into the renewal period, and NRC's
5 regulatory processes will provide assurance that the
6 current licensing basis will be maintained through the
7 renewal period. That, in fact, is a fundamental basis for
8 the license renewal rule. And this, in and of itself,
9 should not introduce new issues to be reviewed in the
10 renewal period.

11 There was some concern -- I think it was a side
12 issue, quite frankly -- but there was some concern whether
13 the CLB ended at the end of the first 40 years and then a
14 new revised CLB was to be developed for the renewal
15 period, and that is not the case.

16 Slide 3, please. (Slide)

17 Two technical issues that the staff stumbled on
18 a lot in our discussions with the industry in the past
19 year, and these were fatigue and equipment qualification.
20 And as we discussed this in our senior management reviews,
21 we quickly concluded that fatigue and equipment
22 qualification are issues that have to be addressed for the
23 current plants -- that is, the older plants -- as a
24 generic issue, and they should not be brought up as a part
25 of the license renewal review.

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1 And that means for those older plants then, that
2 any changes that come out of our current review of it as
3 a generic issue, would be subject to the backfit rule, and
4 if any new requirements came out in the fatigue area or in
5 the equipment qualification area, they would have to pass
6 the backfit tests, and then they would become part of the
7 current licensing basis, and they would then carry over
8 into the renewal period. If they did not meet the backfit
9 test, they would not become part of the current licensing
10 basis.

11 For newer plants, however, the fatigue and EQ
12 issues will have to be addressed as part of the license
13 renewal review, and this is simply because of the way the
14 rules were written and the way the licenses were issued.
15 They have time-dependent effects in their current
16 licensing basis. And that's just a fact that will have to
17 be dealt with as part of the review.

18 CHAIRMAN SELIN: Are you saying, Dr. Murley,
19 that fatigue and equipment qualifications for the older
20 plants can't wait for license renewal, they have to be
21 addressed now?

22 DR. MURLEY: Correct.

23 CHAIRMAN SELIN: For the newer plants, they also
24 have to be addressed, but they need not be addressed until
25 the basic 40-year period is up. So, they have to be

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1 addressed for all plants but, through some criterion you
2 haven't yet discussed, some of them will have to be
3 addressed regardless of -- I'm sorry -- they'll have to be
4 addressed for all plants that go into license renewal, but
5 for some plants they can't wait, and for others they can,
6 based on the criterion that you'll discuss with us at some
7 future time.

8 DR. MURLEY: Yes. We have taken steps now to
9 make these issues generic issues, and we are going through
10 the process of evaluating the safety significance of those
11 and deciding whether any requirements should be laid on
12 the current licensing bases of these plants today.

13 COMMISSIONER ROGERS: And those will be all
14 those plants, whether they intended to renew or not, is
15 that right?

16 DR. MURLEY: That's correct, yes. So, in that
17 sense, one could say that the reviews that were being done
18 over the past year or two, preparatory reviews, have
19 uncovered some safety questions at least, in the fatigue
20 area and in the equipment qualification area. I view this
21 personally as a strengthening of the arguments underlying
22 the license renewal rule, namely, that our processes will
23 uncover these problems. And this is another example where
24 they have done that.

25 COMMISSIONER CURTISS: To put it differently,

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1 with the exception of the new plants that have time-
2 dependent elements contained in their licensing basis for
3 either EQ or fatigue, you have concluded that neither EQ
4 nor fatigue involves age-related degradation unique to
5 license renewal?

6 MR. TRAVERS: What we have identified -- excuse
7 me -- is that for the existing licensing basis, for at
8 least some older plants that were subject to licensing
9 basis without time-dependent elements, we have some
10 concerns and questions about that.

11 As an example, under environmental qualification
12 of electrical equipment, in promulgating the rule, the
13 Commission directed the staff should it determine the need
14 to subject some plants to different standards, that we
15 needed to document that basis. We haven't been able to
16 identify that such an analysis, at least a document
17 analysis, has been done.

18 So, what we are doing, in part at least, is
19 going back and identifying the basis upon which the staff
20 identified different standards need be applicable to some
21 older plants for environmental qualification.

22 COMMISSIONER CURTISS: I understand the
23 approach, but just to be clear here, because this is an
24 issue that arises for plants today and does not arise
25 uniquely to the extended period of license renewal, the

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1 additional 20 years, by definition, under 54.3, this is
2 not age-related degradation unique to license renewal.

3 DR. MURLEY: That's correct.

4 MR. TRAVERS: That's right.

5 COMMISSIONER CURTISS: Okay.

6 DR. MURLEY: Slide 4, please. (Slide)

7 The sixth item that the staff concluded was that
8 age-related degradation unique to license renewal must be
9 interpreted broadly, under the definitions of 54.3 that
10 Commissioner Curtiss mentioned. The plain language of
11 those definitions, we believe, causes us to conclude that
12 they must be interpreted broadly -- this definition -- but
13 it does not imply a massive amount of paperwork from
14 applicants, which was a concern of let's say six months
15 ago, and we'll show in a minute why we think that's the
16 case.

17 The review philosophy in the staff's approach is
18 to consider the broad range of plant structures and
19 components, but that we have mechanisms in the rule for
20 dispositioning the great majority of issues without
21 requiring extensive analysis.

22 Slide 5. (Slide)

23 The eighth point is, our conclusion is that
24 there is no need to publish safety evaluation reports on
25 the industry reports that were prepared by the industry

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1 under the auspices of NUMARC. There was a great deal of
2 good work that went into them, but the staff conclusion
3 was it was going to take a great deal of work on our part,
4 and the net result would be generally that we could not
5 approve the industry reports as they stood. However, we
6 think we could approve parts of them.

7 So, what our proposal is, is that the standard
8 review plan for license renewal be the vehicle for
9 reaching agreement and documenting agreement on those
10 parts of the industry reports that there is technical
11 agreement on.

12 We would then publish in draft form, the
13 standard review plan for license renewal for public
14 comment, and thereby carry on a dialogue with the industry
15 and with the public on these issues.

16 The ninth point was that PRAs --

17 CHAIRMAN SELIN: Excuse me for a second, Dr.
18 Murley.

19 DR. MURLEY: Yes.

20 CHAIRMAN SELIN: Does that mean that after the
21 dialogue is over, these issues become issues that are then
22 generically settled, or is it more for --

23 DR. MURLEY: Yes.

24 CHAIRMAN SELIN: -- so they have a legal weight
25 in the issue -- those that you choose to address, and

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1 those that you publish, and those that are closed, will
2 then become generic issues for all license renewal
3 applications?

4 DR. MURLEY: Yes, insofar as the standard review
5 plan for license renewal is a staff document and has
6 status as an approved staff position, then it has that
7 weight as a generic resolution.

8 CHAIRMAN SELIN: Um-hmm.

9 DR. MURLEY: PRA results, we believe, can be
10 used for safety insights, but we do not believe that PRA
11 results can be used directly for reducing the scope of
12 license renewal reviews. However, the PRA results can be
13 used in effective maintenance programs, and thereby PRA
14 can have an impact on the license renewal. And I think
15 Bill Travers will talk about that in just a second.

16 Now, to get to the logic and the meat of the
17 staff proposal -- it's in a form of charts -- I will go
18 over very briefly the overall logic of how the staff
19 approaches this, and then Bill Travers will go into more
20 detail.

21 The intent of this integrated plant assessment,
22 staff's intent, was to focus on the essential safety
23 aspects of operating these plants from years 40 through
24 60, and that involves looking at all of the plant
25 equipment, virtually, and identifying, initially at least,

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1 a large number of potential issues, but then having
2 mechanisms for disposing quickly, at least as quickly as
3 we think we can, those issues that are not important for
4 license renewal or that have other means that can satisfy
5 the staff that the plant can be safely operated for years
6 40 through 60.

7 The first step then is an initial scope review,
8 and the numbers to the side that you see on this chart,
9 are the staff's estimates of the amount of the entire
10 plant equipment that can be disposed of as needing no
11 further review. For example, we think about 30 percent of
12 the plant can be dispositioned as not important to license
13 renewal -- security facilities, emergency preparedness
14 facilities, sewage treatment systems, those sorts of
15 things.

16 The next part of the review is 54.21(a)(2).
17 It's a functional review. There are parts of those
18 systems that go through the first screening, that are
19 important to license renewal, that nonetheless are
20 themselves not that important -- things like sampling
21 systems, isolated test lines, vent and drain connections -
22 - and we think that about 5 percent of the entire plant
23 can be dispositioned through that review, which neither of
24 these two, of course, involve a great deal of work on the
25 part of the licensee -- analysis, I should say, analytical

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1 work.

2 Now we get to the real difference from where the
3 path we were on, I would say, six months ago, to where we
4 are today. A lot of the argument was: Can a great deal
5 of the plant be removed from further review by using the
6 argument that the equipment does not suffer age-related
7 degradation unique to license renewal. This has come to
8 be called in this chart, the uniqueness review.

9 We think that actually very little of the plant
10 can be -- although we do hold open the possibility -- we
11 think very little of the plant actually can be
12 dispositioned at this stage without a great deal of work
13 on the part of licensees. And that was the problem that
14 we had before. The original discussions were that
15 virtually all the plant, or at least in this case, what,
16 65 percent of the plant was going to have to be subject to
17 almost a component-by-component analysis.

18 We think that that can be avoided by going to
19 the next step.

20 COMMISSIONER CURTISS: Tom, before you go on.

21 DR. MURLEY: Yes.

22 COMMISSIONER CURTISS: If I do my arithmetic
23 right here, and recognizing these are approximate numbers,
24 it looks like nothing in the plant could be dispositioned
25 under this approach, under 54.21(a)(3).

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1 DR. MURLEY: No. We do allow for the
2 possibility and, in fact, if a licensee desired to spend
3 the effort, a great deal of things can be dispositioned.
4 Things, for example, like equipment that's replaced at
5 fixed intervals -- seals and relays and that sort of
6 thing. We believe they could make an argument.

7 Also, if there were things like tanks or even
8 heat exchangers where they wanted to do one-time
9 inspections to provide us a basis that there was no age-
10 related degradation unique to license renewal, we do hold
11 open the possibility they could do it, but what we are
12 saying -- and I think Bill will explain in more detail --
13 is that it's more efficient to do it at the next stage
14 which --

15 COMMISSIONER CURTISS: Let me just follow that
16 up, and I do want to get into the details when Mr. Travers
17 discusses it, but what you have described, and I think
18 correctly so given the current rule, is that a licensee's
19 effort to disposition a structure or component within
20 scope under 54.21(a)(3), is an extremely difficult thing
21 to do. It's not impossible, and the details of how a
22 licensee might do that will be discussed in a minute, but
23 it's an extremely difficult thing to do, to the point
24 where, for all practical purposes, this approach would
25 essentially presume that everything will be treated under

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1 an effective program.

2 And I guess I have two questions here. One, is
3 that consistent with the spirit of the license renewal
4 rule where there's considerable discussion in the SOC
5 itself about the fact that there would be certain things
6 unique to a license renewal, period, but a limited number
7 of those, and other things could be dispositioned as not
8 unique to license renewal?

9 Secondly, is this conclusion that you've got
10 driven by the requirement in the definition that a
11 licensee explicitly identify and evaluate aging
12 mechanisms? Is that where the difficulty derives?

13 DR. MURLEY: Well, the problem with the path we
14 were on six months ago, I think, is that there was a great
15 deal of analysis required, and we think still is required,
16 if one wants to eliminate equipment under this uniqueness
17 review phase. And that's why we asked ourselves, does the
18 rule permit what we think is a more logical approach,
19 which is admit that, as the rule says, "identify the
20 systems and components that could" -- and I'm reading, I'm
21 quoting here from (a)(3) -- "that could have age-related
22 degradation unique to license renewal". We acknowledge
23 that most of the plants could, in fact, have, under the
24 definitions in the rules.

25 So, our approach here was more -- from a

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1 pragmatic point of view was, is there a more effective way
2 to make the rule work, and we think there is.

3 COMMISSIONER CURTISS: Yes. We'll come back to
4 this in the more detailed discussion but, in my view, the
5 approach broadens the definition of what the license
6 renewal rule was intended to cover, really saying that 100
7 percent of the structures and components within scope are
8 going to be addressed under the license renewal regime.
9 And I have some questions that I'd like to pursue about
10 that, but in allowing very little, if anything, to be
11 dispositioned under 54.21(a)(3) gives the rule a very
12 different flavor from what I think was originally
13 envisioned.

14 Second, in all fairness, it seems to me that
15 that conclusion, as I read what you've got in the second
16 paper, derives from the fact that it is -- to put it
17 differently, it's very difficult to do what 54.21(a)(3),
18 at least on its face, allows because of the definition in
19 54.3(2), explicitly identify and evaluate.

20 DR. MURLEY: Yes.

21 COMMISSIONER CURTISS: Okay.

22 DR. MURLEY: I might add that what was
23 originally intended, of course, grows hazy with time. In
24 drafting up the rule with the staff, I don't recall a
25 great deal of debate, certainly not at the level that

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1 we've gone through in the last two months, over whether
2 equipment can be dismissed under the uniqueness argument
3 or the effective program review. I just don't remember
4 that discussion.

5 Again, we stood back from the issue. We took a
6 look at it. We asked ourselves is there a more logical
7 way that avoids the practical problems of having to do
8 analysis on a large amount of equipment, and this is, we
9 think, how we came out.

10 CHAIRMAN SELIN: Can I make a --

11 DR. MURLEY: Yes.

12 CHAIRMAN SELIN: I had the benefit of not having
13 been present during the discussion, so I only have the
14 text to guide me and not the history. But when I read
15 this rule, I seemed to me that one could argue even --
16 it's a little hard with the SOC, but with the rule itself
17 -- one could argue that if the maintenance procedure
18 exists such that you can be quite sure that the
19 degradation of the system after maintenance is not unique
20 to license renewal. In other words, not that the
21 component doesn't age, but that the component can be
22 maintained in such a way that its expected lifetime or its
23 probability of failure after maintenance is not greater in
24 the -- from the 40 to 60-year period than it was in the
25 beginning. I read that as an interpretation that would be

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1 consistent with not unique to license renewal, and I read
2 your approach not as really settling the issue about
3 what's unique to license renewal, but saying there is an
4 approach which could be read as making the question moot,
5 not that you've settled it in one way or another, but you
6 say "Here's a procedure that" -- at least the hypothesis
7 is, here's a procedure that gets to the desired point
8 without meeting head-on the real question about just what
9 is meant by unique to license renewal.

10 DR. MURLEY: Yes. I think the key is in what is
11 an effective program. I happen to think it's the best
12 ground on which to have a technical discussion. If we
13 have a discussion on uniqueness, on 54.21(a)(3), it's
14 almost like a theological argument. I'm not sure that
15 there's a way to win it. And, so, we just stood back and
16 said, "Can we make the effective program review be the
17 basis for deciding whether equipment needs to be analyzed
18 or can be disposed of", and I think it's a much more
19 technically satisfying approach to do it that way.

20 CHAIRMAN SELIN: Well, that's not so much the
21 issue as what does the rule call for, but you can read the
22 rule as saying you should go through these steps in
23 sequence --

24 DR. MURLEY: Yes.

25 CHAIRMAN SELIN: -- or you can read the rule as

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1 saying that you need to satisfy any one of the four
2 criteria, but the sequence is not explicit on that.

3 DR. MURLEY: Yes. We satisfied ourselves, at
4 least the staff did, and we had a lot of discussion with
5 the General Counsel staff, that our approach is consistent
6 with the rule. I don't think there's any question about
7 that.

8 COMMISSIONER CURTISS: The point I want to make
9 here, and just to be clear here, is that the staff's
10 approach, in my view, presumes -- and, as I said, we'll
11 get in more discussion in a minute -- presumes that
12 virtually 100 percent of the plant could be -- 100 percent
13 of the structures and components within scope could be
14 subject to age-related degradation unique to license
15 renewal. It doesn't foreclose the option of trying to
16 disposition on that basis, but it seems to me what you'd
17 be centered on is to presume that for purposes of
18 implementing the program, first.

19 DR. MURLEY: Yes.

20 COMMISSIONER CURTISS: Secondly, as a technical
21 matter, we all know that's not true. That presumption is
22 a regulatory fiction. It's something that has been
23 adopted here as an approach, regulatory or a legal
24 fiction, if you will, for purposes of facilitating
25 implementation of the effective program approach.

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1 As a technical matter -- and as a technical
2 matter, I actually think 54.3(1) and (3) really are at the
3 heart of the technical question, 54.3(2) is a procedural
4 question -- as a technical matter, it's quite clear that
5 a lot of what goes on with structures and components could
6 entail something other than age-related degradation unique
7 to license renewal. We have, in fact, concluded that for
8 EQ and fatigue, as you indicated earlier.

9 So, what's happening here -- and eventually it
10 will go to the question of whether this provision in the
11 rule needs to be amended -- is that the procedural
12 provision of 54(3) -- that is to say, have we explicitly
13 identified and evaluated age-related degradation unique to
14 license renewal -- is what's driving the staff's
15 conclusion that it's very difficult to disposition a
16 matter under that provision.

17 I'll make one additional point and then we can
18 go on. It's clear, if you take a look, I think, at the
19 NPAR work, the NPAR research program, that from a
20 technical standpoint there's very little in the plant that
21 involves age-related degradation unique to license
22 renewal. In fact, it's just the opposite.

23 And, so, the point that I want to make here --
24 and it will come up again as we get into the discussion --
25 is that what you have done here -- and I'm not saying I

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1 agree or disagree with it at this point -- but what you
2 have done here is to create a regulatory fiction that
3 virtually the entire scope of structures and components
4 could be subject to age-related degradation unique to
5 license renewal, when our research program kind of
6 suggests that that's technically not true.

7 CHAIRMAN SELIN: I have to enter into this
8 discussion. I agree with the statement, but with one
9 difference. I don't think they've presumed this, I think
10 they've stipulated this. In other words, even if it is
11 true that such-and-such a system is unique to license
12 renewal, that it could still be dismissed on the next step
13 -- in other words, in effect, you've reversed the order of
14 the test. You've said, "We won't apply the uniqueness
15 test unless we can't pass the effective program". And
16 it's interesting, because you have allowed the possibility
17 that 65 percent of the systems are unique to license
18 renewal. I don't think you've concluded it --

19 COMMISSIONER CURTISS: 100 percent of them.

20 CHAIRMAN SELIN: Well, no, they're not -- it
21 knocks out 35 percent --

22 DR. MURLEY: 100 percent of the stuff that's in
23 scope.

24 COMMISSIONER ROGERS: Thirty-five comes off the
25 top.

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1 DR. MURLEY: Yeah. Well, two comments. One is,
2 according to -- we did not create --

3 CHAIRMAN SELIN: Very few were zero.

4 DR. MURLEY: -- a regulatory section. I don't
5 know where -- I mean, that's an interesting phrase because
6 the Commission wrote the rule. And we took the regulation
7 as it existed, and 54.3(2), just to make sure we
8 understand what we're talking about here, age-related
9 degradation unique to license renewal is degradation whose
10 effects were not explicitly identified and evaluated by
11 the licensee for the period of extended operations and the
12 evaluation found acceptable by the NRC. That is most of
13 the plants because we did not evaluate the plant for
14 operation beyond 40 years. And that then, by that
15 definition in the regulation, makes it unique to license
16 renewal. And that was what was causing the great deal of
17 the consternation, they said, six months ago because, if
18 a licensee wanted to throw out a large amount of equipment
19 because it was not -- did not have degradation unique to
20 license renewal, they could not pass that test.

21 And, therefore, the staff, quite rightly I
22 think, in reading it, said there's no common sense, plain
23 English way to read that rule other than most of the scope
24 of the -- equipment in scope has degradation unique to
25 license renewal.

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1 COMMISSIONER CURTISS: Yes, and I agree with
2 that assessment. One hundred percent of the structures
3 and components within scope fall under that definition
4 number two. There is a school of thought that that really
5 doesn't square with what we thought we were talking about
6 at the time the license renewal rule was promulgated, and
7 some have argued that perhaps we ought to go back in and
8 revisit that provision if, in implementing the provision,
9 it has become evident that it includes everything and
10 excludes nothing.

11 DR. MURLEY: Right.

12 COMMISSIONER CURTISS: Go ahead.

13 DR. MURLEY: Clearly, the Commission may wish to
14 do that. All I'm saying is, we did not start out saying
15 let us change the rule. We said, let's take the rule as
16 it exists and try to find a way to make it work, and
17 that's what we're presenting to you today.

18 If the Commission tells us to go back and look
19 at a rule change, we will do that. We have not looked at
20 the implications of taking out 54.3(2). Personally, I
21 would be troubled by taking that out because it gives us
22 a measure of support that there are things whose life is
23 going to be beyond 40 years that have not been looked at.
24 This forces, at least, the equipment to be looked at.

25 Now, let me finish. The last review is where

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1 most of the, we think, equipment can be dispositioned,
2 systems and equipment. Sixty percent of the entire plant
3 systems and equipment, roughly we think -- things like the
4 AC power system, the DC power system, the reactor trip
5 system, reactor coolant system, valves and components --
6 can be dispositioned at this stage through an effective
7 program review.

8 That leaves then the fundamental safety aspects
9 that need further look, and these are the reactor vessel
10 and internals, Class I structures, heat exchangers, tanks,
11 those sorts of equipment, that need to be looked at for
12 the renewal period.

13 In summary then, this is the highlight of the
14 staff's integrated plant assessment. I would like Bill
15 Travers then to go into detail about --

16 COMMISSIONER ROGERS: If I could just ask a
17 question for a second here.

18 DR. MURLEY: Yes.

19 COMMISSIONER ROGERS: Just to understand the
20 thinking, it helps me to think of this little diagram on
21 Figure 6, as not as you displayed it, but which lists the
22 different sections of the rule in numerical order but, in
23 fact, starts out with the uniqueness review first, and
24 says that the whole plant seems to fall under that. So,
25 that can't remove anything. And the steps of review that

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1 remove systems then start with the scope review, the
2 functional review, and then the effective program review.
3 I mean, is that essentially what you're doing?

4 DR. MURLEY: No.

5 COMMISSIONER ROGERS: No?

6 DR. MURLEY: No. Because there are parts like
7 the security system and the emergency preparedness
8 facilities, for example, that you need do nothing further
9 about. You don't have to consider uniqueness or effective
10 program or anything. They simply are not in scope of this
11 rule. So, they can be dispositioned easily.

12 I think, Commissioner, the logic is, in fact, as
13 we've shown it here -- well, I believe it is.

14 COMMISSIONER ROGERS: Okay. To me, it seems
15 that you've really asked the question and answered it,
16 that it's very, very difficult to apply uniqueness review
17 as kicking out any systems.

18 So, therefore, that's almost your starting
19 point, not later on, not the third step, but that's really
20 your starting point. And then you're looking to see
21 whether scope review could kick any systems out, whether
22 a functional review could kick any systems out, and you
23 come up to 35 percent at that point, and then you look at
24 the effective program review and that gives you 60
25 percent, but that uniqueness review, by itself, just

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1 doesn't do anything.

2 DR. MURLEY: Well --

3 COMMISSIONER ROGERS: It's too hard to use, in
4 a certain sense, as a criterion.

5 DR. MURLEY: It is, and I'm not sure whether it
6 makes any difference, quite frankly, whether you put it up
7 front or not --

8 COMMISSIONER ROGERS: Yeah.

9 DR. MURLEY: -- but the fact is, we never asked
10 the question of the sewage treatment system, does it have
11 age-related degradation unique to license renewal? And we
12 don't ask that because it's not in the scope --

13 COMMISSIONER ROGERS: Yeah. Okay.

14 DR. MURLEY: Okay.

15 MR. TRAVERS: I'd like to spend a little bit
16 more time on the integrated plant assessment, and focus
17 particularly on the uniqueness review and the effective
18 program review, and get into some specifics for you.

19 As Dr. Murley indicated, the approach that we're
20 proposing begins broadly with essentially the entire plant
21 and allows a number of mechanisms to be utilized to
22 quickly, or relatively quickly at least, focus on
23 important plant equipment that may need either enhanced
24 programs or new programs to address and manage age-related
25 degradation unique to license renewal.

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1 As slide 6 indicates, the scope review -- and,
2 again, this is the first step -- begins with the
3 consideration of the entire plant to identify defined
4 important to license renewal systems, structures and
5 components -- SSCs I'm going to refer to.

6 The important to license renewal systems,
7 structures and components, SSCs, are defined by the rule
8 to include safety-related equipment, nonsafety-related
9 equipment whose failure could directly prevent the
10 function of safety-related equipment, all SSCs required to
11 meet a number of the Commission's regulations including
12 fire protection, environmental qualifications, pressurized
13 thermal shock, station blackout, and ATWS.

14 And, fourth, it includes systems, structures or
15 components which are subject to operability statements in
16 facility technical specification limiting conditions for
17 operation.

18 Although a listing of all of the ITLR SSCs is
19 required in the application, the staff did not expect each
20 individual component would be listed in the application,
21 but rather could be grouped in commodities that make sense
22 and could be treated consistently through the integrated
23 plant assessment in the subsequent steps. In fact, our
24 interactions with the B&W Owners Group effort indicates
25 that that's just the way they're coming at the

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1 categorization of all of this equipment in the plant.

2 I'd like to make one additional point at the
3 scope review, and that is that while we identify that
4 risk-based methodologies could not be used to, for
5 example, reduce the scope of what is defined as important
6 to license renewal, to the extent that technical
7 specifications included risk-based considerations, risk-
8 based insights indirectly can influence the scope of the
9 equipment that is initially considered as important to
10 license renewal at the outset.

11 The next IPA step, the functional review,
12 permits, as Dr. Murley indicated, an elimination of parts
13 of systems or structures which don't directly support the
14 function of the important to license renewal equipment
15 identified in the preceding step.

16 So, when we talk about things that could be
17 eliminated there, we're really talking about a detailed
18 knowledge of the facility in terms of -- and we've
19 identified things like test lines, normally isolated test
20 lines, vent, drain-fill connections, and so forth. In
21 fact, you could think of the service water system in many
22 plants as affecting in part safety-related functions and
23 other parts of it having nothing to do with safety
24 functions. So, those parts effectively could be
25 eliminated with this step right at the outset, nothing

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1 more would be considered.

2 From this step on in the integrated plant
3 assessment, equipment is addressed at the structure and
4 component level versus the system level. So, now we're
5 into a much more detailed identification of structures and
6 components, and I think that's important.

7 The next step, the uniqueness review, and the
8 following step, the effective program review, have been
9 the principal focus of our discussions with industry, and
10 it certainly looks like it's going to be the principal
11 focus of our discussions with the Commission.

12 COMMISSIONER CURTISS: You assume correct.

13 MR. TRAVERS: I think it's fair to say there's
14 been some difference in perspective on particularly the
15 uniqueness step, and what it ought to cover and how we
16 should be dispositioning equipment, for example, that's
17 normally replaced, but let me get into some specifics in
18 that regard.

19 In the uniqueness review, the staff takes a
20 rather broad view in identifying structures and components
21 which are, or could be, subject to age-related degradation
22 unique to license renewal. Since, as Commissioner Curtiss
23 has pointed out and Dr. Murley confirmed, the ARDUTLR is
24 defined in the rule to include ARD effects not
25 specifically reviewed and approved by the staff. For the

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1 period of the renewal term, the staff believes that most
2 SSCs at this point could be -- could be -- subject to
3 ARDUTLR, or at least considered to be for purposes of the
4 conduct of this structured review.

5 Accordingly, the staff approach focuses rather
6 than on arguing whether or not ARDUTLRs, in effect, on
7 effective programs for managing the effects of age-related
8 degradation unique to license renewal. And as I'll
9 explain in a few minutes, we believe that effective
10 programs for most SCs can be shown rather efficiently
11 without the need for a great deal of analysis and
12 documentation, and that there are certain advantages
13 offered by a consideration of effective programs over the
14 no-ARDUTLR option in terms of things like the flexibility
15 afforded under the rule for changes to effective programs,
16 and for public understanding in the context of how this
17 program is implemented.

18 CHAIRMAN SELIN: Could you stop for a second,
19 because you've really broached, breached, brought out,
20 however you want to say it, what I think is the most
21 important engineering issue as opposed to legal issue.

22 I'm picturing the licensee -- the licensee goes
23 through the scope review. Probably the next step is to do
24 the effective program review rather than the functional
25 review, and certainly the uniqueness review. And if the -

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1 - I mean, in preparing the analysis, not in presenting the
2 application. And if he can rule out a whole large number
3 of systems and components on the grounds that there's an
4 effective program review, if he doesn't have to go through
5 the detailed analysis of even doing the functional review,
6 that this portion of the system is not necessary, and he
7 certainly doesn't have to do the uniqueness review, but in
8 spite of the fact that the rule is written in terms of a
9 set of sequences, your program just says that sooner or
10 later you have to satisfy any one of these four criteria,
11 and you're off the hook.

12 And my question is, if a system or a component,
13 or a set of systems, are never subjected to the uniqueness
14 review -- in other words, that the licensee did the
15 analysis and said, "I don't have to worry about these from
16 the point of view of the effective program review, I will
17 never apply the uniqueness review or, for that matter, the
18 functional review", down the road does he have anything to
19 lament? In other words, has he lost anything by not first
20 applying the uniqueness review?

21 You're suggesting it's almost the other way
22 around, that if you make a small change, he'd have to redo
23 the uniqueness analysis, whereas as long as you still have
24 an effective maintenance program, you don't have to go
25 into -- I mean, a small change in the maintenance program.

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1 MR. TRAVERS: I don't think you lose anything.
2 The focus is on effective programs. And once you've
3 demonstrated an effective program for any structure,
4 system or component, you've in fact said that aging,
5 including age-related degradation unique to license
6 renewal, can be identified and mitigated per the
7 requirements of the rule.

8 I don't think that evaluating structures or --

9 CHAIRMAN SELIN: You didn't say that. You said
10 you may not even have identified the aging, you just say
11 we have a process so that if aging comes up, it's
12 mitigated and, if not, it's handled.

13 MR. TRAVERS: Correct. And I don't mean to
14 imply that this approach involves a specific
15 identification of aging and aging mechanisms. In fact, I
16 was going to get to a point that explained that more
17 directly. Maybe I should just do that now. Basically --

18 COMMISSIONER CURTISS: But if I understand the
19 question, the advantage of doing the 54.21(a)(1) scope
20 review first and then doing the functionality review under
21 (a)(2) is that you can exclude about a third of the
22 structures and components and thereby don't get locked
23 into the details -- and we'll get into those in a minute
24 as well -- of an effective program, which has to be
25 submitted and the application contained in tech specs, and

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1 so forth and so on. So, they can decide themselves. But
2 I would think the licensees would find it in their
3 interest to do the scope review and the function review in
4 the order here, which is also the order in the rule,
5 because the nature of the requirements that will attach if
6 you do the effective program review first, are much more -
7 - onerous is probably the wrong word -- but much more
8 extensive.

9 MR. TRAVERS: There's certainly motivation for
10 screening out at the outset, and we think that's the way
11 it would work in practice, because much of the 30 percent
12 we're talking about is fairly straightforward, as Dr.
13 Murley mentioned.

14 CHAIRMAN SELIN: The 30 percent is pretty clear.
15 Based on the fact that I don't know the rule as well as
16 some others, it's not clear to me that applying the
17 function review is called for, but I'll accept that there
18 are some problems down the road if you don't.

19 DR. MURLEY: I think we view it as that it would
20 be in the licensee's interest to try to do the functional
21 review because there are probably some test lines and
22 stuff that they may not have an effective maintenance
23 program for, and don't need to.

24 CHAIRMAN SELIN: I see. Okay.

25 DR. MURLEY: And, therefore, he could eliminate

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1 them from further consideration.

2 CHAIRMAN SELIN: But the main point in my
3 question is that looking at the relative numbers and at
4 difficulty of applying the test, I would think most
5 licensees would then do the effective program review, and
6 whatever systems or components didn't pass that review,
7 they would then say, can I get rid of any of these through
8 a uniqueness review, but would probably do the analysis in
9 the opposite order.

10 DR. MURLEY: Certainly, they could go through
11 and not kick out anything at the functional review or
12 uniqueness review, and see what the effective program does
13 because we do allow, as Bill will explain, large groupings
14 of components, commodities, to be included in an effective
15 program. And if it's caught up in that program, then it
16 may be just as well to do it. But if it's not, then they
17 may go back through and iterate and use the functionality
18 argument.

19 CHAIRMAN SELIN: Let me ask the question because
20 Commissioner Curtiss has pointed out that the rule handles
21 items that are kicked out from the scope and function
22 review differently and more generously than items that are
23 kicked out from the effective program review, and
24 presumably that are kicked out on the uniqueness review.
25 In spite of the informalism of the rule which seems to do

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1 this as a practical matter, is it your belief that from
2 the licensee's point of view it doesn't much matter on
3 what basis something is kicked out, as long as it's kicked
4 out?

5 MR. TRAVERS: No, it does matter. It certainly
6 does. And it matters to the extent that the rule requires
7 -- for example, reporting requirements for changes to
8 effective programs, it specifies change mechanisms and
9 considerations, perhaps even interactions with the staff
10 when certain changes to effective programs are made.

11 So, if you consider the scope review and the
12 functional review as the gross cross-cut of identifying
13 systems and structures and components that can be
14 eliminated relatively straightforwardly, those things are
15 done for the purposes of license renewal. There's no
16 further interaction with the staff.

17 As I'll explain in a moment, there are certain -
18 - at least in one case where you could argue no ARDUTLR,
19 there's a programmatic argument that can be used and, if
20 I can continue, I think I'll point out where that argument
21 entails certain potential interactions before changes
22 could be made.

23 CHAIRMAN SELIN: I would like to explain to you
24 why I'm driving this point. We have a rule which allows
25 you to do this technique. If we really are indifferent as

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1 to whether it's the uniqueness review or the effective
2 program review that kicks out a system, then the
3 temptation to fiddle with the rule is very small. If
4 there's a difference down the line which pushes the
5 licensee to do something which is less efficient simply
6 because the rule is written in a funny way, then there's
7 a temptation to revisit the rule. So, that's why it's not
8 an idle question and, therefore, your answer is very
9 important.

10 DR. MURLEY: I think there's another facet to
11 the answer too, Mr. Chairman, that we can't -- at least I
12 can't -- answer very well, but it has to do with
13 litigative risk. At some point, this is going to be
14 challenged, each license renewal will be challenged, and
15 there may be a higher risk if an item is thrown out in one
16 of the stages rather than another.

17 We did not spend a lot of time dealing with that
18 question. As I said, we tried to make a system that's
19 workable. But I do know it played on the minds of
20 industry, and you may want to ask them about it.

21 COMMISSIONER CURTISS: Two points here, before
22 we lose track of the first. The scope review and the
23 functional review kick out things, to over-simplify,
24 because they are essentially not important to safe
25 operation of the plant. They are not within the scope of

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1 SSCs as defined under the rule and, hence, we have defined
2 in this case those things that we're not going to be
3 worried about in the license renewal context.

4 Similarly, the functional review kicks out
5 things that are not necessary for function of SSCs that
6 are important to license renewal. And, so, there is a
7 clear line of demarcation between the scope and the
8 function review and what happens, and why we're kicking
9 them out under that category, and the uniqueness and
10 effective program review.

11 Secondly, I don't believe that the rule is
12 indifferent to, and I'm certainly not personally
13 indifferent to, whether you treat an issue under the
14 uniqueness review of (a)(3) or the effective program
15 review. And we'll get to that as well.

16 MR. TRAVERS: Continuing on, slide 7 presents
17 some additional detail on the uniqueness review step.
18 (Slide)

19 On the left side of the flow diagram, the staff
20 expects that since most SCs could be subject to ARDUTLR --
21 and as I'll explain in a minute because of some
22 considerations like flexibility and so forth -- we think
23 that once identified as possibly subject to age-related
24 degradation unique to license renewal, our approach allows
25 for a rather effective demonstration of effective

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1 programs.

2 But let me focus more significantly on how the
3 staff envisions that there could be an argument made for
4 no age-related degradation unique to license renewal and,
5 in fact, staff approach, while pragmatically recognizing
6 our expectation that very few would be kicked out here, in
7 fact, it allows for some significant numbers of SCs which
8 could be demonstrated, could not be subject to age-related
9 degradation unique to license renewal.

10 We've identified two methods for doing that, and
11 both involve an explicit review and approval by the staff
12 which is made in connection with the license renewal
13 application. There have been concerns expressed about the
14 definition of age-related degradation unique to license
15 renewal and whether or not an allowance contemporaneously
16 for review and approval by the staff that something is not
17 subject to age-related degradation unique to license
18 renewal could be made.

19 It's our judgment that the rule allows for that
20 kind of contemporaneous review and approval by the staff.

21 MR. MURLEY: Say that again.

22 MR. TRAVERS: The language -- the definition of
23 age-related degradation unique to license renewal has been
24 read by some to mean that if we haven't previously
25 reviewed and approved --

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1 MR. MURLEY: Oh, I see.

2 MR. TRAVERS: -- the effects of age-related
3 degradation unique to license renewal, that it couldn't be
4 handled in that way for license renewal. Our review,
5 rather, is that it could be contemporaneously with the
6 application.

7 Two cases, as I mentioned, have been identified
8 where an applicant could identify equipment that is not
9 subject to age-related degradation unique to license
10 renewal. Certain long-lived equipment -- for example,
11 tanks and so forth -- could be examined, we feel, by a
12 one-time inspection which demonstrates that either little
13 or no corrosion of a tank is occurring and, therefore,
14 nothing really needs to be done. And the expectation is
15 that in the renewal term, the condition and the function
16 of the tank could be maintained in the absence of any
17 action.

18 A key aspect of this method is that no future
19 action would be required by the licensee. No program, no
20 effective program, or no program, would be required to
21 maintain the validity of the conclusion that this
22 particular piece of passive equipment is not subject to
23 ARDUTLR.

24 COMMISSIONER ROGERS: I think somebody brought
25 up an example at one time, though, of that kind of a

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1 situation where it, in fact, might fail the functionality
2 test because if the tank -- the function of a tank itself
3 might not be important, but if it leaked all over a system
4 that was important and put it out of service, then it
5 could be important. So, I mean, the failure of that
6 system to be examined as an important component of a
7 safety system might kick it out but, if it were not
8 properly maintained and, in fact, let fly with 20,000
9 gallons of water, or something, all over a safety system
10 and reduced its functionality, then that presumably should
11 be taken into account in this process as well.

12 I think this was an example that came up earlier
13 sometime.

14 MR. TRAVERS: In fact, I think you're pointing
15 out one of the difficulties in making this kind of
16 argument, one time and then you're done. And it's, we
17 think, a rather comprehensive, detailed consideration of
18 component or structure-specific information. That's one
19 reason we think that while you could make it, it might be
20 a rather difficult thing to do, and in terms of resources
21 might be rather expensive as well.

22 The second case that we've identified where an
23 applicant could argue that there's no ARDUTLR is for
24 equipment that is replaced on a fixed-time interval with
25 like-kind equipment. Periodic replacement with like-kind

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1 effectively eliminates the possibility of ARDUTLR, since
2 the service that the piece of equipment will see will be
3 less than 40 years. However, since this justification is
4 based on future -- solely based on future action, we
5 believe that some level of enforceable commitment needs to
6 be applied to ensure that the judgment that we're making
7 in connection with the licensing issuance remains valid
8 through the renewal term -- that is, that the action to
9 replace is continued.

10 And we've identified that for some equipment, we
11 might want to consider, based on its risk-significance,
12 the imposition of a license condition or a technical
13 specification, for example, that ensures that the
14 conclusion of no ARDUTLR remains valid. And in other
15 cases, as a minimum, a commitment in the application
16 itself would be sufficient, and certainly enforceable on
17 later review by the staff.

18 COMMISSIONER CURTISS: Bill, would you describe
19 the difference between the time-dependent replacement
20 program that you have just described, accepting under
21 54.21(a)(3), and the time-dependent replacement or
22 refurbishment program that a licensee might implement in
23 the context of the maintenance rule? What is the
24 difference between those two?

25 MR. TRAVERS: They may do the same kind of

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1 replacement, fixed-interval replacement. Alternatively,
2 they may monitor the condition, or the performance, the
3 function, of the equipment and change it based on some
4 test. For example, batteries -- they may monitor the
5 voltage at any given point in time, and make judgments.

6 COMMISSIONER CURTISS: Okay. Let me get into a
7 more specific question. If a licensee, in its application
8 for license renewal, indicated that there's a certain
9 group of components within the plant -- let's talk about
10 the short-lived active components at this point -- and the
11 licensee says, "Pursuant to the maintenance rule and the
12 NUMARC guidance, I'm going to implement a time-dependent
13 replacement and refurbishment program, monitor under
14 (a)(1) of the rule, or conduct my PM under (a)(2) of the
15 rule and, as appropriate, with the time of replacement to
16 be determined by the licensee's program under the
17 maintenance rule, replace or refurbish that component".
18 Would that be sufficient to satisfy you in the context of
19 either a given component or a grouping of components,
20 which you would allow here, I take it, for purposes of
21 satisfying the determination that you're looking for here?

22 MR. TRAVERS: I don't think it would be, and
23 I'll tell you why that is. The maintenance rule and the
24 guidelines that are being developed to implement it,
25 establish guidelines, general guidelines in some cases,

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1 more specific in other cases, but guidelines nevertheless,
2 for the development of programs which, if they are
3 implemented as we expect, as we hope, would be expected to
4 be effective programs in their license renewal. But
5 depending on how those programs are developed within the
6 guidance being developed by NUMARC, and I assume
7 ultimately endorsed by a regulatory guide, the question
8 remains -- and in license renewal, the way the rule is
9 constructed, we believe we need to see tangible evidence
10 of the resulting program that would establish the accepted
11 criteria and so forth that are required by license
12 renewal.

13 So, the principal difference, as I see it, is
14 that the guidance being developed in connection with the
15 maintenance rule is expected, if it's implemented
16 correctly, to result in programs that I believe would be,
17 on review, determined to be effective. But we need to
18 establish in the application, a program description which
19 would allow us to make that judgment for license renewal.

20 MR. SNIEZEK: Let me add to that, Commissioner,
21 I believe that that type of description, maybe a little
22 more detail, may satisfy the requirements of the license
23 renewal rule, but whether or not the program is actually
24 effective may take on-site inspection by the staff to
25 ensure that it has the acceptance criteria that which are

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1 required under the license renewal rule in the program.

2 COMMISSIONER CURTISS: Okay. And is your
3 conclusion that you have to do something more than what
4 the current licensees are doing under the current
5 maintenance rule, based on the requirement that the
6 licensee explicitly evaluate and identify ARDUTLR? Is it
7 based upon your view of what acceptance criteria means in
8 the rule? Or what's the basis for saying that for
9 something that is not unique to license renewal, to put it
10 differently, for something that affects an operating plant
11 in the same way that it affects a license renewal plant,
12 that we're satisfied with what the existing licensees are
13 doing under the maintenance rule but, again, for an issue
14 that is not unique to license renewal, we are insisting
15 upon something that goes beyond what the current licensees
16 are going to do to implement the license renewal rule?

17 MR. TRAVERS: Well, again, I have to start from
18 the standpoint that if we are into effective program
19 consideration, we're at the point where we've said at
20 least that the structure or component could be subject to
21 age-related degradation unique to license renewal as
22 opposed to saying it's not. Starting with that, the notion
23 that we need to see at least a program description, even
24 if we're not -- and I'll explain in a moment -- requiring
25 quantitative acceptance criteria to be submitted for

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1 review, but a program description, is that the rule
2 requires a description of programs, which we believe can
3 be described in terms of performance or condition, such
4 that the acceptance criteria established for performance
5 or condition which maintain the function of that equipment
6 would trigger corrective action. And we think that the
7 notion or the thrust of both the license renewal rule in
8 terms of its acceptance criteria and corrective action
9 requirements, and the maintenance rule and its goals and
10 acceptance criteria and corrective action establishment,
11 are essentially equivalent, but unless the program is
12 described -- at least the way we read the rule -- for a
13 license renewal application, we don't feel that the
14 predictive finding required of the rule -- or at least the
15 way we've read the rule in terms of what is needed for a
16 program description argues in favor of having seen the
17 development or the results of the programs that are
18 developed subsequent to the NUMARC guidelines and the
19 maintenance rule, rather than just a commitment to meeting
20 those things.

21 COMMISSIONER CURTISS: I'd just make two points,
22 and then you can go on, or respond. First, I interpret
23 what you're saying in this regard, as reducing the degree
24 of flexibility that a licensee will have under the
25 maintenance rule, if the licensee wishes to cite that as

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1 a basis for actions taken to address, in this case, age-
2 related degradation that is not unique to license renewal.

3 And it's unclear to me why it is that for an
4 issue that is not unique to license renewal, we are
5 insisting upon going beyond something that the current
6 licensees, in our view, have done in an acceptable way --
7 that is to say, to implement a time-dependent
8 refurbishment or replacement program.

9 Secondly, I have a difficult time, or I'm
10 beginning to have a difficult time, squaring that with the
11 first principle, first of two fundamental principles, of
12 the license renewal rule, which is to say that the
13 existing processes are adequate for issues other than age-
14 related degradation unique to license renewal.

15 And, so, as we talk about this through this
16 option and the effective program option, it's not at all
17 clear to me that we're not insisting upon a higher level
18 of specificity, more prescriptiveness, when it comes to
19 the license renewal regime, particularly when the option
20 exists to rely on the maintenance rule, on issues that, in
21 this case, do not involve matters unique to license
22 renewal. And just as with EQ and fatigue, I think that's
23 a difficult conclusion to support.

24 MR. TRAVERS: Just to close out my presentation
25 on the uniqueness review, I've already identified that we

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1 would, as a practical matter, not expect a lot of
2 structures and components to be dispositioned at this
3 step. Partly, that's due to, particularly in cases where
4 license conditions or technical specifications are deemed
5 needed to assure the replacement action, the loss of
6 flexibility and the relatively less flexible --
7 flexibility that an applicant would have versus what we
8 believe is a relatively large amount of flexibility under
9 effective programs -- and I'll describe that in a moment.

10 Since most structures and components are still
11 in the integrated plant assessment, as we approach the
12 effective program, it's pretty clear that the focus of our
13 approach is in effective programs, and we mentioned that
14 before. Although our approach results in effective
15 programs needed for most structures and components, we
16 think that there's relatively straightforward methods for
17 most SCs of identifying that they are already subject to
18 effective programs.

19 Effective programs are defined in the rule as
20 documented programs to manage ARDUTLR which ensure an SSC
21 can perform its function. Effective programs must also
22 ensure identification and mitigation of age-related
23 degradation unique to license renewal, they must contain
24 acceptance criteria as thresholds action, and they must be
25 implemented by plant procedures and reviewed by the on-

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1 site review committee.

2 Before walking you through the logic slide,
3 which is more detailed for effective programs, slide
4 number 8, I'd like to make two fundamental points relative
5 to effective programs.

6 The first one is that consistent with the
7 definition's focus on function and the emphasis of
8 maintaining a function of an SC, our approach is keyed
9 to ensuring SC or monitoring SC performance or condition
10 so that function can be ensured. And this is different
11 than an identification of each age-related degradation
12 mechanism, and we think it can be just as effective, and
13 certainly much more efficient. It is also more consistent
14 with the kind of programs that are in place today, and we
15 have a rather large database in terms of industry
16 experience and regulatory experience for the conduct of
17 these kind of surveillance, inspection and test programs
18 that are based, once again, on performance or condition as
19 opposed to specific identification of age-related
20 degradation mechanisms.

21 The second fundamental element in the staff
22 approach is that the approach expects that most SCs are
23 already subject to programs that are effective for
24 managing, identifying and managing age-related degradation
25 unique to license renewal. That includes programs

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1 developed to meet the general requirements of the
2 maintenance rule.

3 CHAIRMAN SELIN: Say this again, Bill.

4 MR. TRAVERS: I'm going to point out in a
5 moment, but I want to start with --

6 CHAIRMAN SELIN: You're saying that most
7 programs are subject to --

8 MR. TRAVERS: Most SCs are already, we believe,
9 and can be demonstrated to be, subject to programs which
10 can be considered effective for license renewal.

11 CHAIRMAN SELIN: That's not what you said the
12 first time.

13 MR. TRAVERS: Then I made a mistake.

14 CHAIRMAN SELIN: You said that they were subject
15 to programs that were handling age-related degradation
16 unique to license renewal. In fact, that these
17 maintenance programs exist in the first 40 years, almost
18 by definition, the license doesn't think that the
19 degradation is unique to license renewal, he's trying to
20 manage them during the basic term.

21 MR. TRAVERS: But my point is, since this
22 approach focuses on performance or function generally --

23 CHAIRMAN SELIN: That they're extensible to the
24 extended period.

25 MR. TRAVERS: Yes. And we think that that is a

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1 reasonable case, and it can be made for most SCs.

2 Let me turn to slide 8 then, and discuss it in
3 some more detail here. (Slide)

4 The two boxes that are side-by-side in the mid
5 portion of the slide, are designed to illustrate two cases
6 where we think structures and components in terms of
7 performance or condition, are already being monitored and
8 can be considered effective programs for license renewal.

9 The principal difference between these two boxes
10 is the level of information that would have to be
11 submitted to demonstrate that for license renewal.

12 The box on the right identifies the case where
13 acceptance criteria are already established within
14 technical specifications or by regulation, and the SCs are
15 already subject to surveillance, tests, et cetera, which
16 would identify aging effects including age-related
17 degradation unique to license renewal in the renewal term.

18 I should point out that --

19 CHAIRMAN SELIN: But by definition, there's no
20 way to separate age-related degradation that is and isn't
21 unique to -- like the old Bill Quinn rule, it's not a ball
22 or a strike until I call it, it's just a pitch. And if
23 nobody does the analysis then, by definition, it's unique
24 to license renewal unless it's proved otherwise.

25 MR. TRAVERS: If you meet the requirements for

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1 an effective program, by definition, you meet the
2 identification and mitigation requirements of the license
3 renewal rule. So, you're right. Without identifying
4 specifically which is and which isn't, we've simply
5 entered into this effective program realm with a could-be.

6 CHAIRMAN SELIN: As if they all are unique to --

7 MR. TRAVERS: Yes, that's correct.

8 DR. MURLEY: Let me just make sure that -- we do
9 not make a specific finding. Neither we nor the staff
10 have to make a specific finding that these structures or
11 components do suffer from age-related. It says it just
12 could be --

13 CHAIRMAN SELIN: According to Part 2, it says it
14 is. I mean, you're reading that Part 2 literally, it's
15 unique to license renewal until the licensee proves
16 differently and you agree with him that it is --

17 DR. MURLEY: We're reading it from the point of
18 view that says it's a very difficult argument to make, on
19 the part of the licensee, that it does not suffer age-
20 related degradation unique to license renewal. However,
21 we don't feel, for purposes of going through this logic,
22 that we have to make an affirmative finding that it is
23 because the rule says that it could be. So, we're saying,
24 let's basically sidestep the argument and get into what
25 is, in essence, in my mind, clearly, a better ground on

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1 which to fight this battle, and that is the effective
2 program review.

3 MR. TRAVERS: And we think, basically, that as
4 a result of coverage by technical specifications or
5 regulations in the associated acceptance criteria, that
6 this equipment -- and we're categorizing most SSCs or SCs
7 that remain in the integrated plant assessment at this
8 point -- are already covered and can be demonstrated with
9 minimum levels of information submitted in the
10 application, as subject to effective program for license
11 renewal.

12 I should point out that the box includes a
13 statement "and included in the maintenance rule". By
14 virtue of the relatively broader scope of the maintenance
15 rule, we think that everything, or most everything, that
16 we can identify -- we haven't identified anything that's
17 outside of the scope of maintenance rule that's also
18 covered by license renewal -- so this box really is meant
19 to reflect an existing condition rather than to push
20 things into new boxes of requirements.

21 We think that the maintenance rule provides
22 additional assurance that the corrective actions required
23 of the license renewal rule will result either from
24 failure to meet goals under (a)(1) of the maintenance rule
25 for risk-significant structures and components, or

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1 maintenance-preventable failures that are stipulated for
2 those structures and components, systems and components,
3 that are covered under (a)(2) of the maintenance rule.

4 Again, under this box, or under this concept, we
5 believe that a minimum level of information could be
6 demonstrated in the application to show that most of the
7 remaining SCs are already covered by effective programs
8 for license renewal.

9 CHAIRMAN SELIN: Let me come back to
10 Commissioner Curtiss's question because I'm not sure I
11 understood the answer before. I didn't realize how
12 important it is. What you're arguing is, given a
13 maintenance rule, there's enough structure for the license
14 renewal rule. Work it backwards. Given what you're going
15 to do to maintenance in the license renewal rule, is that
16 going to have an impact, an undesirable impact, on
17 maintenance either in the first 40 years, or thereafter?
18 By making a maintenance procedure so central to license
19 renewal, are you going to restrict the flexibility of the
20 maintenance rule either in the basic term or thereafter,
21 or in some other way have an undesirable impact on
22 maintenance?

23 MR. SNIEZEK: Let me address that, Mr. Chairman.
24 Under the maintenance rule, they will have procedures in
25 place for doing the maintenance, the plants will. Under

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1 the license renewal rule, they have to describe the
2 effective program. They do not have to submit the
3 effective program, they describe it.

4 I draw a corollary between this and our pre-
5 operational testing program which they describe in the
6 SAR, but the actual pre-operational testing program is
7 feet and width of procedures for conduct of it. We see
8 the same thing here between license renewal and the
9 maintenance program that's on the plant site. They will
10 describe the effective program, but they do not have to
11 submit it. And we talked to NUMARC and the public on
12 Friday and said, you have to describe it properly so you
13 don't tie in all your procedures as part of the specific
14 commitment in the application.

15 So, if they do it that way, I don't see where it
16 will tie their hands at all in the maintenance arena.

17 COMMISSIONER CURTISS: I don't mean to --

18 CHAIRMAN SELIN: No, no. Please ask.

19 COMMISSIONER CURTISS: I read 54.21 as saying,
20 beginning with the first paragraph: "Each application
21 must include a supplement to the FSAR that, among other
22 things, contains the following information: The IPA,
23 under 54.21(a) -- the IPA, in turn, under 54.21(6), is to
24 describe the applicable effective program". So, I think
25 the license renewal rule requires you to submit a

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1 description of your effective program. Are we missing
2 each other?

3 MR. SNIEZEK: I agree, it requires a description
4 of the effective program, but not a submittal of the
5 effective program, and there is a tremendous difference.

6 CHAIRMAN SELIN: What is it?

7 MR. TRAVERS: For example, the detailed
8 acceptance criteria that are done in connection with pre-
9 op tests contain bookshelves of tests and the quantitative
10 criteria that have to be met, but the description that's
11 normally contained in the application, the SAR, if you
12 will, is much less. It's really a programmatic
13 description of those things that would be carried out.

14 Very often, we go out and inspect to see how
15 those descriptions, those program descriptions, are being
16 implemented. In fact, for license renewal, in addition to
17 reviewing the paper application that comes in, we would
18 envision conducting audits to see what stands behind the
19 program descriptions that are described in the
20 application. And the kind of flexibility, that you
21 accurately point out, that could be lost, if that kind of
22 detail were provided, is not intended within the context
23 of this approach.

24 COMMISSIONER CURTISS: I need to go back and
25 read the provision more carefully, but I thought the

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1 effective program had to be included in the application.

2 The second point I guess I'd make is, I'd phrase
3 the question a little bit differently. In my view, the
4 staff's approach is going to rely, to a degree, on the
5 maintenance rule and the steps being undertaken pursuant
6 to the maintenance rule, but to a limited degree. They
7 are looking primarily to tech specs and other regulations
8 as the heart of the effective program program, if you
9 will. The maintenance rule is useful and is relied upon
10 because it has a corrective action feature that includes
11 all of the SCs covered under the license renewal rule, and
12 then some, balance of plant. Secondly, it includes a
13 feedback mechanism; and, third, it includes a root cause
14 provision. But I see the emphasis as being, rather than
15 squarely on the maintenance rule, it's tangential in terms
16 of the reliance placed upon it. The principal reliance is
17 placed upon tech specs and other regulations. And that's
18 the significance of the word "and" on this chart, they
19 have to be included in both.

20 MR. TRAVERS: But we think rather than forcing
21 things into that box, we're trying to take credit, if you
22 will, for what currently exists. And we think most SCs
23 that are important to license renewal at this step are
24 already covered in tech specs or by regulations. So,
25 we're not driving anything towards that box.

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1 And I was going to address the second box now,
2 in just a few words, and basically what we're saying is
3 that in addition to that categorization of SCs, those
4 covered by tech specs or regulation, we think that a whole
5 host, or some remaining ones, are also subject to
6 effective program perhaps by virtue of their coverage by
7 maintenance rule requirements, for example, but the
8 principal difference here is that the program description
9 which provides in the application that information as to
10 why those programs are effective, needs to be a little bit
11 more substantial.

12 So, again, we're trying to recognize an existing
13 situation which may, in some cases, rely on what is being
14 done in the context of maintenance rule requirements, or
15 it may be something else. I don't know that we tried to
16 capture everything in this context, but we've tried to
17 identify two situations and take credit for them where
18 they exist today.

19 COMMISSIONER CURTISS: Here's where the rub
20 really comes, in my view. I don't know how many SCs are
21 covered in this category of "not subject to tech specs or
22 other regulations", but it's some, according to the chart,
23 and it may be some significant number, I don't have a feel
24 for that yet. But let's assume that there are some, and
25 I'll postulate this question.

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1 For a licensee that comes in, he's got a
2 structure or component that's covered under the
3 maintenance rule only, it is not subject to the tech specs
4 or some other regulation, the regulation in turn
5 containing detailed acceptance criteria.

6 Would it be satisfactory for the licensee to
7 say, in describing its program in the application, that "I
8 am complying with the NRC-endorsed guidance set forth in
9 the NUMARC reg guide", and to say nothing more? And I
10 think the answer to that, from what you've just said, is
11 that you would like to see a more substantial description
12 of what it is that the licensee is doing, maybe including
13 quantitative acceptance criteria, not clear at this point,
14 but certainly narrowing or circumscribing the degree of
15 flexibility that the licensee would have under the
16 maintenance rule today.

17 And to the extent that some of these issues,
18 although we haven't called them balls or strikes yet, some
19 of them are balls and some of them are strikes, some of
20 these issues are not unique to license renewal, what you
21 are essentially proposing here is that we treat issues
22 that, if you get down to the technical nitty gritty of the
23 issue, it really may not be unique to license renewal,
24 we'll treat those issues differently for license renewal
25 candidates than we will for operating reactors today.

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1 Again, it goes back to the first basic principle of the
2 rule, that the existing processes are adequate.

3 Beyond that, I see three specific requirements
4 of the rule itself, which circumscribe the flexibility
5 that you would have under the maintenance rule. One, as
6 you've indicated, you have to submit substantial
7 additional detail if you're only proposing to rely on the
8 maintenance rule, first. Secondly, if you change what
9 you're proposing to do in a manner that affects the
10 effectiveness of the program, you have to get advance NRC
11 approval for that. And, third, you have to submit, at a
12 minimum, any change to the maintenance program to the NRC
13 on an annual basis.

14 Now, that, in my view, makes the maintenance
15 regime a much more prescriptive one than was intended when
16 it was originally promulgated, for those licensees who are
17 going to pursue license renewal and wish to rely upon the
18 aging management steps that they are taking today under
19 the maintenance rule, and that we have declared for
20 operating reactors are acceptable to us for all of the
21 operating reactors.

22 And I have a difficult time conceptually, but
23 I'm also concerned that we not take away the degree of
24 flexibility that was very important in the context of the
25 way the maintenance rule was promulgated -- submission of

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1 acceptance criteria, reflection perhaps in tech specs, or
2 at least the application in an enforceable way. It all
3 has the flavor of becoming much more prescriptive in terms
4 of the extent to which we rely on the maintenance rule.

5 DR. MURLEY: I don't think it makes it anymore
6 prescriptive at all. There may be some reporting aspects
7 --

8 MR. SNIEZEK: Commissioner, on that, what I
9 believe the staff has in mind is to keep all the
10 flexibility that the maintenance rule gives to these
11 licensee, but that notwithstanding, we are required to
12 have a description of the effective program.

13 Let me give a couple examples. The type of
14 description -- and, Bill, tell me if you would agree with
15 what I'm going to say -- for example, a pump or a group of
16 pumps. The licensee could come in and say, "I am going to
17 establish a program to monitor my pump head flow curves
18 consistent with the manufacturer's recommendation, so I
19 can detect degradation and ensure that I always have
20 sufficient flow to meet the analysis specified in my SAR
21 for accident mitigation". That could be the level of
22 detail. All the acceptance criteria, the specific
23 numbers, and all the detail is contained in the plant-
24 specific procedures. They do not get submitted.

25 What they would have to report to us are

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1 changes, if they change that description, in how they're
2 going to do business that they told us in this
3 application. That's the level of detail we're talking
4 about. And I really don't believe that takes away the
5 flexibility that they have in the maintenance rule, as far
6 as what's in the detailed plant procedures.

7 DR. MURLEY: I think a good gauge, as Jim
8 mentioned, the level of detail we're considering, or we
9 think is appropriate in this instance, is consistent with
10 the kind of detail you'd see in a tech spec or a
11 regulation. And in many instances, while the tech spec
12 doesn't contain itself the detailed acceptance criteria,
13 by virtue of the fact that it exists, you would expect
14 that the acceptance criteria are being implemented in
15 facility-specific procedures. And, in fact, if we go out
16 and inspect, we would expect to see those there. And I
17 think the license renewal rule works in a similar fashion,
18 and we would expect to review an application, as I
19 mentioned, for the kind of implementing detail, at least
20 in audit fashion, that stands behind it.

21 COMMISSIONER CURTISS: Okay.

22 MR. TRAVERS: After recognizing the structures
23 and components that are already subject by virtue of one
24 box or the other, to being subject to effective programs,
25 we think you finally arrive at a group of equipment that

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1 will be the focus of things for which either new programs
2 or enhanced programs are needed in connection with license
3 renewal, and we've identified in the past that passive
4 equipment, largely long-lived passive equipment such as
5 Class I structures, maybe the subject of the closest
6 scrutiny that we give to equipment under the license
7 renewal rule.

8 Alternatively, you could make a judgment even at
9 this point, based on what you've seen or arguments for,
10 for example, the materials that are at use in a particular
11 component, or the fact that no corrosion or any other kind
12 of degradation is occurring, that no program is needed.

13 So, again, as the Chairman pointed out earlier,
14 you could make this kind of determination which is similar
15 to no age-related degradation unique to license renewal at
16 this point, in the integrated plant assessment as well.

17 In summary, we believe, and as Tom mentioned, we
18 took the rule as it stands, and we think we've identified
19 an approach that would allow an applicant to work through
20 this process in an efficient way, getting to what we
21 believe the Commission had intended in promulgating the
22 rule.

23 We think that a lot of the upcoming work we're
24 going to be interacting with some of the industry
25 initiatives -- B&W Owners Group, for example, comes to

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1 mind -- will help to bear out our notion that this is a
2 reasonable approach. In fact, in discussions we've had
3 with B&W Owners Group -- we've met with them -- what we're
4 doing parallels the kind of formulated basis that they're
5 preparing their reports on. I wouldn't say one-for-one,
6 but they've certainly indicated a certain parallelism to
7 the way we're approaching it, and the kind of emphasis
8 they're putting on effective programs rather than
9 arguments, for example, of no ARDUTLR.

10 We also expected, as Commissioner Curtiss
11 indicated earlier, that the Office of Research and FAR
12 results should factor into the guidance, the implementing
13 guidance that we will promulgate for comment on the
14 license renewal rule.

15 And I guess I'd like to stop at this point and
16 ask if there are any further questions.

17 DR. MURLEY: What I would conclude, Mr.
18 Chairman, Commissioners, is saying that this is the
19 staff's proposal which we are recommending that the
20 Commission approve that we proceed down this path. We
21 would propose that for the groups that are coming in --
22 the B&W Owners Group, we understand the Westinghouse
23 Owners Group will come in, and specific licensees
24 themselves may come in with some material -- we would
25 propose to use this generic approach for the integrated

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1 plant assessment.

2 I will say that one of the lessons we've learned
3 from all this, relearned actually, is that implementation
4 of a new rule is as important for policy as the rule
5 itself. I think the Commission made that point. And we
6 would propose to come back periodically -- I would propose
7 to personally stay involved with Bill Travers and Bill
8 Russell and my staff, in following these reviews at a high
9 level frequently, and I would propose that we report to
10 the Commission relatively frequently in the early stages,
11 of how these reviews are going, if the Commission decides
12 to go this way. That basically concludes our --

13 MR. TRAVERS: Could I take one minute to answer
14 a question that was asked of the staff in December, and it
15 won't take long at all. I think it was Commissioner
16 Remick asked -- and this was contained in a staff
17 requirements memorandum -- to identify staff resources
18 that had been applied against, I believe, plant reviews.

19 And in fiscal years '91 and '92, about half of
20 an FTE was expended on plant-specific information reviews
21 for the lead plants Yankee Rowe and Monticello. That
22 doesn't mean we didn't spend a lot more resources
23 interacting with these utilities, but it was focused
24 principally on the development of the rule and the
25 regulatory guidance. So, I just wanted to make sure we

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1 answered that question.

2 CHAIRMAN SELIN: Commissioners, the staff is
3 available now, or after we hear from NUMARC and the
4 General Counsel, or both, at that point. Commissioner
5 Rogers?

6 COMMISSIONER ROGERS: Well, I found this a very,
7 very helpful meeting. And it seems to me that one of the
8 things that must be kept in mind here very much is the
9 precise meaning of words because, to me, I had no sense of
10 what you had in mind when you were drawing a distinction
11 between a description and not a description of something,
12 I would have thought, in rather different terms. That
13 isn't to say that your interpretation is not correct, it's
14 just that I would not intuitively have thought that a
15 description would be less detailed than not a description.

16 And it seems to me that your specification that
17 something be described instead of something actually be
18 specified and submitted -- and you drew a distinction
19 between "described" and "submitted" -- it seems to me that
20 these are very, very important matters that the industry
21 and you must understand and be working with exactly the
22 same language, and I'm not sure that's the case. Maybe it
23 is, maybe isn't. But I know when you get together and are
24 working very hard on something, you begin to come to a
25 common understanding, the staff does, about precisely what

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1 you mean by certain terms. And that may not be adequately
2 communicated to the rest of the world.

3 And I've found this dialogue here today very
4 illuminating, but it also suggests to me that you must
5 exercise particular care to make sure that when you do
6 talk with the industry, that they understand what you mean
7 and you understand what they mean by identical words.

8 So, I've found it very helpful here today in
9 understanding your approach a little bit better, and I
10 just feel that this is something I would urge you to pay
11 a great deal of attention to because it is not always
12 obvious when there is a misunderstanding. Sometimes you
13 go very far down the road before you realize that the
14 particular word that somebody is using is -- you are both
15 using the same word, and it means something rather
16 different to both of you.

17 DR. MURLEY: This is the sort of thing that once
18 we do get guidance from the Commission, we would have to
19 revise the regulatory guide and standard review plan. But
20 that's, in those guidance documents, where we would
21 clearly lay out what we mean, or what would satisfy us in
22 terms of a description of an effective program versus
23 submittal of the effective program. There is a
24 distinction in my mind, and I think we could clearly lay
25 it out.

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1 COMMISSIONER ROGERS: I think that really has to
2 be done. And I share the same concerns of Commissioner
3 Curtiss, I think, here, that we did not intend the
4 maintenance rule to be a highly prescriptive rule, and
5 that the application of the maintenance rule for license
6 renewal purposes should not imply a greater
7 prescriptiveness.

8 Now, you're saying, well, you don't intend
9 prescriptiveness, it's descriptiveness that you're talking
10 about, and I think that has to be made very clear. Thank
11 you.

12 CHAIRMAN SELIN: Commissioner Curtiss?

13 COMMISSIONER CURTISS: I don't have anymore
14 questions, and I would like to listen to the NUMARC
15 presentation. It may really be great that I don't have
16 anymore questions given the point of nature of them, but
17 in all seriousness, let me emphasize some things that have
18 been overlooked here since the staff embarked upon this
19 effort.

20 The staff, I think, is to be commended for the
21 significant evolution in its thinking from where we, as an
22 agency, were when we embarked upon this effort in
23 September, October, November, the December meetings, and
24 in the emphasis that the senior managers brought to this.
25 And, Dr. Murley, I want to commend you for your personal

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1 involvement in that, and I'm pleased to hear that you will
2 continue to be involved in it.

3 I think the fact that we are now focusing down
4 on issues at this important level of policy detail is a
5 reflection of the thinking that you and your senior
6 managers, beginning with Jim Taylor and on down through
7 the organization -- Jim Sniezek, Bill Travers, and others
8 -- have brought to this, in particular things that we have
9 not talked about today, but that in my view are
10 significant in terms of the sea change of the staff's
11 thinking, but I want to emphasize I'm pleased to see and
12 to hear that the approach that you're taking now would
13 allow for a program that ensures timely future
14 identification of aging mechanisms rather than the
15 application itself needing to identify each specific aging
16 mechanism. And that's an important point not just for
17 purposes of what the staff has proposed, but because of
18 what I believe we can consider doing in relying on the
19 maintenance program, which itself is a program for the
20 timely future identification of aging mechanisms.

21 Secondly, we ought not to lose sight of the fact
22 that the staff has told us, and the General Counsel's
23 memorandum has confirmed, that we are able under this rule
24 to focus on effects rather than mechanisms. To put it
25 differently, we can focus on performance, which is another

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1 way to say focus on effects, rather than to focus on the
2 detailed mechanisms that we were talking about two or
3 three or four months ago.

4 Third, I think -- and I say this somewhat
5 advisedly and cautiously -- I think I hear the staff
6 saying, not so much in this paper but in the written
7 answers to the questions that I submitted to you, that we
8 have more flexibility under 54.33(b), the tech spec or
9 regulations as appropriate provision, if you will, than we
10 thought we might have had two or three months ago. It is
11 important because, as Commissioner Rogers points out,
12 description in the application carries a lot of
13 significance in terms of its enforceable basis, in terms
14 of the detail in which we as an agency will get into
15 what's been described and is important. But I hear you
16 saying that we have some flexibility for the description
17 to be included perhaps minimally in the application
18 itself, but not necessarily in the tech specs or other
19 regulations.

20 Fourth, I think there's some movement on the
21 question of what an acceptable acceptance criteria -- what
22 acceptance criteria means as a term. That's an issue that
23 I want to think about more carefully because, depending
24 upon how you define the term "acceptance criteria", we may
25 or may not end up requiring much more specificity in terms

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1 of what the licensees might wish to do under the
2 maintenance rule than we are today. I'm less clear as to
3 exactly what the staff means by its use of the term
4 "acceptance criteria" in this context. And the staff
5 ought to be commended for those things because, in a
6 larger sense, those three or four principal points, in my
7 view, reflect the extent of the movement of the staff from
8 where we as an agency were several months ago.

9 Having said that, I do have some questions, as
10 you can tell, some concerns, if you will, about the
11 details of the approach, and here I think we're talking
12 about details, important details, but nevertheless details
13 in the context of the global approach. And a particular
14 concern is, in my mind, a two-part point about the
15 maintenance rule.

16 One, it's important, in my view, that we seek to
17 maximize the extent to which a licensee can rely on the
18 maintenance rule because, as we found with the NPAR
19 program, as I think has been confirmed in the SOC for both
20 the proposed and the final rule -- which I reread last
21 night when I was snowed-out somewhere -- the rule itself
22 envisions that existing programs be given credit, that
23 agency reliance can be permitted on existing programs.

24 A second point about the maintenance rule, I'm
25 extremely concerned about the extent to which the approach

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1 that you've outlined here -- and I want to think about
2 this in more detail -- but the extent to which the
3 approach that you've outlined would take away some of the
4 flexibility that we consciously intended when we
5 promulgated the maintenance rule and when the guidance
6 implementing that rule was drafted. Whether it's
7 significant or not, Dr. Murley, I want to take your views
8 with great weight, perhaps the procedural attachments,
9 procedural encumbrances that the license renewal rule
10 imposes in the overall scheme of things, really ought not
11 to be viewed as taking away a lot of the flexibility, and
12 I want to think about that in greater detail.

13 I do want to emphasize that in my view -- and
14 here I'm getting to the question of whether we really need
15 a rule change or not -- in my view, the extent to which
16 the specificity that is required, the extent to which a
17 description is required, the extent to which options are
18 more or less difficult than other options -- and here the
19 ARDLTR approach, the age-related degradation unique to
20 license renewal approach -- that is driven, in large part,
21 in my view, by the definition in 54.3(ii), the provision
22 that says "You must explicitly identify and evaluate aging
23 mechanisms".

24 And as we've come to watch this rule be
25 implemented -- and I don't think you've described this in

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1 any fashion inconsistent with that provision -- that
2 provision, because of the way it's drafted, includes
3 everything and excludes nothing, and at least from my
4 perspective as one of the participants in the promulgation
5 of this rule, that's a much broader sweep of that
6 provision than I think was intended on my part, when that
7 provision was drafted. I think you've probably
8 interpreted it correctly. I didn't mean to suggest in a
9 pejorative way that you are creating a fiction that wasn't
10 driven by 54.3 itself but, in my view, many of the
11 difficult implementation questions that we've got derive
12 from 54.3.

13 That, in turn, suggests to me that serious
14 thought ought to be given to amending the license renewal
15 rule itself, particularly in the context of that
16 provision. I don't have a proposal as to how exactly to
17 do that. We talked about allowing licensees to rely on
18 the maintenance rule or, more specifically, to rely upon
19 time-dependent refurbishment or replacement programs that
20 are adopted under the maintenance rule. There have been
21 other suggestions made to, for example, change one of the
22 "or's" to "ands" and bring about some coherence in the way
23 that is applied. I don't have any firm views at this
24 point, but I will say, in reviewing the General Counsel's
25 memorandum which describes the staff's approach, and in

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1 thinking about the areas where I think perhaps we can go
2 a little bit further and not be as prescriptive in terms
3 of the impact on the maintenance rule, I am close to
4 reaching the conclusion that the license renewal rule
5 itself, I think, needs to be amended if for no other
6 reason than to provide an explicit regulatory basis for an
7 approach that, according to the General Counsel, while
8 permitted under the rule, is difficult to reconcile with
9 the SOC.

10 Now, the option of an interpretative approach
11 has been discussed. That may be an option here. But, in
12 my view, I'm quickly coming to the conclusion, based now
13 upon the understanding of what the staff has proposed, and
14 maybe when taken into account a couple aspects where I
15 might go a step or two further than what the staff has
16 proposed, that in the interest of providing for an
17 approach that eliminates the uncertainties and that today,
18 compared to a licensee getting into an individual license
19 renewal proceeding in advance of that point, it seems to
20 me there's great merit in addressing these issues today,
21 in a full, open, public way -- that is to say, a
22 rulemaking way -- to provide the kind of adjustment, if
23 you will, mid-course correction, if you will, on some of
24 these aspects that are addressed, in large part, in the
25 SOC, but perhaps also in the rule itself.

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1 I read the General Counsel's memo with great
2 care, again, when I was snowed out last night -- in fact,
3 I read it three times -- and I come away from reading that
4 memorandum with a great deal of legal uneasiness about the
5 situation, about the conclusion that we can proceed in the
6 context of the current rule. I'm confident that the legal
7 conclusion is a well thought out one, and I don't want to
8 raise that question, but it seems to me that there are
9 significant benefits even if the rule itself construed in
10 a very careful way, might permit the approach, there are
11 legal benefits to consider in a rulemaking.

12 So, let me stop there and conclude by just
13 emphasizing that the significant evolution of the
14 thinking, and really the sea change in the approach that
15 you've taken on some of these key issues, is something
16 that I'd like to commend you for, and thank you for the
17 presentation.

18 DR. MURLEY: Thank you. Could I comment on just
19 two points. In all of our discussions on the relationship
20 of the license renewal rule to the maintenance rule, the
21 entire thrust was to make use of the maintenance rule as
22 it exists and as it's being implemented.

23 I can recall virtually no -- and in my mind no -
24 - discussion of how we need to go back and modify what has
25 been done in the maintenance rule and the implementation

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1 guidelines for the rule.

2 So, if there is an impact on it, it was
3 certainly inadvertent. And I think we did, of course,
4 discuss the reporting requirements, and then that, I
5 guess, we'd have to think a little bit as to whether that
6 takes away some flexibility. We didn't think it did.

7 Second point, with regard -- it's a reiteration
8 actually, about the amendment. If the Commission decides
9 to go down the path of amending the rule, I think we need
10 to think -- I think we should be asked what would we think
11 the implications of that are because we have not really
12 done that. And once embarked on that path, there may be
13 some things that the staff would like to also change,
14 based on our experience of the last couple years, other
15 than the point you mentioned, Commissioner.

16 CHAIRMAN SELIN: Commissioner Remick?

17 COMMISSIONER REMICK: I'd just like to add my
18 kudos to the staff and commend you for an excellent job on
19 the presentation. I found it extremely helpful. It's
20 obvious you've given a lot of thought. Your presentation
21 was very clear. You defended it very well and
22 consistently, and I place much weight on that.

23 In jest, I can't help but say, Tom, that when
24 you used the example of the sewage disposal plant as one
25 of the things that might be thrown out on a functional

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1 review, and I look at the definition of SSCs that are
2 important to license renewal, and the part on all SSCs
3 subject to operability requirements contained in the
4 facility technical specifications any conditions of
5 operation, I'm not sure it's going to be in there rather
6 than thrown out.

7 DR. MURLEY: I don't know either. I do remember
8 at the Universal Worldwide Test Reactor, we got into a
9 situation once where they flushed the toilet, it would
10 trip the reactor.

11 (Laughter.)

12 CHAIRMAN SELIN: I'd like to cut off this line
13 of discussion.

14 (Laughter.)

15 Commissioner de Planque?

16 COMMISSIONER de PLANQUE: I think my colleagues
17 have said it all, including the kudos.

18 CHAIRMAN SELIN: I'd like to withhold my
19 comments until I hear the NUMARC and the General Counsel
20 discussion, so thank you very much.

21 CHAIRMAN SELIN: Mr. Colvin, as you have heard
22 from the discussion, first of all there is an enormous
23 amount of interest on the Commission's part in having a
24 workable rule which will meet its own objective, and will
25 have the further benefit of not inadvertently making some

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1 of the other useful rules more difficult.

2 There has been a lot of surmise about how
3 licensees would be affected by or would go about operating
4 under the rule. And absent a better idea, we thought
5 maybe you might tell us.

6 MR. COLVIN: Yes, sir. On that note, thank you
7 for the opportunity to be here with you today. And given
8 the lateness of the hour, and the interest in the
9 discussion, I'll try to move on quickly.

10 CHAIRMAN SELIN: Don't feel -- I mean, this is
11 important.

12 MR. COLVIN: Yes, sir. Absolutely.

13 CHAIRMAN SELIN: We'll spend the time it takes
14 to do --

15 MR. COLVIN: I was going to really defer, in
16 just a moment, after I make a few general comments, to
17 Bill Rasin, who is much more knowledgeable, and will try
18 to get to the point of exactly where we think the issues
19 are affecting the license renewal.

20 As I indicated, with me are Bill Rasin, our vice
21 president of technical issues, and Bob Bishop, our vice
22 president and general counsel.

23 Our objective today is to share some of the
24 industry thoughts on the key license renewal issues that
25 were delineated in the December 21st SRM. And I'd like to

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1 emphasize that for the industry, license renewal continues
2 to be a top priority issue.

3 As utilities consider ways to meet the
4 anticipated demand of the next two decades and beyond, we
5 must consider a wide range of options, including extending
6 the lives of our fossil plants, renewing the licenses of
7 existing nuclear facilities, as well as looking at new
8 base load capacity.

9 And as always, and it goes without saying,
10 safety is always the first consideration, followed by the
11 most effective and efficient use of capital, which
12 includes the investment we have got in our existing
13 plants.

14 The effective implementation of the license
15 renewal process and requirements is critical to our
16 ability to run our current plants to the end of our
17 existing operating lives, and beyond, and to sustaining
18 the nuclear option, including the possibility for future
19 orders of advanced reactors.

20 So in this regard, our primary focus has been on
21 the regulatory process, working with the Commission to
22 ensure that the process is stable and predictable, so the
23 utilities can make a sound business decision on extending
24 the operation of nuclear facilities.

25 While we acknowledge that all the uncertainties

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1 associated with the license renewal process will never be
2 fully eliminated, even with the lead plant demonstration,
3 successful resolution of the policy issues identified in
4 the SRM is essential in the construction of a sufficiently
5 predictable and stable environment to support positive
6 decision making by utilities, state commissions, and
7 financial markets.

8 As you know, we are very close to finalizing the
9 industry guidance for the maintenance rule implementation.
10 At a recent NUMARC board of directors meeting, the
11 industry leadership made it quite clear how important it
12 is to implement this rule efficiently and effectively, in
13 accordance with the Commission's desire for performance
14 based regulation.

15 Effective utilization of the maintenance rule
16 can also contribute to a stable renewal process, in
17 addition to demonstrating how a performance based
18 regulation can be used in satisfying the requirements of
19 the deterministic rule.

20 As the industry and the NRC have acknowledged,
21 the regulatory purposes of both license renewal and
22 maintenance rules are essentially the same. That is, to
23 ensure age related degradation of important plant
24 equipment is appropriately managed.

25 Successful completion of the utility

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1 verification and validation program has demonstrated that
2 the system structures and competence encompassed within
3 the two rules are very similar.

4 Maintenance rule programs monitor the condition
5 of performance of important plant equipment, and provide
6 regulatory assurance that equipment is performing at an
7 acceptable level, and appropriate licensee action will be
8 taken if equipment is not. In essence, these actions
9 provide assurance that age related degradation is also
10 being managed.

11 The industry and the NRC have been working on
12 license renewal for a long time, nearly ten years. We
13 appreciate the Commission and the staff's efforts and
14 resources to ensure that we focus appropriately on the
15 rule issues for renewal.

16 The issues being addressed by you at this time
17 are important questions that will influence the ability of
18 the industry and the staff to meet the intent of the
19 Commission's guidance for both license renewal and
20 maintenance.

21 Like the Commission, we have been expending
22 significant industry resources at the executive level to
23 try to focus on these important issues and provide you
24 feedback today. I would like to assure you that the
25 feedback that we are presenting to you today includes the

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1 focus of all the major activities involved in license
2 renewal, and that is in particular the B&W effort, the
3 Westinghouse effort, and the efforts of all the -- plants
4 to date, as well as some individual utilities.

5 So we met this morning -- like Commissioner
6 Curtiss, many of us have the opportunity to read the rule
7 -- the statement of considerations, while snowed in and
8 held a conference call this morning in the same regard.

9 So, with that I'd like to turn it over to the
10 discussion of the specifics to Bill Rasin.

11 MR. RASIN: Thank you, Joe. I would like to
12 provide some specific views on the policy questions
13 delineated in the Commission's December 21st SRM, which we
14 think really capture the issues on license renewal that we
15 have all been struggling hard to understand.

16 We did provide a preliminary written assessment
17 to Dr. Murley on January 22nd of this year, prior to the
18 issuance of the staff SECY. We did participate in a
19 public meeting the staff held on January 29th,
20 subsequently reviewed the SECY, and participated in
21 another public meeting held by the staff on March 12th,
22 just last Friday.

23 And I'd like to say these meetings and these
24 opportunities for interchanges are very, very important to
25 our understanding of what both the Commission and the

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1 staff intend in terms of implementing a new and rather
2 complicated rule, such as license renewal.

3 As Joe mentioned, the subject and the details of
4 license renewal, and these policy issues have been
5 discussed with the industry. They were major subjects at
6 our last NUMARC issues management committee meeting and
7 board of directors meeting held in early March.

8 And we have had several rounds of discussion
9 with the executive levels of those groups in utilities
10 currently pursuing license renewal programs in some form
11 or another.

12 Let me just mention that briefly stated, our
13 assessment at this point is that the wording of the
14 license renewal rule actually inhibits the implementation
15 of the rule in accordance with our understanding of the
16 Commission's original intent.

17 And we think also is inhibiting gaining the
18 maximum synergism with the implementation of the
19 maintenance rule. Further, we believe formal Commission
20 action is needed on these issues, to give the industry the
21 confidence to move forward with an actual renewal
22 application.

23 Now, I'd like to --

24 CHAIRMAN SELIN: Are you going to stop at that
25 point, or are you going to sketch out what you have -- ?

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1 MR. RASIN: No. I just you -- you sometimes
2 like to know the answer up front. Since you don't have
3 slides to look through this time, I'll just give it to you
4 quickly.

5 I'd like to speak very briefly to each of the
6 SRM issues, because many of them I think through this
7 dialogue and discussion have led to a much greater
8 understanding on our part, and probably moved many of
9 those issues aside.

10 First, the new versus renewed license issue, we
11 certainly agree with the position taken in the SECY, and
12 think we have a common understanding with the staff on
13 what the Commission's intent with respect to that new
14 versus renewed license issue really is.

15 The second issue in the SRM focused on the
16 definition of SSC's importance to license renewal, with a
17 particular emphasis on how those SSC's could be harmonized
18 with a maintenance rule, and the tech spec LCO criterion
19 in the definition.

20 Regarding the scoping question, we felt that the
21 scope of both rules was very similar, although starting
22 from definitions, you really get to about the same point.

23 We agree with the staff's conclusion that most
24 SSC's important to license renewal will, in fact, be
25 covered under the maintenance rule. In fact, the scope of

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1 the maintenance rule is in fact a bit broader. And we
2 think there would be very few cases where you would have
3 a license renewal important component that was not in some
4 way covered.

5 Our initial assessment of the tech spec LCO
6 criteria was that it captured many SSC's of no controlling
7 importance to plant safety. I think we have made that
8 point to the Commission and the staff before.

9 We have looked at that again, and we still
10 maintain that initial assessment, that in fact it does
11 capture a lot of things unnecessary. However, in December
12 we thought the Commission made quite clear their intent to
13 cast a broad net, in that that provision was in accordance
14 with that intent.

15 However, the statement was also made that it was
16 important to find mechanisms to quickly deal with those
17 SSC's of no real importance to operation during the
18 renewal term.

19 We think it is therefore even more important
20 that we do understand how we're going to effectively deal
21 with those components.

22 The third issue raised in the --

23 CHAIRMAN SELIN: Just a second, sir.

24 MR. RASIN: Yes, sir?

25 CHAIRMAN SELIN: Is it your opinion that the

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1 staff's proposal meets your requirements on that, or does
2 not meet your requirements? Are you now prepared to say?

3 MR. RASIN: Not exactly. I think we have a
4 little bit of a difference as to what is the right way to
5 go most expeditiously.

6 CHAIRMAN SELIN: Tell us about --

7 MR. RASIN: Yes, sir. We'll get to that. The
8 third issue raised in the SRM deals with the definition of
9 age related degradation unique to license renewal. The
10 SRM also asked whether fatigue in environmental
11 qualification constitute age related degradation unique to
12 license renewal, and I'd like to speak briefly to the
13 second part of that question first.

14 The issues of fatigue in EQ were raised really
15 in the context of the question of new versus renewed
16 license, and whether that presented some need, or some
17 requirement to impose some new view on those issues.

18 We agree with the SECY's proposed resolution of
19 these issues, and agree that if the staff has concerns
20 with the adequacy of the CLB in these two areas, they
21 certainly should be evaluated separately from license
22 renewal in head of that time.

23 I would like to mention, though, that that
24 should not be interpreted as we think fatigue is not
25 important consideration for many systems for license

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1 renewal. In fact, I think we have always felt that for
2 those systems that are going to be there for 40 years, the
3 main pressure boundary, that was a mechanism that clearly
4 we needed to look at, and assure that adequate provision
5 was made for a safe operation.

6 Regarding the first part of that, we get into
7 the discussion of age related degradation unique to
8 license renewal. And we believe that this is really the
9 area that causes us the most difficulty envisioning how to
10 implement the rule as intended, or as we perceive the
11 intention.

12 We also believe it is within this definition
13 where a significant harmonization of the maintenance and
14 license renewals could be achieved. And then this
15 addresses the fourth and the sixth issues discussed in the
16 SRM.

17 This definition we felt should facilitate the
18 original intended purpose in the rule, which was to
19 separate or screen out non important or presently managed
20 age related degradation from the license renewal process.

21 We could, as by the staff approach, declare all
22 mechanisms unique to renewal. However, we don't feel that
23 this meets the spirit of the rule. Nor do we believe that
24 in fact it is technically correct.

25 The rule requires applicants to analyze SSC's

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1 important to license renewal for age related degradation
2 unique to license renewal. And once those mechanisms are
3 identified, they must be shown to be managed and
4 mitigated.

5 The staff acknowledges that performance and
6 corrective action is an approach for managing those
7 mechanisms. And we believe that that is correct, and
8 that's also a very progressive step in our thinking on
9 this subject.

10 We also believe that there are classic
11 components which, by virtue of the fact that they are
12 routinely repaired and replaced during the lifetime of the
13 plant, during the original 40 years, cannot have age
14 related degradation unique to license renewal.

15 If we remember some of the earlier discussions,
16 and read in the statement of considerations, it seems to
17 us that that was recognized for a large number of
18 components. And indicated that there should be a way to
19 deal with those without having to do a lot of extra work
20 to look for effective programs for an additional 20 years
21 of operation.

22 I think this is where the maintenance rule can
23 have a profound benefit in meeting the requirements of
24 license renewal In fact, in the statement of
25 considerations, it talks about the components that are

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1 routinely replaced and refurbished, and concludes that at
2 that time, the Commission was not comfortable with, for
3 that reason alone, excluding those from consideration for
4 license renewal.

5 But at that time we also didn't have the
6 maintenance rule with the understanding of how we were
7 going to implement it, and what it was going to do for us.
8 And I guess our feeling is that a little bit more thought
9 of now having the maintenance rule, and having that level
10 of assurance of adequate performance and corrective
11 actions when called for, coupled with the routine
12 replacement and repair of such components doesn't give is
13 a new view of how we can handle -- this uniqueness point
14 in the determination.

15 We agree, and our thinking I think has advanced
16 quite a bit as well in the points made in the SECY, that
17 the specific focus of the maintenance rule, maintenance
18 preventable failures, essentially mitigates all forms of
19 age related degradations for those SSC's within the scope
20 of the maintenance rule.

21 We believe that controls under the maintenance
22 rule will provide assurance that if the plant equipment
23 and performance is not adequately controlled, root cause
24 analysis will be performed, and the abnormalities will be
25 dealt with expeditiously throughout the life of the plant,

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1 whether that's 40 years or 60 years.

2 The industry places a great amount of importance
3 on the successful implementation of the maintenance rule,
4 and maximizing the benefits that can be derived with
5 respect to license renewal. It was made clear to us at
6 our board of directors and issues management committee
7 meeting that the industry needs to work hard with the
8 Commission to demonstrate the effectiveness of a
9 performance based regulation. And implementing that in
10 the proper way and keeping it in its intended realm is
11 very important.

12 An additional issue not identified in the SRM,
13 but raised by the industry and transmitted to the staff,
14 which was addressed in the SECY is a question of level of
15 detail in the FSAR. The renewal rule requires an
16 applicant to include in the FSAR supplement all the lists
17 generated as part of the IPA, all the screening
18 justifications, and all of the effective programs.

19 As a result, a renewal applicant we believe will
20 have to maintain in its FSAR lists of tens of thousands of
21 components, along with associated technical
22 justifications. We do not believe that this was what was
23 envisioned by the Commission, and believe it will be
24 burdensome both to the staff and the industry to review
25 and maintain that level of documentation.

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1 And we would ask whether the level of detail
2 typically included in final safety analysis reports, with
3 the remaining detail being available on site for audit, is
4 in fact not what was intended for license renewal
5 application, FSAR supplement also.

6 CHAIRMAN SELIN: Are you saying that the rule
7 itself has to be changed, or that the staff's
8 interpretation of the rule is not consistent with what you
9 think it should be?

10 MR. RASIN: We believe that the rule pretty well
11 requires this. We have had some discussions with the
12 staff where they believe that perhaps an interpretation
13 can be made for some combination and categorization that
14 would minimize the direct detail required.

15 I would like to address one final issue before
16 we close. And that is the issue of industry reports. For
17 some time we have seen industry reports tried in the
18 press, and spoken about at the Commission table, and have
19 kind of held our peace trying to understand what the
20 problem was. But I would like to make a little bit of a
21 statement as to what those reports were intended to do,
22 and what we feel their value was.

23 These reports were a series of really ten
24 technical reports. They were prepared by the Electric
25 Power Research Institute and the Department of Energy, and

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1 actually were a follow on to technical feasibility studies
2 conducted by EPRI around 1980. And those studies were
3 conducted on the Surry and the Monticello plants to see
4 if, in fact, there were technical reasons that precluded
5 operation of a plant beyond 40 years.

6 The reports were selected as SSC's which clearly
7 would require close attention and study from both a
8 technical and a regulatory point of view to operate beyond
9 a 40 year licensing basis. And that's how they were
10 chosen.

11 They were not meant to be a complete, exhaustive
12 list, but simply ten systems, or components which we felt
13 clearly were going to need attention of the industry and
14 the NRC. And those reports examined aging for those
15 structures, systems, or components, and simply sought to
16 lay out all of the aging mechanisms, and categorize those
17 that did apply for that particular SSC, or those that did
18 not.

19 And for those that did, to categorize them into
20 either aging mechanisms that were managed by existing
21 programs, such as ISI. Or those that were not, and in
22 fact needed more attention by the industry and the NRC
23 staff for the renewal period.

24 And that was simply the purpose of them. It was
25 not that a one step reference, sending in a postcard

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1 indicating ten industry reports should get you a renewal
2 license. It was merely, we thought, good step and, in
3 fact, contributed greatly to a savings in resources on the
4 part of the industry and the staff just to come to
5 agreement on what aging mechanisms for what components
6 were very important to study in detail.

7 We had a review process with the staff which I
8 would say I am very disappointed in, because I thought it
9 was almost a model way in which the industry and the NRC
10 staff could work together in technical detail whereby we
11 had 820-some questions, I believe, on those reports, which
12 we met report by report with our proposed resolution of
13 the questions and comments, down to the point of specific
14 language, as to how we would answer those questions and
15 comments in the report.

16 So we were very proud of that process, and
17 thought that it would lead us both to a final conclusion
18 that would help us both.

19 Nevertheless, our whole purpose in undertaking
20 those reports was the belief that there would be a savings
21 in resources to both the industry and the NRC staff. If,
22 in fact, Dr. Murley believes that that is not true, then
23 I believe that we should get together and talk about that
24 again, and find out how, in fact, we do take advantage of
25 that work that has been done. We are certainly willing to

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1 discuss that with him further.

2 This concludes my remarks. And we would be
3 happy to answer your detailed questions.

4 CHAIRMAN SELIN: Do you have any remarks, Mr.
5 Bishop?

6 MR. BISHOP: No, sir.

7 CHAIRMAN SELIN: Look, I listened very, very
8 carefully. Of course, you expected that. I listened very
9 carefully to what you said. And in answer to the question
10 about how ought the rule to be changed, you clearly did
11 say you would like the prescriptive nature of the reports
12 to be changed so that the amount of detail required in the
13 application would be less. That I'm -- I'm pretty sure I
14 understood that.

15 But as far as the staff's proposal, it seems to
16 me that you didn't really disagree with the staff's
17 proposal. But you would like it -- you would like the
18 rule to be changed such that if the staff does the
19 analysis that they say, or if you do -- if the licensee
20 does the analysis that he says ought to be called for on
21 the existence of steps to control age related degradation,
22 that that should be read as saying after these steps are
23 taken, that age related degradation is no longer unique to
24 license renewal.

25 In other words, what I heard the staff saying is

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1 they are not really questioning the definition that the
2 Commission gave them on what age related degradation
3 unique to license renewal is. They just have a way to
4 work around it.

5 What I think I heard you say was, now, you'd
6 like the rule changed so that you could follow the staff's
7 steps, but at the end you'd be able to say, "And therefore
8 this phenomenon is now excluded from the age related
9 degradation that's unique to license renewal."

10 And I putting words in your -- well, I am
11 putting words in your mouth, but did I understand you
12 correctly, or not?

13 MR. RASIN: Well, let me try it in my own -- in
14 my own words. We have difficulty with that definition, of
15 age related degradation unique to license renewal. In
16 fact, because we believe that in applying that definition,
17 we are not acting in accordance with what we understand
18 the intent to be, as stated in the statement of
19 considerations, and through all of the discussions we had,
20 as we were considering the proposed rule, and leading up
21 to the final rule on license renewal.

22 We believe that the staff certainly has worked
23 hard to define a process to implement the rule, given that
24 definition. I guess our druthers would be to make that
25 definition make more sense. And technically it is very

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1 difficult for us just to make the stipulation that all
2 components that are within the scope in fact even could
3 have age related degradation unique to license renewal.

4 While the staff has defined a process clearly
5 that could be used to deal with that, we believe it's
6 going to take a lot more review and probably end up with
7 a lot more volume of both submittal and of resulting
8 regulatory requirements because that definition is what it
9 is.

10 CHAIRMAN SELIN: Does NUMARC believe that there
11 should be a different process and a different rule? Or
12 are you comfortable with the process, that you would like
13 the rule to more directly reflect the process the staff
14 has proposed?

15 MR. RASIN: I believe if the -- if the rule --
16 if that definition of age related degradation unique to
17 license renewal was really written so that it allowed what
18 on face value one would think that it should mean, that in
19 fact the process outlined by the staff would get us a long
20 way towards a reasonable implementation of the rule.

21 Given the way that it's written now, even if you
22 allow something to be screened out at that point as not
23 unique, the way the rule is written requires the staff to
24 almost have a proof that it's not guilty in a regulatory
25 sense with a regulatory commitment, to make sure that

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1 that's not the case.

2 Therefore --

3 CHAIRMAN SELIN: That -- to many if's and -- I
4 didn't quite follow that. Can you say that again?

5 MR. RASIN: I believe the way that definition is
6 written --

7 CHAIRMAN SELIN: All right.

8 MR. RASIN: The staff feels that they must prove
9 a negative. If they are going to say could not, then they
10 have to have absolute proof that it could not be, with an
11 enforceable regulatory requirement to ensure that it would
12 never be. And that's the only way that it can be ruled
13 out.

14 We don't believe that's what is intended, or
15 technically what makes sense. Given that option, then
16 you're in a hard choice of saying, "Well, I need a
17 regulatory commitment on something that clearly for 40
18 years, I wouldn't need a regulatory commitment on, but I
19 need it to go out this way, and be screened out as not
20 unique if I want license renewal."

21 If on the other hand, I don't want a regulatory
22 commitment at this point of view -- or at this point in
23 the screening, then I come down another path and show I
24 have an effective program which then to some greater or
25 lesser degree becomes a regulatory commitment. Again, on

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1 a component which perhaps for 40 years needs no
2 requirement but now for license renewal does, and we
3 believe that happens because the rule is written the way
4 it is with specific regard to that definition.

5 CHAIRMAN SELIN: Have you ever generated the
6 language that you believe would rectify the problem that
7 you see? Remember, I'm hearing you say that the process
8 is pretty good, but the problem with the process is it
9 locks in a maintenance procedure, or a tech spec, what
10 have you, as being a regulatory requirement for the last
11 20 years that wouldn't be for the first 40 years.

12 MR. RASIN: Yes.

13 CHAIRMAN SELIN: And I don't hear you objecting
14 to the process. I hear you objecting to the language in
15 the rule that has that regulatory effect.

16 MR. RASIN: Now, we think that adjusting that
17 definition of the rule in fact could allow this process to
18 work much better, the process that the staff has defined
19 without requiring many of the specific regulatory
20 requirements that they perceive they would need to put on.

21
22 CHAIRMAN SELIN: Having heard the staff's
23 recommendation which was not present when you commented on
24 the rule several years ago, do you have, or could you
25 prepare language that in your opinion would carry out that

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1 objective?

2 MR. RASIN: That I believe we could. We have
3 worked with several versions of that. For instance, in
4 the paper we submitted to Dr. Murley on January 22nd, we
5 had one thought of how that might be done. We have two or
6 three others, other suggestions that have been made within
7 the industry that probably are much better to that first
8 approach.

9 COMMISSIONER CURTISS: Could I just ask a follow
10 up on that point to make sure I understand what you seem
11 to be saying is that the process that has been outlined by
12 the staff is driven by what the rule itself can reasonably
13 be interpreted as requiring. In particular, the language
14 of 54.3.

15 Given the current rule, that's about the best
16 one could hope for, here again paraphrasing what you have
17 said. But in fact, what you have described the staff as
18 doing is essentially working around those provisions in
19 the rule that, now that we have had some experience with
20 them, in your view don't seem to comport with technical
21 reality.

22 As an alternative to the process, or building
23 upon some of the concepts that the staff has pioneered in
24 the effective program context, you would like to see us
25 come to grips with the underlying problem in the rule

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1 itself, which has driven the process in that direction, so
2 that it could be restored to its original intent.

3 That is to say, allowing some disposition in a
4 more reasonable way of structures and components on the
5 ground that for some of them, there will be no age related
6 degradation unique to license renewal. Then getting on to
7 the effective program approach as the next step in the
8 process of the rule, did I paraphrase that correctly?

9 MR. RASIN: Yes. That is correct. And that is
10 consistent with the way we have always envisioned
11 proceeding, where in fact we should be looking at
12 effective programs in those areas where it really is
13 important for those structures, systems and components
14 that really are going to exist beyond the 40 years point
15 in operation.

16 CHAIRMAN SELIN: No. No. That's fine. I mean,
17 it's different from my paraphrasing. It agreed with your
18 paraphrase and my paraphrase. So we'll -- I think it
19 might be very useful. You know, we're not asking for
20 comment on the rule. The rule is a rule.

21 However, if in an attempt to help the Commission
22 follow your comments you saw fit to write down what you
23 said that might make it just easier to understand exactly
24 what your views are.

25 MR. BISHOP: We're also trying to evaluate a

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1 more productive process to ensure better the harmonization
2 with the maintenance rule.

3 CHAIRMAN SELIN: Commissioner Rogers?
4 Commissioner Curtiss?

5 COMMISSIONER CURTISS: I just have two specific
6 questions. If you were to take the staff's approach just
7 as it is, without holding out the prospect that there
8 might be a more reasonable way, one that would require
9 amending the rule, in your view, how do you come down on
10 the question of whether for the staff's approach itself
11 the rule needs to be amended to accommodate it?

12 MR. RASIN: We have looked at that question, and
13 looked at the SECY, as well as the OGC memorandum. And I
14 guess our feeling is that we need to see the Commission
15 take some formal action on that approach. Our concern is
16 that simply an SRM saying, "Yes, go ahead and do that,"
17 may not make it clear enough to stand up well into the
18 ten, 20, 30 years that we're going to be implementing this
19 rule, so that we attain a common understanding of what was
20 intended, or have a common understanding to defend
21 ourselves in any hearings or proceedings.

22 COMMISSIONER CURTISS: You're obviously stopping
23 short of saying that a rule making is required?

24 MR. RASIN: Well, we certainly are reluctant to
25 tell the Commission what they should do, in a case we're

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1 trying to present the problems and concerns that we have
2 with the issue.

3 CHAIRMAN SELIN: I'm very pleased at Mr. Rasin's
4 reticence on this.

5 MR. RASIN: We rehearsed that question at
6 length, Mr. Chairman.

7 COMMISSIONER ROGERS: When did you change your
8 position on that?

9 MR. RASIN: I try not to say that in public, in
10 the press. In private, I might be happy to give you
11 different opinions.

12 COMMISSIONER REMICK: Bill, I'm not quite clear
13 about your comment on the industry reports. Are you
14 objecting to the fact that the staff now proposes not
15 issuing SER's on them? Or -- which Dr. Murley indicates
16 would probably be very time consuming, and would probably
17 be iterative, rather than taking out one of the important
18 aspects of those, and incorporating them in the standard
19 review plan?

20 I wasn't quite sure what you were saying, other
21 than the fact that you were clarifying the intent of those
22 reports. But I'm not sure what you were agreeing and
23 disagreeing on.

24 MR. RASIN: We agree that if Dr. Murley thinks
25 that they are going to take resources that in the long run

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1 are not going to save both the staff and the industry
2 effort, that we should talk about it further.

3 I guess we would like to talk about what
4 technical information in those reports he believe could be
5 agreed upon and used in the SRP, rather than just agree
6 that some day they'll do so. So we would like to discuss
7 it with him further.

8 But clearly our intent is to find a way to use
9 that information that in fact is useful to both the
10 industry and the staff.

11 COMMISSIONER REMICK: So you're not necessarily
12 proposing SER's? You just want further discussion?

13 MR. RASIN: I'd like to have further discussion
14 with Dr. Murley as to how we're going to take advantage of
15 that information before we formally withdraw our request
16 for SER's.

17 COMMISSIONER REMICK: Thank you.

18 CHAIRMAN SELIN: Commissioner de Planque?

19 COMMISSIONER DE PLANQUE: I have no questions.

20 CHAIRMAN SELIN: Okay. Look, I find this a
21 somewhat curious situation, where the staff is working
22 very hard to make the current rule work on the assumption
23 that that is more convenient overall for all the
24 participants. And some of the participants maybe don't
25 think that that is the right approach.

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1 So we have got to figure out a way to close that
2 piece. But I don't -- other than -- I'm still not clear
3 exactly on your view on rule versus the process that the
4 staff has come up with. Because quite frankly
5 Commissioner Curtiss' and my paraphrase were somewhat
6 different.

7 And you didn't exactly say yes to one and yes to
8 the other. But I'm still not clear whether you're
9 comfortable with the process, but think that the results
10 ought to have more weight than they do is proving
11 conformance with the rule, or are you sympathetic to the
12 process given the rule, but if the rule were changed, you
13 think a more efficient process could also be developed.

14 I'm not clear which of those two options is
15 where you stand at this point.

16 MR. RASIN: Given those two options, we would
17 like to see the rule modified to allow age related
18 degradation -- to license renewal to be a meaningful
19 screen step that we can take advantage of as we interpret
20 the original intent.

21 With that, we think that the approach the staff
22 has outlined will then be a very effective way of
23 proceeding, and leading us to consider those components
24 that really are important operation beyond 40 years with
25 the appropriate additional regulatory requirements that

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1 should be placed on those structure systems or components.

2 CHAIRMAN SELIN: Do you have anything you want
3 to -- ?

4 MR. COLVIN: No, sir. Other than --

5 COMMISSIONER REMICK: Just one additional
6 question. Are you speaking with one industrial view, or
7 are there diverse views? Is that a technical response?
8 I'm curious.

9 MR. RASIN: Let me say that we had a very broad
10 ranging discussion with frank exchange of viewpoints on
11 this issue within the industry over the past same six
12 months that the staff has been dealing with these issues.

13 I mentioned that we had discussions with our
14 board of directors, and in fact with a select group of the
15 executives from the different groups and companies
16 involved in this issue. And we are presenting to you
17 today the viewpoint of the industry on that subject.

18 COMMISSIONER REMICK: Thank you.

19 CHAIRMAN SELIN: Thank you, Mr. Colvin.

20 MR. COLVIN: Yes, sir. Thank you.

21 CHAIRMAN SELIN: Mr. Parler, would you be so
22 kind not so much just to summarize the general counsel's
23 memorandum unless you choose to, but to go through what is
24 meant by an interpretive rule, and how that would be
25 different from a general rule change, and some of the

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1 arguments pro and con for different types of rule changes.

2 MR. PARLER: I'll be pleased to do that, Mr.
3 Chairman. But first let me say that the question that I
4 was asked to address was whether or not the staff's
5 proposal in the staff paper, which has been distributed to
6 the public could be done without a rule change.

7 That is the only subject that the memorandum
8 addressed. It did not address whether the rule should be
9 revised in other respects, whether there were ambiguities
10 about terms that were being used, or how the plant life
11 extension rule and the maintenance rule could be better
12 integrated with each other.

13 So we had a sole mission. That memorandum has
14 been made available to the public. I understand this
15 morning that it was on its way to the public document
16 room. The essence of the issue that was dealt with in
17 that memorandum very briefly is whether the rule itself
18 could be interpreted to allow an effective program to
19 identify for the future the age related matters with
20 respect to the system structures and components within the
21 definition of the plant life extension rule.

22 Our answer was yes, as far as a rule is
23 concerned. We pointed out that the statement of
24 considerations the Commission might have -- would appear
25 to have envisioned, envisioned something else. At least

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1 under the approach that they were thinking about at the
2 time that the rule was put out. That is that the
3 integrated plant assessment was called for in the 5421
4 should produce the timely identification of the age
5 related issues, and that those should be dealt with in the
6 application.

7 I would also point out that there are a number
8 of findings in the 5421 that have to be made quite aside
9 from the issues that have been discussed at this meeting
10 today.

11 Mr. Chairman, to the point that you suggested
12 that I focus on, that is not focused on any great extent
13 in the memorandum, we more or less out of the blue defer
14 to an interpretive rule. We did that because having that
15 address the issue of whether or not the staff's approach
16 could be -- would be consistent with the rule itself, we
17 wouldn't want to suggest an approach to clarify the
18 apparent lack of symmetry between the statement of
19 considerations and the rule itself by a rule making action
20 which would open up the rule itself.

21 So the way to do that under the case law and the
22 APA, or a way to do that, is by an interpretive rule.
23 Over the years the approach that the Commission has
24 followed, this Commission and its predecessors, this
25 Commission most recently, as far as I am aware in

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1 connection with its clarification of the regulations on
2 the physical security requirements for non power reactors
3 is to put out an amendment to the rule itself, put out the
4 clarification, and asking for comment.

5 That certainly is one way to do it. Another way
6 to do it is to accomplish the clarification and the
7 interpretation is to proceed under a special part of our
8 regulations, part A, to put out an interpretation of the
9 rule. That has been infrequently used. The advantage of
10 going that route is that it would certainly reduce any
11 perception that the substance of the rule which is being
12 interpreted would be changed.

13 On the other hand, an approach could be
14 followed, as I have suggested earlier, in the physical
15 security example, is to put an amendment to the part 54
16 itself which would provide clarification in the particular
17 respect that was the subject of my March 9th memorandum.
18 That would have the advantage of having everything about
19 part 54 in the part 54, without having the interpretation
20 in one part and the basic rule in another part.

21 In any event, even though it can be debated
22 whether or not notice and comment is required for such a
23 rule, the best, better practice for some time has been to
24 go out and to ask for notice and comments on the proposal.

25 That would be desirable, it seems to me, in

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1 order to provide the assurances that I think are needed in
2 this area. Absolute assurances cannot be provided, but
3 the best assurances that we can provide.

4 So such formal action, at least formal action in
5 that regard was contemplated in the memorandum which I
6 sent to the Commission.

7 CHAIRMAN SELIN: Let me just ask you a little
8 bit further. Is the range of comments, of appropriate
9 comments, different for an interpretive rule than it is
10 for an amendment?

11 MR. PARLER: I'm glad that you reminded me of
12 that, Mr. Chairman. Because I stopped before I made that
13 -- I'll cover that very important point, at least in
14 detail. We can't actually control the range of comments,
15 but the range of comments that I think we would have to
16 deal with would be of significance hopefully to an
17 enlightened reviewing court, would be those that dealt
18 with the interpretation, and not to other substantive
19 features of -- either of the rules that may be involved.

20 CHAIRMAN SELIN: In other words, comments can
21 cover the rule. If the rule is an interpretative rule,
22 they can only cover the interpretation contained in the
23 rule. If the proposal is an amendment, then they could
24 cover the whole rule --

25 MR. PARLER: Could legally cover the whole thing

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1 in the latter case. And we would have to deal with them.
2 One -- the interpretative approach, excuse me, the
3 clarifying effort could be focused and precise. When you
4 get outside of that boundary, particularly if there is a
5 proposed change to a rule, the entire underpinnings of the
6 rule could be reopened to examination, re-examination.

7 CHAIRMAN SELIN: Commissioner Curtiss?

8 COMMISSIONER CURTISS: I just have two comments
9 to make here. They're not really questions, but
10 observations.

11 In -- moving in the direction of concluding that
12 a rule change is necessary, or appropriate, or both, at
13 least for the staff's approach, and certainly by NUMARC's
14 own acknowledgement with the kinds of things that they are
15 thinking about, perhaps the most important thing in my
16 mind, as I evaluate it and read with great care the
17 general counsel's memorandum, in evaluating the question
18 of an interpretive rule, or general counsel's
19 interpretation under part eight, is a distinction that I
20 would draw between a case where the regulation and the
21 statements of consideration in their entirety lend
22 themselves to competing interpretations.

23 In other words, it is ambiguous when considering
24 the entirety of the regulation and the SOC whether one
25 interpretation or another, each equally defensible, but

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1 important in terms of deciding which could be pursued. I
2 personally feel more comfortable with a resort to an
3 interpretative rule, or an interpretation by the general
4 counsel where it's -- it's on the one hand, on the other
5 hand, and the rule could be read together with the SOC as
6 supporting either interpretation.

7 The situation that we face here in my view is
8 somewhat different, and importantly so. We have a
9 situation where the rule itself might be read, in fact, I
10 think properly can be read as the general counsel has laid
11 out in his memorandum to support the approach. But the
12 statements of consideration, in Bill's words, are at
13 variance with the approach that the staff proposes.

14 And for the reasons that are laid out in great
15 detail, three of which are specified on page five of his
16 memorandum, I must say that I find myself quite uneasy
17 with an interpretive approach, whether it's a rule or
18 general counsel's opinion, when we are faced with an SOC
19 that seems to cut in the opposite direction.

20 And in reflecting upon this issue quite
21 carefully over the past several months, listening to a lot
22 of views, and considering this quite carefully, it is for
23 that reason in part, in significant part, that I have
24 reached the point where I think the more prudent course,
25 and perhaps the necessary course here would be to proceed

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1 with a rule change itself.

2 Particularly, just parenthetically, if one
3 acknowledges that whichever approach we take, we're going
4 to go out for notice and comment, it seems to me at that
5 point we're pretty close to a rule making itself.

6 I'm sorry. Go ahead.

7 MR. PARLER: May I comment on that? I shouldn't
8 have interrupted. I'm sorry. The rule would be amended
9 under the approach we're talking about, to provide for the
10 interpretation.

11 If one wants to do some other things to the
12 rule, along with the interpretation, then there would be
13 an across the board rule making which, more likely than
14 not, well, it certainly would have the potential of re-
15 opening a lot of the plant life extension issues that have
16 been discussed in the past. Excuse me.

17 COMMISSIONER CURTISS: Okay. No. I think
18 that's a fair point. The other point that I guess I'd
19 make is really not on the legal question that we have just
20 discussed. We have talked a good deal about the extent to
21 which one can, or may, as appropriate or necessary rely on
22 the maintenance rule.

23 I will say that in the last paragraph of the
24 general counsel's memorandum there is an impression left
25 that the maintenance rule itself somehow is designed to

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1 achieve compliance with other possibly different risk
2 based objectives and not focused on compliance with the
3 CLB.

4 Lest the impression be left that the maintenance
5 rule and the steps to be taken pursuant to that rule are
6 not designed to ensure compliance with the CLB, I think
7 it's important to emphasize that the rule itself which has
8 as its regulatory objective to ensure that SSC's are
9 capable of performing their intended function.

10 The intended function language of the rule
11 itself is in my view what ties you into the CLB. It is
12 achieved by relying upon the risk based objectives, and
13 that approach laid out in the rule. But there is a very
14 direct, and in my view close relationship between the
15 language requiring that SSC's be capable of performing
16 their intended functions, and the CLB itself. And this
17 language, in my view, might have left the impression that
18 the steps taken to comply with the CLB, with the
19 maintenance rule really in some way or another weren't
20 related to achieving compliance with the CLB.

21 MR. PARLER: We didn't want to leave any
22 impressions that is contrary to what the Commission
23 intended to establish, and Commission policy. I think the
24 paragraph that you are talking about, perhaps the more
25 important point has to do with the acceptance criteria,

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1 acceptance criteria which are called for in 5421.

2 Which at least as a general observation, at
3 least I haven't been able to find out in the defined
4 present, in the maintenance rule itself, nor are they in
5 the guidelines, I am told at least at this point.

6 But I think that it -- the point that I would
7 like to emphasize is that in discussing issues like this
8 informally, and it's also hinted adding this memorandum,
9 we have to see the facts, a concrete case, before we can
10 really come to grips with precise issues like that.

11 CHAIRMAN SELIN: Commissioner Remick?

12 COMMISSIONER REMICK: Bill, one question not
13 clear to me, if one went the interpretative rule route,
14 the so called interpretation, would that be published in
15 part 54, or would it be somewhere else?

16 MR. PORTER: No. That would be -- it's two ways
17 that could be done. I think the traditional way of coming
18 out with a clarifying amendment is to amend the rule in
19 question itself.

20 There is another approach that is less
21 frequently followed, and that is to put it -- the
22 interpretation in the part eight of our regulation.

23 COMMISSIONER REMICK: I see. Are we in part
24 eight of the regulation?

25 MR. PORTER: Yes. Yes.

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1 COMMISSIONER REMICK: Thank you.

2 CHAIRMAN SELIN: Commissioner de Planque?

3 COMMISSIONER DE PLANQUE: I just want to make
4 sure I understand the legal implications correctly. If we
5 assume what we're doing by proposing -- if we were to
6 propose an interpretive rule, I assume what we're doing is
7 to eliminate the discrepancy between the statement of
8 considerations and what the staff is proposing in terms of
9 implementation.

10 MR. PORTER: That was our mission. Yes, ma'am.

11 COMMISSIONER DE PLANQUE: Okay. If you go that
12 route, and the interpretive rule takes precedence over
13 what remains in the statement, or what's in there in the
14 statement of considerations --

15 MR. PORTER: It -- I would view it this way.
16 Not necessarily as taking precedent. That approach that
17 the statement of considerations talks about would still be
18 available if any applicant wanted to follow it. But the
19 staff's proposal would in effect have the interpretive
20 rule to provide its explanation of the staff's approach.

21 COMMISSIONER DE PLANQUE: Then the
22 interpretative rule would have no greater legal standing
23 than what is in the statement of consideration?

24 MR. PORTER: Not that I know of. No.

25 COMMISSIONER DE PLANQUE: Okay. And if you

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1 again wanted to change your mind down the road on the
2 implementation, would you then have to go to another
3 interpretative rule?

4 MR. PORTER: Probably so. But I think that we
5 always learn lessons, procedural lessons, and perhaps one
6 procedural lesson that I have learned is that if you have
7 a new rule, which we, the Agency has focused on for some
8 time, perhaps don't write an explanation, that gives the
9 impression that's there's only one approach to comply with
10 the rule, if don't really mean it.

11 CHAIRMAN SELIN: Or if you might not need it in
12 the future.

13 COMMISSIONER DE PLANQUE: That's right. Okay.
14 Thank you.

15 MR. PORTER: Thank you.

16 CHAIRMAN SELIN: All right. I'd like to ask you
17 for a piece of legal advice, Mr. Parler. We're faced with
18 what I consider the following situation. Based on your
19 opinion, and the staff's approach, it's quite clear to me
20 that there is a way to come up with a practical procedure
21 which is consistent with the rule, and whereby the
22 statement of considerations could be supplemented to say
23 that you could follow the SOC approach, or you could
24 follow the interpretative approach.

25 And presumably you could follow some other

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1 approaches. In other words, that the statement of
2 considerations doesn't say that that's the only way to
3 read the rule. In other words, if we chose, we could get
4 from here to there without doing more than an
5 interpretative rule. In fact, you said even the
6 interpretative rule wasn't required, but it would bear up
7 in advance quite a bit of ambiguity. And ambiguity is
8 almost never the companion to good regulation.

9 On the other hand, it's very clear from
10 Commissioner Curtiss' comments, from NUMARC's comments,
11 from reading the rule itself, that we are -- if we did
12 follow that path, we'd be going the considerable way of
13 keeping the rule, and coming up with a satisfactory
14 technical and procedural approach to do what we want to
15 do, trying to fit into the course of the rule.

16 And that another approach would be instead of
17 starting with the rule and saying how practical a
18 procedure can we come up with is to go back and modify the
19 rule. Now, there's no -- I don't see an overwhelming
20 health and safety argument one way or another. I see this
21 as a question of providing some management judgement.

22 Will the regulated industry be able to achieve
23 the same level of health and safety at lower cost, or
24 would the general public be better served by having a
25 clearer statement of where we're trying to go than we have

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1 today?

2 In other words, there's some judgment to be
3 exercised. And whether we should stay with the current
4 rule, perhaps with an interpretive rule to supplement, or
5 whether we should change it?

6 Is there an appropriate way that the Commission
7 can ask for comment on this proposition? I don't want to
8 just give NUMARC an opportunity to comment if other people
9 aren't ready to comment. I don't want to inadvertently
10 open a very formal process without realizing it.

11 MR. PORTER: A technique that is used for that
12 sort of a thing is to put out an advance notice, and ask
13 all interested persons for their comments on the issue,
14 and any relevant suggestions that they might have on the
15 issue. We have done that in the past.

16 CHAIRMAN SELIN: So there is a way but that
17 could lead to two, effectively two notice and comment
18 procedures. One to get general comments, and then second
19 on whatever came out of it? Okay.

20 I'd like to thank all parties present. I was
21 very impressed with the amount of flexibility and
22 ingenuity that the staff has shown in coming up with
23 what's clearly a very manageable approach from a
24 management and technical point of view.

25 It does the questions about how much trouble

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1 should we go to to try to live exactly with the current
2 rule. I think there will be a lot of discussion on that
3 very topic. But it's -- I just think it's a terrific
4 piece of work that you have done, Dr. Murley, and your
5 folks in the last several months.

6 And thank you all for participating. The
7 Commission will try to write a clear SRM, with some clear
8 guidance on where to go from this point on.

9 Thank you very much.

10 (Whereupon, the meeting was adjourned at 4:40
11 p.m.)

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TITLE OF MEETING: BRIEFING ON LICENSE RENEWAL ISSUES

PLACE OF MEETING: ROCKVILLE, MARYLAND

DATE OF MEETING: MARCH 15, 1993

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LICENSE RENEWAL

T. MURLEY
W. TRAVERS
March 15, 1993

LICENSE RENEWAL - BACKGROUND

COMMISSION BRIEFINGS ON THE STATUS
OF LICENSE RENEWAL ACTIVITIES 12/92

SENIOR MANAGEMENT REVIEW INITIATIVE

SENIOR MANAGEMENT REVIEW MEETINGS 12/92
& 1/93

PUBLIC MEETING ON RESULTS OF
SENIOR MANAGEMENT REVIEW 1/29/93

SECY-93-049: STAFF PROPOSALS 3/1/93

ACRS MEETING 3/11/93

PUBLIC MEETING TO DISCUSS SECY-93-049 3/12/93

LICENSE RENEWAL - STAFF CONCLUSIONS

1. NO NEED TO CHANGE RULE.
2. THE FORM OF THE RENEWAL LICENSE (NEW LICENSE vs. AMENDMENT) DOES NOT AFFECT THE SCOPE OF THE TECHNICAL ISSUES REVIEWED OR THE SAFETY EVALUATIONS REQUIRED.
3. THE CLB IS CARRIED FORWARD INTO THE RENEWAL PERIOD & NRC's REGULATORY PROCESSES WILL PROVIDE ASSURANCE THAT THE CLB WILL BE MAINTAINED THROUGH THE RENEWAL PERIOD.

LICENSE RENEWAL - STAFF CONCLUSIONS

4. FOR OLDER PLANTS, FATIGUE & EQ ISSUES WILL BE ADDRESSED AS A CURRENT GENERIC ISSUE, NOT AS PART OF THE LICENSE RENEWAL REVIEW.
5. FOR NEWER PLANTS, FATIGUE & EQ ISSUES WILL HAVE TO BE ADDRESSED AS PART OF THE LICENSE RENEWAL REVIEW.

LICENSE RENEWAL - STAFF CONCLUSIONS

6. ARD UTLR MUST BE INTERPRETED BROADLY, BUT THIS DOES NOT IMPLY A MASSIVE AMOUNT OF PAPERWORK FROM APPLICANTS.
7. REVIEW PHILOSOPHY IS TO CONSIDER BROAD RANGES OF PLANT STRUCTURES & COMPONENTS BUT HAVE MECHANISMS FOR DISPOSITIONING THE GREAT MAJORITY OF ISSUES WITHOUT REQUIRING EXTENSIVE ANALYSES.

LICENSE RENEWAL - STAFF CONCLUSIONS

8. THERE IS NO NEED TO PUBLISH SERs ON THE INDUSTRY REPORTS. THE SRP-LR WILL BE REVISED TO INCLUDE AREAS OF TECHNICAL AGREEMENTS FROM IRs, THEN PUBLISHED IN DRAFT FOR PUBLIC COMMENT.

9. PRA RESULTS CAN BE USED FOR SAFETY INSIGHTS BUT NOT FOR DIRECTLY REDUCING THE SCOPE OF LICENSE RENEWAL REVIEWS.

HOWEVER, PRA RESULTS CAN BE USED IN EFFECTIVE MAINTENANCE PROGRAMS & WILL THEREBY INDIRECTLY SUPPORT DISPOSITIONING OF LICENSE RENEWAL ISSUES.

FIGURE 1: INTEGRATED PLANT ASSESSMENT (IPA)

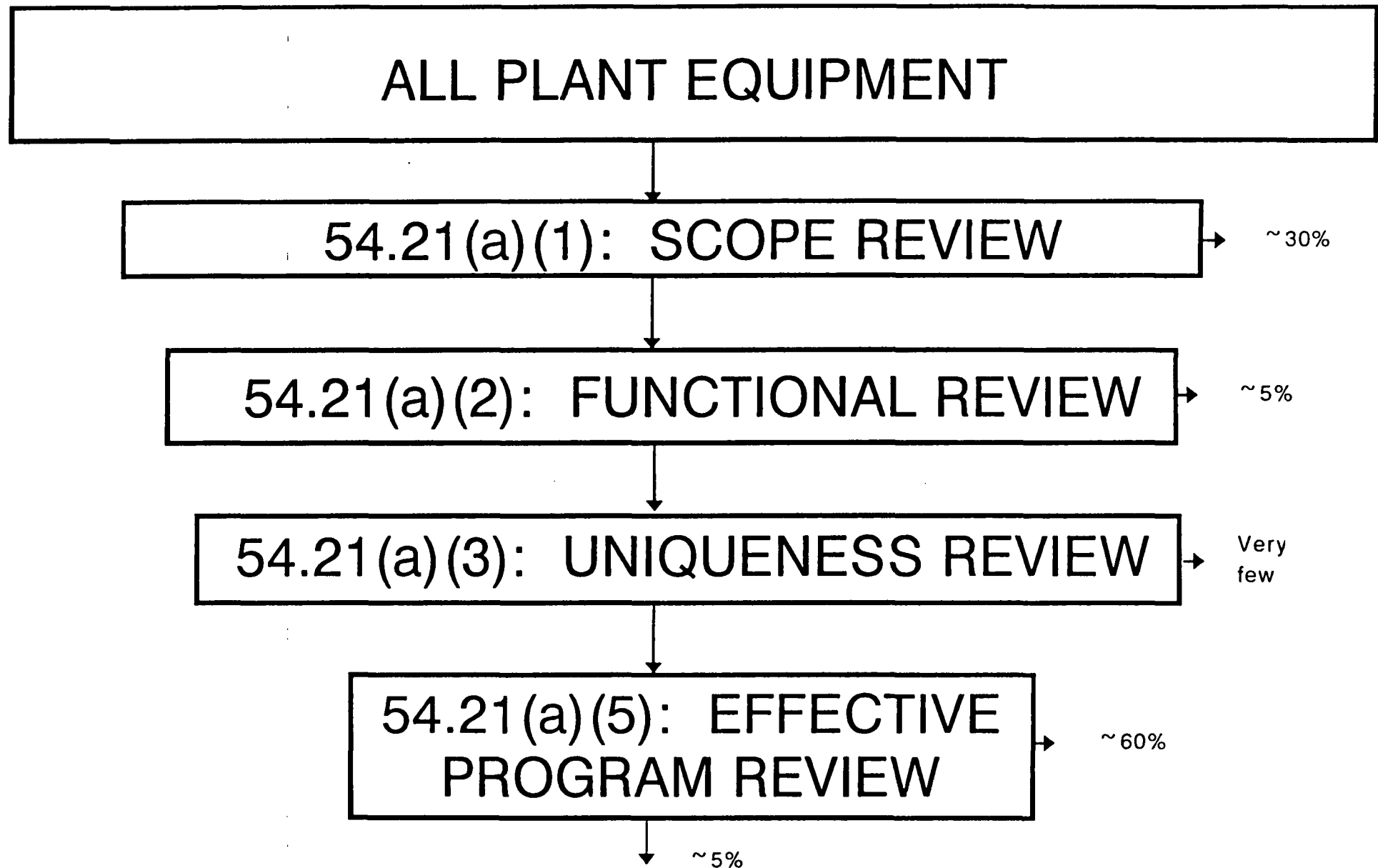
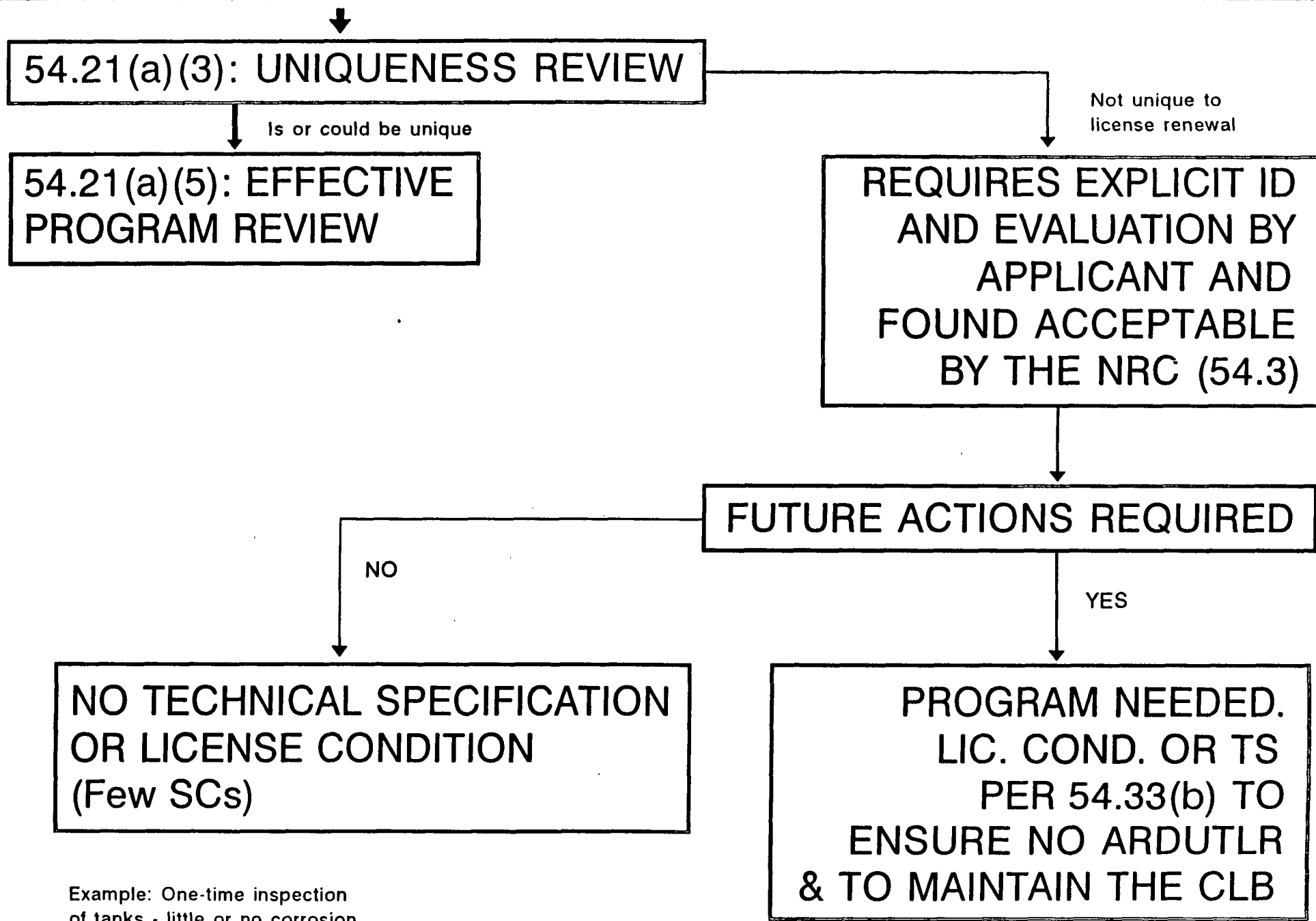


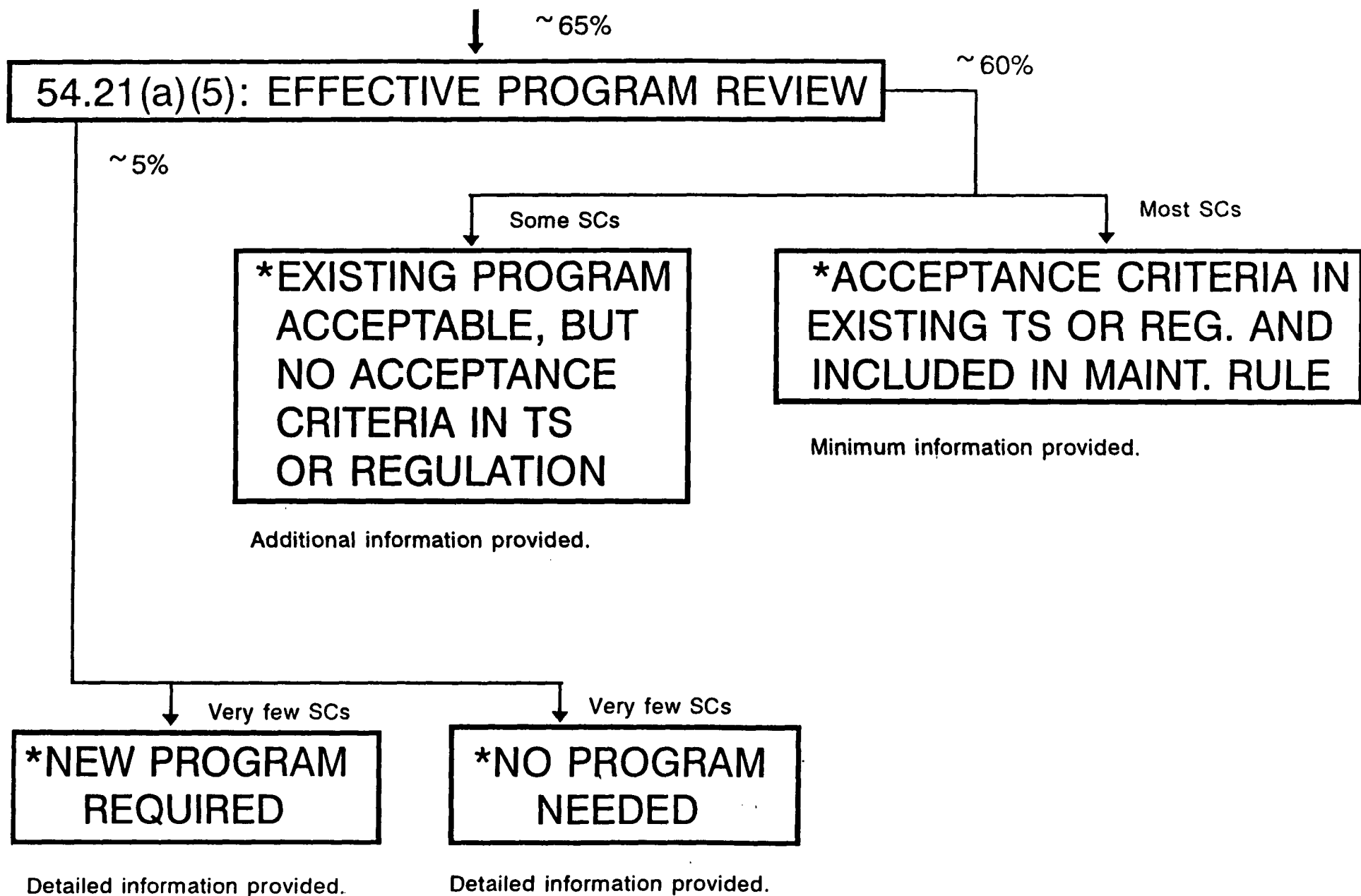
FIGURE 2: UNIQUENESS REVIEW



Example: One-time inspection
of tanks - little or no corrosion

Example: Replacement at fixed intervals

FIGURE 3: EFFECTIVE PROGRAM REVIEW



* Must ensure CLB is maintained during renewal period