

ORIGINAL
UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

**Title: BRIEFING ON OPERATING REACTORS AND
 FUEL FACILITIES -- PUBLIC MEETING**

Location: Rockville, Maryland

Date: Wednesday, January 21, 1998

Pages: 1 - 72

ANN RILEY & ASSOCIATES, LTD.
1250 I St., N.W., Suite 300
Washington, D.C. 20005
(202) 842-0034

DISCLAIMER

This is an unofficial transcript of a meeting of the United States Nuclear Regulatory Commission held on January 21, 1998, in the Commission's office at One White Flint North, Rockville, Maryland. The meeting was open to public attendance and observation. This transcript has not been reviewed, corrected or edited, and it may contain inaccuracies.

The transcript is intended solely for general informational purposes. As provided by 10 CFR 9.103, it is not part of the formal or informal record of decision of the matters discussed. Expressions of opinion in this transcript do not necessarily reflect final determination or beliefs. No pleading or other paper may be filed with the Commission in any proceeding as the result of, or addressed to, any statement or argument contained herein, except as the Commission may authorize.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BRIEFING ON OPERATING REACTORS AND FUEL FACILITIES

PUBLIC MEETING

Nuclear Regulatory Commission
Commission Hearing Room
11555 Rockville Pike
Rockville, Maryland

Wednesday, January 21, 1998

The Commission met in open session, pursuant to notice, at 10:02 a.m., the Honorable SHIRLEY A. JACKSON, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

- SHIRLEY A. JACKSON, Chairman of the Commission
- GRETA J. DICUS, Member of the Commission
- NILS J. DIAZ, Member of the Commission
- EDWARD McGAFFIGAN, JR., Member of the Commission

1 STAFF AND PRESENTERS SEATED AT COMMISSION TABLE:

2 JOSEPH CALLAN, EDO

3 SAMUEL COLLINS, DIRECTOR, NRR

4 CARL PAPERIELLO, DIRECTOR, NMSS

5 HUBERT MILLER, REGION I ADMINISTRATOR

6 LUIS REYES, REGION II ADMINISTRATOR

7 BILL BEACH, REGION III ADMINISTRATOR

8 ELLIS MERSCHOFF, REGION IV ADMINISTRATOR

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

ANN RILEY & ASSOCIATES, LTD.
Court Reporters
1250 I Street, N.W., Suite 300
Washington, D.C. 20005
(202) 842-0034

P R O C E E D I N G S

[10:02 a.m.]

1
2
3 CHAIRMAN JACKSON: Well, good morning, ladies and
4 gentlemen. I'm pleased to have the regional administrators
5 and the headquarters managers here this morning to brief the
6 Commission on the results of the January 1998 Senior
7 Management Meeting.

8 The Senior Management Meetings have provided an
9 opportunity for the Agency's senior managers to review and
10 to assess the performance of operating nuclear power
11 reactors and materials facilities. The results of this
12 process allow the NRC to focus its attention on those
13 facilities of highest concern. This meeting allows the
14 public presentation of their conclusions.

15 I would remind the licensees in the audience and
16 the public as well that the Senior Management Meeting is
17 just one part of there NRC's overall process for evaluating
18 licensee performance. The process allows the Agency to more
19 effectively focus its resources where significant problems
20 exist. This focus provides added assurance that the NRC is
21 fulfilling its primary mission of ensuring adequate
22 protection of public health and safety.

23 The Senior Management Meeting process continues to
24 evolve. It is important that the NRC be timely, fair,
25 objective, and as accurate as possible in evaluating plant

1 performance. We will continue to refine our indications of
2 plant performance to improve the accuracy and reliability of
3 the data we use to assess performance.

4 Currently the NRC Staff at the Commission's behest
5 is taking another look at the overall performance assessment
6 process to determine if it needs to be realigned or if
7 improvements can be made to integrate the current methods
8 into a more efficient and more scrutable tool. As always,
9 we encourage comments as to the effectiveness of the
10 existing Senior Management Meeting process so that further
11 refinements and improvements to our overall processes can be
12 achieved.

13 So unless my colleagues have any comments, Mr.
14 Callan, please proceed.

15 MR. CALLAN: Thank you, Chairman.

16 Good morning, Chairman, Commissioners. With me at
17 the table this morning are the directors of both NRR and
18 NMSS, Carl Paperiello to my right, Sam Collins to my left.
19 As said at the outset, we're fortunate to have Hub Miller,
20 Regional Administrator from Region I, who's recovering from
21 surgery; Bill Beach, Region III Administrator; Luis Reyes,
22 Region II Administrator; and Ellis Merschhoff, regional
23 administrator for Region IV.

24 Of course, our primary purpose here as you said is
25 to brief the Commission on the results of the Senior

1 Management Meeting that was held two weeks ago in Region II.
2 We use in that process the NRC Management Directive 8.14,
3 which provides guidance in the preparation and conduct of
4 the Senior Management Meeting. Sam Collins, who will follow
5 me and my opening remarks, will provide a discussion of
6 enhancements to that process as described in the management
7 directive.

8 But before Sam -- oh, I'm sorry. After Sam and
9 the regional administrators conduct their briefings, we're
10 going to turn the meeting over to Carl Paperiello, who will
11 bring us up to date on his efforts to provide a parallel
12 process for assessing materials licensees, a process similar
13 to the one that we use for reactor plants.

14 And with that, Sam Collins.

15 MR. COLLINS: Good morning. Thank you, Joe.

16 The Senior Management Meeting process as defined
17 by Management Directive 8.14 has two principal objectives as
18 it relates to nuclear powerplant performance. The first is
19 to identify potential problem performance and adverse trends
20 before they become actual safety events. The second is to
21 effectively utilize agency resources in overseeing operating
22 reactor safety.

23 To accomplish these objectives, an integrated
24 review of plant safety performance is conducted using
25 objective information such as inspection results, operating

1 experience, probabilistic risk insights, systematic
2 assessment of licensees' performance, performance
3 indicators, trend charts, and enforcement history. Special
4 attention is given to the effectiveness of licensee
5 self-assessments and the effectiveness of corrective actions
6 taken for problems identified by licensees. Our objective
7 in the senior meeting process is to identify facilities
8 whose performance requires agencywide close monitoring and
9 oversight.

10 As a part of the process we also discussed planned
11 inspection activities, NRC management oversight, and
12 allocation of resources for those individual plants that are
13 discussed.

14 Before presenting the results of the senior
15 management meeting as Joe Callan indicated, I would like to
16 briefly review the changes to the senior management meeting
17 process that have been recently implemented to make it more
18 effective. As with the 1997 June senior management meeting
19 the October and November screening meetings were conducted
20 with wider participation by Agency senior managers including
21 your directors of Office of Investigation, Office of
22 Enforcement, analysis and evaluation of operational data.
23 In addition to myself the regional administrators of the
24 region are under discussion.

25 We also included in the senior management meeting

1 itself the chief financial officer, the chief information
2 officer and the deputy of oversight, and the deputy of
3 administration.

4 As the chair of this meeting I solicited inputs
5 from all participating managers regarding plant performance
6 to evaluate all pertinent insights that were considered.
7 Our threshold for selecting discussion plans at the
8 screening meeting was that either the director or NRR, the
9 regional administrator, the director of the Office of
10 Enforcement or AEOD themselves could individually designate
11 a plant to be moved on for senior management meeting
12 discussion.

13 Any plant taken to the senior management meeting
14 would be considered eligible to be given some Agency action
15 either a trending letter or watch list, and that was the
16 basis for discussion at the senior management meeting.

17 Trend charts developed through the office of AEOD
18 were available at the screening meetings and were used along
19 with other objective data in selecting discussion plans.
20 Economic data was also available as background information
21 at the screening meetings, but was not used as a
22 decisionmaking process during the discussion plan at the
23 senior management meeting. Excuse me.

24 We revised the senior management meeting executive
25 summary notebooks to provide additional objective

1 information. The revision included adding a summary writeup
2 for each of the management directive 814 senior management
3 meeting, nuclear power plant evaluation template areas
4 providing trend plots and associated writeups for the
5 performance indicators that were most important regarding
6 the trends and providing allegation data.

7 In a SECI paper the staff committed to discuss the
8 results of the use of trend plots at this meeting. For the
9 senior management meeting, as I indicated, the trend plots
10 were used similarly to the screening meeting. Each plant
11 performance trend was discussed and for many of the plants
12 the current trends and underlying data were explored in
13 great detail. The ended up being the greatest advantage to
14 the use of those trend plots.

15 AEOD explained the trend plots and identified the
16 patterns of events that were driving the trends. The value
17 of the trend plots came from looking at the dominant events
18 that are driving the trends, understanding the significance
19 of those events and whether the findings were licensee
20 identified, self-revealing, or NRC identifying.

21 In some cases the events that were driving the
22 trends were identified as actually positive indicators of
23 performance because they were licensee identified and
24 corrected in a timely effective way.

25 There were a number of plants that reached the

1 threshold for discussion on the screening meetings as a
2 result of the trend plots, but were not moved on for
3 discussion at the senior management meeting. That was a
4 result of the analysis of the information resulting in those
5 hits at trend plots.

6 In addition to the use of the trends plots, we
7 continued to enhance the pro/con charts by providing
8 additional guidance on how to prepare the charts for
9 uniformity including guidance on what information should be
10 referenced to support the specific pro/con argument.

11 The pro/con charts were provided to meeting
12 participants prior to the senior management meeting with a
13 basis for discussion along with other information provided.

14 For future senior management meetings we plan to
15 continue incorporating changes to the process as they become
16 available for implementation. These changes will include
17 those that result from the efforts AEOD is leading in this
18 area.

19 I will summarize the overall results of the recent
20 senior management meeting after which the regional
21 administrators will discuss the facilities that we have
22 categorized as needing agencywide attention or where we have
23 taken action as a result of the senior management meeting.

24 May I have slide 2, please?

25 Category 1 facilities are for plants that are

1 removed from the NRC Watch List.

2 No plants were removed from the Watch List during
3 the current Senior Management Meeting.

4 Management Directive 8.14 requires that plants
5 placed in Category 1 be reviewed at the next two Senior
6 Management Meetings. That is to ensure that improving
7 trends that were the basis for the removal from the Watch
8 List continue.

9 Indian Point 2 was placed in a Category 1 status
10 during the June, 1997 Senior Management Meeting and as such
11 was discussed at the Senior Management Meeting.

12 Slide 3, please.

13 Category 2 facilities are those plants whose
14 operation is closely monitored by the NRC. Salem 1 and 2,
15 Crystal River 3, Dresden Units 2 and 3, LaSalle 1 and 2,
16 Zion 1 and 2 remain Category 2 remain Category 2 plants as a
17 result of the Senior Management Meeting.

18 At the January 1997 Senior Management Meeting
19 Clinton was issued a trending letter. In June 1997 it was
20 determined that a diagnostic evaluation was necessary. In
21 January 1998 the performance of Clinton was reviewed in
22 light of the information obtained during the special
23 evaluation team. The NRC's portion of that evaluation was
24 led by Ken Perkins.

25 We concluded that Clinton's performance had

1 continued to decline to a point where Clinton was added to
2 the Watch List as a Category 2 plant during the January 1998
3 Senior Management Meeting.

4 In addition to those facilities previously
5 mentioned as Category 2 status, because Maine Yankee has
6 indicated their intent to permanently shut down, the Maine
7 Yankee facility was administratively removed from the
8 Category 2 status during the January 1998 Senior Management
9 Meeting. Should the status of Maine Yankee change the plant
10 will be reconsidered and updated for Senior Management
11 Meeting status.

12 Slide 4, please.

13 Category 3 facilities are plants that are shut
14 down and require Commission authorization to operate and
15 that the Staff continues to monitor closely.

16 Millstone Units 1, 2 and 3 remain Category 3
17 status. As the Commission is aware, the next quarterly
18 meeting on Millstone will be held on February 19th. Because
19 Millstone status will be reviewed at that meeting, we do not
20 plan to discuss the Millstone units in any detail today.

21 Slide 5, please.

22 Quad Cities 1 and 2 was identified at the Senior
23 Management Meeting as meeting the requirements for a
24 trending letter. Mr. Beach will discuss the basis for that.

25 At the January 1997 Senior Management Meeting

1 Clinton and Point Beach were both issued trending letters.
2 The status of Clinton has already been discussed. Clinton
3 has been ungraded to a Category 2 status.

4 At the January 1998 meeting just completed, the
5 Senior Managers determined that the performance information
6 for Point Beach indicated that the adverse performance trend
7 had been arrested and the basis for that will be discussed
8 by the Regional Administrator.

9 In the ongoing discussions on the agenda here this
10 morning, Hub Miller, the Region I Administrator, will
11 discuss Salem, Luis Reyes, the Region II Administrator, will
12 discuss Crystal River, and Bill Beach, the Region III
13 Administrator will discuss Clinton, Dresden, LaSalle, Zion,
14 Quad Cities, and Point Beach.

15 Before I conclude and turn the meeting over to the
16 Regional Administrators, I would like to make one point
17 regarding the Senior Management Meeting process in
18 Commonwealth Edison.

19 At this Senior Management Meeting we noted mixed
20 performance of the Commonwealth Edison facilities, as will
21 be discussed by Mr. Beach. In reviewing information in
22 support of removing a plant from Category 2 status, the
23 Senior Management Meeting process includes consideration of
24 the effectiveness of corporate management oversight as
25 predominantly focused by the removal matrix which includes

1 corporate oversight effectiveness.

2 Although the Dresden site demonstrated performance
3 at the site level that would warrant removal from the Watch
4 List, the continued evidence of cyclical performance
5 throughout the Commonwealth Edison sites raised questions
6 concerning the Commonwealth corporate ability to maintain
7 appropriate corporate oversight of Dresden's performance
8 while making needed improvement at its other sites.

9 It was this important factor that led to our
10 determination that Dresden remain as a Category 2 facility.

11 That completes my opening remarks. At this time I
12 will turn the discussion over to Hub Miller, for the
13 discussion of the Region I facilities.

14 MR. MILLER: Good morning. Salem was first
15 discussed during the senior management meetings in 1990 and
16 1991. Significant equipment, operator performance and
17 corrective action problems resurfaced and the plan was
18 discussed again at the June 1994 meeting. It has been
19 discussed at each meeting since that time.

20 Initial efforts of public service gas and electric
21 to address these problems with the plants on line were not
22 successful and in mid-1995 both plants were shut down for
23 extended repairs and corrective actions.

24 In the January 1997 senior management meeting
25 Salem was designated a Category 2 watch list facility.

1 While some progress was being made by licensee at that time,
2 the watch list designation was considered to be appropriate
3 given the significant long-standing nature of problems that
4 were being addressed by the licensee and the fact that
5 increased Agency monitoring of the facility commensurate
6 with watch list status was actually occurring.

7 Since the last senior management meeting public
8 service continued to make progress in addressing both
9 equipment and human performance issues that led to the
10 shutdown of both units.

11 Public Service completed a comprehensive test
12 program and restated sale of Unit 2 without any significant
13 events.

14 The Unit 1's team generator replacement project is
15 nearing completion. Fuel has been loaded and an integrated
16 test program is underway in support of Unit 1 plant restart.

17 Senior public service management provided
18 effective oversight of the Unit 2 restart and has
19 successfully fostered a conservative deliberate operating
20 ethic among the Salem operation staff. While there was an
21 increasing trend in personnel errors during the initial
22 transition to an operating environment as Unit 2 restarted,
23 the low threshold, high-volume problem identification and
24 corrective action system which is now well established at
25 the station and continued strong management involvement

1 promptly arrested this trend. Operator performance since
2 the restart has been very good.

3 The magnitude of engineering efforts to support
4 the dual unit outage and Unit 2 restart has been large. The
5 quality of these efforts has generally been good.

6 The plant organization continues to be challenged
7 by a large maintenance backlog that has grown with the
8 recent focus on Unit 2 restart and completion of the Unit 1
9 steam generator replacement outage.

10 Current steps being taken by public service to
11 improve station maintenance planning and work control
12 processes are important to reducing these backlogs.

13 While public service has made some significant
14 improvements in plant equipment and station operating
15 philosophy senior managers concluded that making judgments
16 about whether changes will be long lasting or require
17 another period of monitoring. During this period the
18 licensee can demonstrate sustained, successful plant
19 operation by successful completing the start up of Unit 1
20 while continuing safe operation of Unit 2. We will continue
21 to closely monitor activities during this period.

22 Salem remains on the watch list as a Category 2
23 plant.

24 CHAIRMAN JACKSON: Are there any differences in
25 the actions that you're taking relative to the restart of

1 Unit 1 that are any different than those for Unit 2? Are
2 there any differences in the specific issues that you're
3 having to have resolved?

4 MR. MILLER: Chairman, the issues are essentially
5 the same. I mean, there was a steam generator replacement
6 effort on Unit 1 of course and that's different. But by and
7 large the things that were non -- on Unit 2 are being done
8 on Unit 1, replacement of the surface water piping,
9 refurbishment of pumps and valves, major change out of the
10 control systems in the plant, just a very large
11 refurbishment of the plant. And then, of course, the
12 process-related issues and procedures and control room, the
13 conduct of operations in the control room and things of that
14 sort are common to the two units. So the issues are
15 essentially the same.

16 CHAIRMAN JACKSON: Has the work force and
17 management at Salem stabilized?

18 MR. MILLER: I think it has stabilized by and
19 large. There's been some turnover in the middle management
20 ranks, but very importantly at the top level the senior
21 management team has been very stable throughout this whole
22 period of recovery.

23 One of the points of emphasis has been training.
24 And it's my assessment that after the initial turnover very
25 much predominantly in the operations area things have

1 stabilized.

2 CHAIRMAN JACKSON: But they are about to have a
3 change?

4 MR. MILLER: Pardon me?

5 CHAIRMAN JACKSON: They are about to have a
6 change?

7 MR. MILLER: They're about to have a major change
8 at the very senior position. But with the exception of that
9 it has been quite stable.

10 CHAIRMAN JACKSON: Okay. Thank you.

11 MR. CALLAN: Mr. Chairman, I just want to make one
12 comment about the Salem discussions in Atlanta two weeks
13 ago. The discussion or the decision to keep Salem on the
14 watch list was not as easy as it might otherwise have been.
15 As you know, it's become somewhat standard practice for
16 two-unit facilities to -- for the senior managers to wait
17 for the second unit to restart before removing the facility
18 from the watch list.

19 In the case of Salem, the success the licensee had
20 in restarting the first unit, which happened to be Unit 2,
21 was such that we challenged that past practice and discussed
22 whether or not we had sufficient basis at this time, but for
23 the reasons that Hub Miller discussed, we decided to stay
24 with our practice. But it turned out to be a much more
25 involved discussion than it otherwise would have been

1 because of the licensee's performance.

2 CHAIRMAN JACKSON: I also thought that it was part
3 of your practice in terms of removal once the plant is on
4 the watch list that you look for the sustained performance
5 through some --

6 MR. CALLAN: Right.

7 CHAIRMAN JACKSON: -- number of cycles or some
8 period of time before you would make that determination at
9 any rate; is that correct?

10 MR. CALLAN: That is correct. But we do have some
11 flexibility in how we define sustained performance. And it
12 is again the superior performance or the record that the
13 licensee established with the restart of Unit 2 was such
14 that we challenged ourselves on that.

15 CHAIRMAN JACKSON: Okay. You were going to make a
16 comment?

17 COMMISSIONER DIAZ: No.

18 CHAIRMAN JACKSON: Thank you.

19 MR. REYES: It's my turn?

20 CHAIRMAN JACKSON: Please.

21 MR. REYES: Good morning, Chairman, Commissioners.
22 I'll be briefing you on our discussions on Crystal River.
23 Crystal River is a single-unit, Babcock and Wilcox reactor,
24 operated by Florida Power Corporation. Declining
25 performance at Crystal River was first discussed in the June

1 1996 senior management meeting. Performance concerns at
2 Crystal River previously discussed involve Florida Power
3 Corporation's handling of several design issues,
4 non-conservative interpretation of NRC regulations,
5 witnesses in operator performance corrective actions, and
6 management oversight.

7 Crystal River was classified as a Category 2 plant
8 after the January 1997 senior management meeting. At the
9 June 1997 senior management meeting NRC management
10 acknowledged that the plant was in an extensive shutdown,
11 that significant work was still needed before restart and
12 that the plant remained on the watchlist in a Category 2
13 status. Since the June Senior Managers Meeting overall
14 performance at Crystal River has improved and Florida Power
15 Corporation has made substantive progress toward plant
16 restart.

17 The programmatic areas of design control, 10 CFR
18 5059 evaluations, and corrective actions have been inspected
19 by the NRC and are considered adequate to support the
20 restart of the unit.

21 In addition, the NRC has conducted team
22 inspections in the areas of emergency operating procedures,
23 engineering and modifications, and operational readiness
24 with satisfactory results.

25 The necessary license amendments have been

1 submitted by Florida Power Corporation and are under review
2 by the NRC.

3 Also, Crystal River has made substantial progress
4 in these areas -- the conduct of a successful startup and
5 successful plant operational performance remains to be
6 demonstrated.

7 As a result the Senior Managers Meeting decided
8 that Crystal River should remain a Category 2 plant.

9 CHAIRMAN JACKSON: Now it's shut down under a CAL,
10 a Confirmatory Action Letter?

11 MR. REYES: Right -- we issued a Confirmatory
12 Action Letter.

13 CHAIRMAN JACKSON: And so these inspections are
14 aimed at accessing the resolution of the issues in those in
15 the Confirmation Action Letter.

16 MR. REYES: Prior to the unit shutting down, the
17 NRC had done a recross analysis of the issues at Crystal so
18 we had very defined issues to pursue through the shutdown of
19 both the CAL and the licensee's corrective action program
20 were geared to resolve those issues, so we had an action
21 plan from the NRC and an action plan from the licensee.

22 We established a startup panel, 0350 panel, so we
23 had a defined action plan on both sides that we have been
24 monitoring and we are getting here close to the end where we
25 are satisfied and there is a very small number of issues

1 remaining for the plant to start heating up.

2 CHAIRMAN JACKSON: So all the issues are well
3 bounded and basically they are walking through them is what
4 you said.

5 MR. REYES: Yes.

6 CHAIRMAN JACKSON: That's good. Okay. Thank you.

7 MR. CALLAN: That concludes the Region II
8 discussions.

9 We'll proceed to Region III.

10 CHAIRMAN JACKSON: That's the --

11 MR. BEACH: Good morning, Chairman, Commissioners.

12 CHAIRMAN JACKSON: -- discussions, right?

13 MR. BEACH: Yes. As a matter of fact.

14 CHAIRMAN JACKSON: Okay.

15 MR. BEACH: Clinton Power Station was first
16 discussed at the January 1997 Senior Management Meeting
17 because of an overall decline in plant performance during
18 the latter part of 1996.

19 Weaknesses in procedural adherence and quality
20 were identified by NRC inspections as a result of a
21 September 5th, 1996 recirculation seal failure event.

22 At the June 1997 Senior Management Meeting the NRC
23 Senior Managers determined that Illinois Power did not have
24 a full understanding of the depth and scope of the
25 performance issues at Clinton and until that occurred it

1 would be difficult to consider the performance decline
2 arrested.

3 Therefore, the NRC Senior Managers determined that
4 a diagnostic evaluation of Clinton Power Station was
5 necessary to identify the scope of the problems at Clinton.

6 In response, Illinois Power performed an
7 independent integrated safety assessment of Clinton's
8 performance in this period. The ISA was reviewed by an NRC
9 special evaluation team and the resultant report was issued
10 January 2nd, 1998.

11 The ISA identified weaknesses in operations,
12 engineering, maintenance and plant support. Examples of
13 these weaknesses were evident in the management and
14 supervision of plant operations, the performance of system
15 engineers, the control and understanding of the plant's
16 design basis, maintenance work scheduling and work
17 processes, and radiation protection activities.

18 The ISA determined the root causes of these
19 weaknesses to be ineffective leadership, complacency,
20 weaknesses in safety culture, and poor teamwork. The SET
21 confirmed that the findings of the ISA accurately
22 characterized the station's performance deficiencies and
23 their causes.

24 The SET also concluded that degradation to plant
25 equipment was limited because of the robust nature of

1 Clinton's design, its relatively young age, and the limited
2 period over which performance had declined.

3 Illinois Power recently reached agreement with
4 PECO Energy Company to provide management services for the
5 Clinton station. This new management team will consist of
6 six to eight people in key positions including Chief Nuclear
7 Office and Plant Manager.

8 This team is being put in place in part to address
9 the leadership problems identified by the ISA and the SET.

10 The Senior Managers did note some very recent
11 observations demonstrating improved work performance and
12 quality assurance audits. However, the Senior Managers
13 recognized that substantial management issues remain
14 including continued procedural inadequacies, a cumbersome
15 work process system, and ineffective self-assessment
16 activities.

17 Considering the minimal progress of improvement
18 since shutdown in 1996 in the emerging ISA and SET findings,
19 the Senior Managers placed Clinton Power Station on the NRC
20 Watch List as a Category 2 facility and we will continue to
21 monitor activities through our manual chapter 0350 panel.

22 CHAIRMAN JACKSON: You mentioned the agreement
23 that was reached with PECO. Now has a team or a group come
24 at this point from PECO to Clinton?

25 MR. BEACH: Walt McFarland has been named as Chief

1 Nuclear Officer and I believe by the end of this week he
2 will be making additional selections to fill that team.

3 CHAIRMAN JACKSON: Is there evidence that Illinois
4 Power has accepted the findings of the evaluation?

5 MR. BEACH: Yes.

6 CHAIRMAN JACKSON: And so at this point have they
7 developed a plan for addressing the identified problems, or
8 is that going to wait until this new group of these people?

9 MR. BEACH: That plan is I think fairly well in
10 the development stages, but I think before it is issued it
11 will be up to the management team that gets in place and
12 they are satisfied that that is an accurate plan.

13 CHAIRMAN JACKSON: Okay.

14 MR. BEACH: All right, Dresden. Dresden Nuclear
15 Power Station was placed on the NRC watchlist for the second
16 time in January 1992 and has remained a category 2 plant
17 since that time.

18 Since the last senior management meeting,
19 Dresden's overall performance improved. Dresden has
20 continued to demonstrate a generally high level of
21 performance in the area of plant operations. Sustained
22 periods of successful operation were achieved for both
23 units. Communications in the control room have been good,
24 and operational evolutions have usually been performed in a
25 controlled manner, although there was one event in which a

1 feedwater pump shift evolution was not properly performed on
2 Unit 2, resulting in the initiation of a manual SCRAM.

3 Performance in maintenance and surveillance areas
4 has generally been satisfactory, with noted improvement in
5 work control. Material condition has remained a primary
6 focus of station attention. The Unit 3 feedwater control
7 system was upgraded. The Unit 3 core shroud was repaired,
8 and most of the Unit 3 reactor water clean-up piping was
9 replaced.

10 However, some feedwater and high pressure coolant
11 injection system performance problems still occur. because
12 of long-standing material condition problems.

13 The quality of engineering activities also
14 improved, although the improved performance has yet to be
15 demonstrated for a sustained period. The Design Engineering
16 Assurance Group was particularly effective and corrective
17 actions in this period were sufficient to satisfy the
18 commitment of the November 21st, 1996 Confirmatory Action
19 Letter that resulted from our independent safety inspection.

20 Plant support improved with good performance
21 during the Unit 3 refueling outage and a substantial
22 reduction from the past years in station radiation dose.

23 In reviewing the considerations for removing
24 Dresden from the watchlist and designating as a category 1
25 facility, the senior managers recognize the improved

1 sustained performance on both Units 2 and 3, including
2 sustained dual unit operation. However, the senior managers
3 considered Dresden's improved performance in conjunction
4 with the Agency's concerns involving Commonwealth Edison
5 corporate performance and the recent decline in Quad Cities'
6 performance, which I will discuss in a few minutes.

7 As Mr. Collins stated in the opening, senior
8 managers concluded that this continued evidence of cyclic
9 performance by Commonwealth Edison plants indicates that
10 Dresden did not meet all of the watchlist removal matrix
11 items, specifically, the watchlist removal matrix item
12 pertaining to the adequacy of corporate oversight and
13 involvement in plant operations and problem resolution.

14 As a result, Dresden continued to be designated as
15 a category 2 facility.

16 CHAIRMAN JACKSON: I think Mr. McGaffigan has a
17 question for you.

18 COMMISSIONER McGAFFIGAN: On this question of
19 demonstrating a generally high level of performance in the
20 area of plant operations, I have a question, because Dresden
21 2 has had three SCRAMs in six months now. Now, two of them
22 occurred after the screening meetings, and this may raise an
23 issue as to how you incorporate data that comes on after the
24 screening meetings. But there was a SCRAM in July 28th,
25 which you mentioned, December 23rd, and then January 13th.

1 And three SCRAMs in six months is not typical of this
2 industry.

3 So the letter that went out from Mr. Callan to Mr.
4 Kingsley had the words you just spoke, has continued to
5 demonstrate a generally high level of performance in the
6 plant operations. But if you take into account data
7 post-screening meetings, I am not sure that statement is
8 true anymore. So I ask you the question.

9 MR. BEACH: Well, the SCRAM on December 23rd, I
10 think if you go back to the feedwater shift evolution I
11 talked about, that was a personnel error that -- and a
12 fairly significant personnel error. The SCRAM in December,
13 as I recall, was a feedwater problem and the feedwater
14 system as well.

15 I think you have to look at overall performance
16 more than just how many times the plant SCRAMs. In my view,
17 in Region 3, the standards in the control room and the
18 things that are monitored are among the highest standards in
19 the region. It is the only plant that right now is tracking
20 numbers of challenges to operators. There are a number of
21 things over and above just how many times the plant SCRAMS
22 that would, I think, give an impression, or a conclusion
23 that operations has generally performed well.

24 CHAIRMAN JACKSON: Actually, I am sure he is going
25 to follow-up with you, but I -- it is an interesting issue

1 that he has raised in two ways. One is that if you look at,
2 you know, what industry performance is over comparable
3 periods of time, or even over a year's period of time, the
4 number of SCRAMs, you know, is an interesting issue. And,
5 moreover, you, if I heard you right, basically indicated
6 that two of the SCRAMs were in the same system and in one
7 instance involved significant personnel error. And so I
8 think, you know, it is a balance issue, which is what I
9 think you are saying.

10 MR. BEACH: Yes.

11 CHAIRMAN JACKSON: Nonetheless, you know, this is
12 an operational issue, one that is outside of industry norms,
13 and one were there were repeat issues in a significant
14 system, and were there were personnel errors involved with
15 that. And so, I didn't mean to take it away from what the
16 Commissioner was saying.

17 MR. CALLAN: Let me make a comment.

18 CHAIRMAN JACKSON: But, you know, to -- what he
19 has brought is an important point.

20 MR. CALLAN: Let me --

21 CHAIRMAN JACKSON: Yes.

22 MR. CALLAN: I'm sorry, Chairman. If this were a
23 SALP process, those SCRAMs, if they were factored into our
24 deliberations, might argue for a SALP 2 or low SALP 2
25 perhaps. But in terms, in the context of the senior

1 management meeting process, and the thresholds that we
2 establish, the senior management will stand by the notion
3 that they have improved operation substantially in terms of
4 that threshold, which is a different threshold than we would
5 normally apply in our normal assessment process, namely
6 SALP.

7 And the kinds of things that Bill Beach mentioned,
8 and others, and we have all visited, I think, Sam and I and
9 other senior managers from Headquarters here visited
10 Dresden, have all come away with that same sense, that they
11 have made vast improvements in operations.

12 CHAIRMAN JACKSON: Well, I think the point is not
13 here to, you know, to beat on Dresden. But remember, there
14 is always the issue of the derivative.

15 MR. CALLAN: Uh-huh.

16 CHAIRMAN JACKSON: And then there is the issue of
17 the actual position. And I think the Commission has brought
18 up industry benchmarks. And so, you know, let's not get
19 confused in terms of derivative versus --

20 COMMISSIONER MCGAFFIGAN: My only concern, and the
21 reason I raise it is I am concerned about declaring victory
22 early, particular vis-a-vis ConEd. And two SCRAMS in a
23 month which -- both of which were not in the data, I mean I
24 have got the book, and, you know, it wasn't in the data that
25 was there, although I am sure you updated.

1 MR. BEACH: Right.

2 COMMISSIONER MCGAFFIGAN: The January one occurred
3 after the meeting, but -- but that's, you know, to a layman
4 that is a very important indicator, and I am just putting
5 you on notice to not declare victory early in any of these
6 plants.

7 MR. BEACH: I would just add, Commissioner, in
8 light of your concern, it is a valid point. We just had the
9 SALP addressing on Friday. And much of that discussion was
10 based -- there is a continual dialogue on improvement, but
11 the issue also is you look -- have to look at where it came
12 from, as we discussed in the November Commission meeting.
13 And your point is a very valid one and we understand that is
14 part of the challenge, particularly the 5054(f) letter and
15 the performance indicators.

16 CHAIRMAN JACKSON: Right. But I think he is even
17 saying in the specific instance, you know, you have to look
18 carefully at operational events in terms of --

19 MR. BEACH: Right.

20 CHAIRMAN JACKSON: -- how early you declare
21 victory. It's an interesting statement.

22 MR. COLLINS: Chairman, if I may, I think there's
23 two parts to that question. One part was a process question
24 about updating the information. By way of background, the
25 screening meeting provides for the basic set of information

1 that we use to provide for the screening for the threshold
2 reviews that was in October for this particular cycle. The
3 books are then updated again in preparation for the senior
4 management meeting, and then the gap of time, that is always
5 there between the point in time when the book is updated and
6 the meeting is handled individually by the Regional
7 Administrators, and they bring the most recent information
8 to be discussed at the meetings.

9 Plant trips and the bases for plant trips and how
10 that fits into the aggregate issues, or the issues we are
11 tracking for each plant, are a topic of discussion at the
12 senior management meeting.

13 CHAIRMAN JACKSON: Well, it reminds me of
14 discussions I have had in the past with some licensees. And
15 if you have repeat events, and people say, but, oh, we have
16 improved, but you are still having events -- but, oh, we
17 have improved, and you are having events in the same system,
18 then that is something that, to me, says you have to pay
19 some attention to it. That's all. We've talked about that.

20 MR. BEACH: LaSalle. The LaSalle County station
21 was first placed on the NRC watch list in January of 1997
22 and remains a Category 2 facility. Both units at LaSalle
23 have been shut down since September 1996 to address a
24 variety of human-performance and hardware problems.

25 In response to the number of performance issues

1 identified both by NRC and through self-assessments,
2 licensee's LaSalle staff developed and continues to follow
3 the program encompassed in the comprehensive LaSalle Station
4 restart plan. The plan focuses on seven strategies
5 involving safe plant operation, human performance, plant
6 material condition, effective engineering support,
7 corrective action, self-assessment, training, and process
8 improvement.

9 Overall performance at LaSalle Station has shown
10 signs of improvement. A number of design changes and/or
11 modifications are being implemented to improve the plant's
12 material condition. Recent programmatic changes and
13 increased management oversight of the corrective action
14 process and other programs is being used to reinforce
15 appropriate performance expectations and achieve a gradual
16 increase in demonstrated performance standards.

17 Examples of performance improvement include an
18 increased ability to self-identify personnel and hardware
19 problems, higher operator standards emphasized through the
20 high-intensity training program, and first-line supervisory
21 training, enhanced material condition as a result of the
22 system functional performance reviews, which identified and
23 properly prioritized a large number of equipment and
24 procedure problems in the use of a corrective-action review
25 board to ensure the identification of appropriate root

1 causes and corrective actions. While the efforts have
2 resulted in improvements in several program areas and work
3 has been completed to resolve some of the identified
4 hardware problems, a considerable amount of work remains to
5 be accomplished prior to restart of the units.

6 In reviewing the considerations for removing
7 LaSalle from the watch list and designated as a Category 1
8 facility, the senior managers acknowledged that LaSalle
9 management has effected measurable improvement in a number
10 of areas and appears to have established an adequate scope
11 of work to be accomplished before consideration can be given
12 to restarting the facility. However, the senior managers
13 noted that the plant is still in an extensive shutdown with
14 a substantial amount of work to be accomplished. It was
15 also recognized that a large portion of the watch list
16 removal matrix items have yet to be completed or assessed.
17 Therefore, LaSalle continued to be designated as a Category
18 2 facility.

19 CHAIRMAN JACKSON: Let me ask you two questions.
20 Will we specifically assess licensee corrective action
21 performance prior to restart of the facility?

22 MR. BEACH: Yes, ma'am.

23 CHAIRMAN JACKSON: And second, is the licensee
24 taking action to halt all personnel -- you know, to halt
25 personnel errors in all aspects of the operation, and if so,

1 are we seeing specific and credible results in that regard?

2 MR. BEACH: There's been a lot of training. They
3 are holding people accountable. The errors have not yet
4 been reduced -- or to an acceptable level, but they are
5 decreasing. They're on the right trend. But they still
6 occur, and it's hard to put into -- to compare it right now
7 because there aren't as many activities in some of the areas
8 as there will be when the plant gets closer to restart. But
9 they measure things by an event-free clock, and I believe
10 earlier in the period the average was three to five days
11 where there would be a personnel error. It's now up to 14
12 to 15 days.

13 CHAIRMAN JACKSON: But we actually are going to
14 also specifically look at that?

15 MR. BEACH: Yes.

16 CHAIRMAN JACKSON: And we have some sense of what
17 is reasonable in that regard?

18 MR. BEACH: Right. We're looking at it very
19 closely through the inspection program.

20 CHAIRMAN JACKSON: Okay.

21 MR. CALLAN: Would you go on?

22 MR. BEACH: The next station is Zion. The Zion
23 nuclear generation station, which was on the NRC watch list
24 from January 1991 to January 1993, was placed on the watch
25 list for the second time in January 1997 and remains a

1 Category 2 facility. The recent announcement of the
2 cessation of power operations at Zion occurred subsequent to
3 the Senior Management Meeting and was not factored into the
4 discussions.

5 Since the June Senior Management Meeting, progress
6 in resolving the issues at Zion was somewhat difficult.
7 Some indications of performance improvement have become
8 evident, particularly in control room decorum, engineering
9 review of design issues, and problem identification.
10 Improvement was also evident in the engineering
11 identification of longstanding design deficiencies and
12 radiation protection efforts to decontaminate plant areas to
13 improve operator access to equipment.

14 Although some progress was made in improving
15 performance at Zion, it was offset by the lack of a clear
16 plan and schedule for the site to work toward unit -- to
17 restart. Zion Station implemented actions to address
18 performance problems in accordance with the Zion Station
19 recovery plan. The plan focused attention on those issues
20 deemed essential for plant restart.

21 The failure to effectively resolve some of those
22 issues was due in part to management making adjustments to
23 the improvement strategies without the benefit of a clearly
24 defined path for successful plant startup and a coordinated
25 and comprehensive implementation process for existing and

1 emerging restart issues. The specific directions and
2 efforts to develop an effective implementation plan and
3 process were initiated late in the period. Issues that had
4 to be resolved before the plant restarted included the
5 demonstration of consistently improved operations
6 performance, effective implementation of the corrective
7 action program, and the resolution of concerns with the
8 safety-conscious work environment. Previous attempts to
9 demonstrate consistent operations performance were
10 ineffective. Specifically lessons learned from a first
11 attempt to demonstrate consistent operations performance,
12 which was halted shortly after initiation were not
13 incorporated into the restart process.

14 As a result, the second attempt to demonstrate
15 consistent operations performance was only partially
16 successful though conducting and using less challenging
17 performance requirements.

18 Problems have existed in the corrective action
19 program for some time. The ability to perform critical
20 self-assessments was a notable weakness at the station.
21 However, in the last few months the quality and safety
22 assessment organization was more effective in identifying
23 problems with the implementation of the Zion Station
24 recovery plan and associated restart activities including
25 the performance of routine activities.

1 Finally, a significant increase in allegations
2 from Zion Station occurred coincident with the more
3 aggressive actions taken by station management to address
4 operator performance deficiencies. Many of the allegations
5 involved an alleged chilling environment.

6 NRC Staff had a public meeting to discuss the
7 issue in this period and the matter is still under review.

8 In reviewing the considerations for removing Zion
9 from the Watch List and designating it as a Category 1
10 facility, Senior Managers noted that there have been some
11 recent positive indications that Zion was attempting to
12 improve its performance and its material condition.

13 However, there was a substantial amount of work
14 that remained to be accomplished, the lack of a clear plan
15 for moving toward readiness for startup, and the continued
16 concerns about the work environment at the station.

17 The great majority of the items on the Watch List
18 removal matrix were answered in the negative. Therefore,
19 Zion continued to be designated as a Category 2 facility.

20 CHAIRMAN JACKSON: Why don't you go on?

21 MR. BEACH: Quad Cities -- in this period
22 operational performance at Quad Cities was generally good,
23 with good dual unit operations and operators handling
24 complex evolutions well.

25 Both units operated well for some period of time.

1 However, personnel errors did increase slightly.
2 Maintenance and surveillance activities were generally
3 adequate with some improvement in material condition and a
4 reduction of the maintenance backlog.

5 However, this was offset by some equipment
6 problems and some surveillance errors.

7 Weaknesses surfaced in engineering involving
8 understanding the application of the design basis,
9 operability in 10 CFR 5059 safety evaluations, and
10 resolution of identified problems.

11 Overall performance in plant support areas except
12 fire protection was good.

13 In this period, however, there were a number of
14 problems that were identified in specific technical areas
15 including procedures for 10 CFR Part 50, Appendix R, Fire
16 Protection, implementation of the maintenance rule, and
17 operating the reactor prior to hydrostatic testing of the
18 primary system as required by 10 CFR Part 50, Appendix G.

19 Specifically, self-assessment activities in June
20 1997 identified some aspects of inadequate implementation of
21 the maintenance rule. However, lack of support for the
22 corrective actions from these findings and lack of adequate
23 corporate oversight resulted in Quad Cities' staff failing
24 to identify the broad scope of the existing problems such
25 that the September 1997 NRC maintenance inspection concluded

1 that overall implementation of the maintenance rule at Quad
2 Cities was not adequate.

3 Also in June of 1997 Quad Cities' staff decided to
4 start up Unit 2 without conducting the hydrostatic test of
5 the primary system in violation of 10 CFR Part 50, Appendix
6 G and the ASME code.

7 Corporate support of the site for hydrostatic test
8 requirements was also insufficient to prevent this error.

9 The problem was compounded when the test was later
10 performed at power and the examination of the test
11 inspection points was not properly performed.

12 In the area of fire protection, the Quad Cities
13 staff identified the procedures for pathways to achieve safe
14 shutdown in the event if a design basis fire were
15 inadequate.

16 Both units eventually shut down due to a lack of a
17 complete approved safe shutdown analysis with associated and
18 completed approved implementing procedures.

19 Both units are expected to remain shut down until
20 the issuance of an approved safe shutdown analysis, complete
21 with approved implementing procedures.

22 In reviewing the considerations for maintaining
23 agency attention at Quad Cities, Senior Managers noted that
24 there has been good operational performance including a
25 period of dual unit operation and improved material

1 condition with a decreasing maintenance and engineering
2 backlog.

3 In reviewing the considerations for increasing
4 agency attention at Quad Cities, Senior Managers were most
5 concerned with the level which NRC had to become involved
6 before the Quad Cities staff began to adequately address the
7 Appendix R issues. The apparent violation of Appendix G and
8 the maintenance rule implementation problems.

9 Given the corporate issues that are the subject of
10 the 10 CFR 5054(f) letter, senior managers agreed that there
11 are indications that the overall performance has declined,
12 and that a trending letter met the criteria to convey the
13 Agency's concerns with Quad Cities recent performance, in
14 particular, and Commonwealth Edison's overall corporate
15 performance, in general.

16 CHAIRMAN JACKSON: Now, if I read out of what you
17 said, it seemed that you -- you indicated -- well, I noted
18 anyway that our inspectors themselves had noted instances of
19 failure to follow procedures and poor self-checking. But
20 how extensive is issue of NRC identifying problems or
21 recognizing the extent or significance of them, compared to
22 the licensee?

23 MR. BEACH: Well, in the Appendix R issue there
24 was extensive NRC intervention needed to get resolution to
25 the problem and, essentially, the focus that led to the

1 shutdown of the units. Inspectors, I would say, find a
2 higher number of occasions of surveillance violations in
3 surveillance testing. I think --

4 CHAIRMAN JACKSON: Okay. How are we monitoring
5 the re-start preparations for Unit 2?

6 MR. BEACH: We are going to do a special fire
7 inspection -- fire protection inspection. We also have
8 planned, not related to that, Chairman, an AE inspection
9 that is scheduled for Quad Cities, which will probably occur
10 prior to start-up. The Confirmatory Action Letter, however,
11 specifically focused on the Appendix R issues only.

12 CHAIRMAN JACKSON: Okay.

13 MR. COLLINS: Chairman, at this time that
14 concludes, although Bill has one more presentation for Point
15 Beach, that concludes the presentation of the Commonwealth
16 Edison sites in the aggregate.

17 As you know, we are monitoring the organizational
18 performance of Commonwealth Edison using the processes
19 defined by the 5054(f) letter. We have some recent
20 correspondence from Commonwealth Edison with regards to that
21 program and some proposed changes to that coming up in the
22 future, and we will continue to monitor the corporate
23 performance.

24 But clearly, at this point, what the senior
25 managers -- the direction that was taken at the senior

1 management meeting by the senior managers was to take a step
2 back and look at the trend of performance at Quad Cities in
3 the aggregate, look at the overall performance at the sites.
4 At this point in the deliberation process is when the
5 conclusion was reached by the senior managers that Dresden,
6 more or less, warranted continued monitoring, given the
7 performance at Quad Cities and the uncertainty that exists
8 in the corporate performance, due partly to the trends in
9 performance at the sites, but also due partly to the recent
10 changes that have yet to manifest themselves in that
11 direction.

12 CHAIRMAN JACKSON: Commissioner?

13 COMMISSIONER DIAZ: Yes. Since, obviously,
14 significant importance has been placed in the licensee
15 corporate management and how it impacts on the sites and,
16 due to the fact that there have been significant changes in
17 that corporate management, have you any steps, specific
18 steps or actions that you plan to take in the next six
19 months to be able to assess with a better degree of
20 certainty how these changes have impacted the performance of
21 the plants?

22 MR. COLLINS: Bill, do you want to speak to the C
23 part process in the oversight?

24 MR. BEACH: Yes. We are continuing the
25 Commonwealth Performance Oversight Panel meetings. In fact,

1 we just had one last Wednesday, which I would characterize
2 as much more successful than the previous meetings in that
3 not only did we focus on the performance indicators, but
4 also into the specific areas of site performance and how
5 corporate is impacting that individual performance.

6 I think what is disturbing about Quad Cities are
7 that the three issues that I discussed all reach to
8 corporate support. Whether it was there or not, it is an
9 area where it should have been.

10 And going back to your question, Chairman, I think
11 it also shows the weaknesses in the oversight, the safety
12 quality verification organization which we also focused our
13 discussions on, and are looking at. And I think after the
14 organizational changes are completed and there is a more
15 stabilized organization, we are going to look at some kind
16 of inspection to see how those corporate elements are or are
17 not supporting the station in the next six months.

18 COMMISSIONER DIAZ: And that will be within the
19 next six months and will include, you know, looking at
20 considering the 5054(f) letter?

21 MR. BEACH: Right.

22 COMMISSIONER DIAZ: And you will report back to
23 the Commission with that, is that --

24 MR. COLLINS: I'm sorry. Was -- was your question
25 if we will come back to the Commission?

1 COMMISSIONER DIAZ: Yes. On the specific issue of
2 the 5054(f).

3 MR. COLLINS: When is the next briefing, Bill? Do
4 you know?

5 MR. BEACH: We will -- it will probably be
6 sometime in May, end of April or May.

7 COMMISSIONER DIAZ: Okay.

8 CHAIRMAN JACKSON: Well, I think that, you know,
9 to get to the Commissioner's question, I mean, I think that
10 there is the 5054(f) letter. Mr. Kingsley has come in
11 fairly recently. I think that he is in correspondence with
12 the staff in updating the corporate response to that 5054(f)
13 letter, and then the staff is developing, you know,
14 mechanisms to confirm that understanding, and that will be
15 the basis of the specific follow-up and will include all of
16 the issues in the various outstanding Confirmatory Action
17 Letters and any other remaining issues. And then that, in
18 fact, will be in the progress relative to that, confirmation
19 will be reported to the Commission.

20 COMMISSIONER DIAZ: Right.

21 MR. COLLINS: And it is certainly appropriate to
22 have another evaluation, if you will, prior to the next
23 senior management meeting.

24 COMMISSIONER DIAZ: That is what I was --

25 MR. COLLINS: I believe that is the thrust of your

1 comment.

2 COMMISSIONER DIAZ: Right.

3 MR. COLLINS: At this time, Bill, Point Beach.

4 CHAIRMAN JACKSON: Let me ask you a question that
5 maybe is more relevant within the context of Quad Cities,
6 but how frequently -- and this is a more general question --
7 how frequently are we seeing engineering deficiencies in
8 general and weaknesses in understanding an application of
9 design basis information in particular at facilities that
10 are selected for full discussion.

11 The follow-on is do we find that plant managers or
12 plant engineers in particular lack an understanding of what
13 constitutes the design basis when making design basis
14 reviews for 5059 purposes or changes to the facilities?

15 MR. CALLAN: Let me respond first, Chairman, then
16 I'll turn to my colleagues here.

17 Clearly the NRC is becoming more sophisticated in
18 its own understanding of design basis issues and we have
19 learned a lot in the last two years in particular along
20 those lines and we are applying that understanding, that
21 knowledge to our assessment process.

22 As a consequence, I think we are more perceptive
23 in identifying earlier weaknesses in that area and having
24 said that, we continue to identify plants and put plants on
25 the Watch List who do not have significant design basis

1 issues. A case in point would be the Clinton station.

2 Let me ask Sam if you have any other perceptions
3 you would like to add.

4 MR. COLLINS: I think the elevated level of
5 attention and awareness and perhaps even the documentation
6 of issues in engineering is a product of the agency's
7 emphasis.

8 I think it is also a fact that we are seeing more
9 licensee self-identification as a result of their responses
10 to the 5054(f) letters.

11 Running down through the list of plants, I think
12 there were some clear indications of plants that had design
13 basis issues much like Crystal River, if Luis would agree
14 with that.

15 Dresden, on the other hand, was much more of a
16 chronic hardware, material condition issue in its early
17 stages, although as a result of the independent safety
18 review that was done at the plant we identified engineering
19 issues that resulted in a confirmatory action letter for the
20 Commonwealth-wide engineering department, so I think it is a
21 mix-and-match, but between the operational issues and the
22 engineering issues I think engineering issues are on the
23 rise.

24 CHAIRMAN JACKSON: I guess I am really asking an
25 abstracted question, which is really are we finding, at

1 least for the plants -- the full discussion plants -- any
2 particular issues with respect to weakness in understanding
3 of, knowledge of, understanding of and application of design
4 basis information.

5 MR. CALLAN: I think in general the answer is yes.

6 I think in general the plants that are put on the
7 Watch List have problems that are generally pervasive and
8 extend to almost all areas of endeavor, but that is a
9 generality. There are exceptions.

10 Just one clarification about the subject of design
11 basis issues I think is warranted, and that is the NRC's
12 enforcement policy and our general assessment practices
13 continue to encourage and actually reward licensees in
14 various ways for identifying all design issues, and we will
15 continue to do that.

16 We want licensees to go out and identify design
17 issues. We exercise enforcement discretion frequently when
18 they do.

19 What we are calling design basis issues oftentimes
20 are really corrective action issues. They are situations
21 where licensees aren't correcting problems that are either
22 identified or not looking for problems that are there, so we
23 try to make that important distinction when we do our plant
24 assessments.

25 MR. CALLAN: Chairman, I would add that I believe

1 the age of the plant is a factor having to do with the
2 documentation of the design basis, and in some cases the
3 history and the understanding is there is perhaps turnover
4 at the plant and modifications to the plant, the capturing
5 and the understanding of that design and we have some
6 examples of those on the Watch List.

7 CHAIRMAN JACKSON: Okay, and the last question at
8 this point, how does allegation activity correlate with
9 problems at the facility? Do we track that? And how are
10 they assessed within the Senior Management Meeting context?

11 MR. CALLAN: The Allegation Coordinator, the
12 Agency Allegation Coordinator, is a member of the Senior
13 Management Meeting discussions, and I believe this was the
14 second time that that individual, Ed Baker, participated in
15 the discussions in a couple cases, not so much this time but
16 certainly in the June Senior Management Meeting played a
17 pivotal role in some of the discussions, so we look and
18 assess the allegation activity.

19 We don't just look at the numbers. We don't just
20 look at the aggregate count but we try to make an assessment
21 of what the allegation activity is telling us, but as the
22 Staff has informed the Commission in the past, we continued
23 to note that there doesn't seem to be a close correlation.

24 It is a complex issue that has many, many factors
25 that determine allegation activity, at least the kind of

1 allegations that reach the NRC, and I would not want to make
2 a generality about that because we see too many exceptions
3 to the rule to apply a general observation.

4 MR. COLLINS: Right. I think the numbers can be
5 deceiving depending on the quality of a program and the
6 ability of individuals to raise concerns and their
7 willingness to do that.

8 An indicator that we look at below, the allegation
9 indicator, is the examples of harassment and intimidation
10 and that derivative of overall allegations is probably a
11 more meaningful indicator and Mr. Ed Baker provides that
12 data and we, rather than focus on the amount of allegations,
13 we really focus on that aspect at the screening meetings and
14 the Senior Management Meetings.

15 CHAIRMAN JACKSON: And even though I said it was
16 my last question, I really do have another last question.

17 Are we seeing an increased use of temporary or
18 contracted managers at full discussion facilities, and is
19 the increased use of or the use of contracted management
20 personnel factored into the plant specific discussions?

21 MR. CALLAN: That's an interesting question. As a
22 matter of fact, we are trying to separate the assessment
23 discussions from direct discussion of managers. I think
24 that was a valid criticism of our past practice, so we are
25 making a valiant effort to keep the assessment discussion

1 during the senior management meeting process on performance.
2 And to the extent that the managers involved enter into that
3 discussion, so be it.

4 As to whether or not we specifically consider
5 whether or not they are permanent employees or contract, or
6 loanees, for example, from INPO or whatever, I think a
7 candid answer is no, we don't really consider that. We
8 don't. It is not a factor, no.

9 MR. COLLINS: Right.

10 CHAIRMAN JACKSON: Okay. Why don't we let Mr.
11 Beach go on then.

12 MR. BEACH: Point Beach. Point Beach was first
13 discussed at the January 19, 1997 senior management meeting.
14 Wisconsin Electric was subsequently issued a trending letter
15 because of weaknesses in Point Beach's ability to identify
16 and promptly, and comprehensively address its own
17 performance problems.

18 In this period, both units have successfully
19 started up and operated for a period of time. Improvements
20 in operations resulted from changes in operations
21 management, the implementation of an improved, more explicit
22 conduct of operations standard, and the formation of an
23 on-shift mentoring program staffed by previously and --
24 licensed, inexperienced senior reactor operator contractors.

25 Our inspector program has noted a marked

1 improvement in the performance of day-to-day operations in
2 the approach taken by management and staff when dealing with
3 the more difficult operational issues.

4 Engineering performance improved following the
5 implementation of a fully staffed engineering organization.
6 This action increased number of on-site engineers and
7 improved engineering ownership of plant systems.

8 In addition, Wisconsin Electric established a
9 System Engineering Review Board, an added review committee
10 to thoroughly review each plant system and identify issues
11 requiring resolution prior to re-start of the units.

12 Efforts to address surveillance and
13 post-maintenance and modification testing improved in the --
14 in the maintenance area. In addition, the material
15 condition at Point Beach has improved as a result of
16 Wisconsin Electric's successful efforts to lower the
17 threshold for reporting and addressing plant deficiencies,
18 and to identify and address long-standing design
19 deficiencies.

20 A number of hardware improvements were
21 accomplished through the replacement of the Unit 2 steam
22 generators, the Unit 1 low pressure turbines and the
23 emergency diesel generator governors.

24 Wisconsin Electric's timely and comprehensive
25 actions to address Point Beach's declining performance trend

1 was primarily due to management's strong commitment and
2 dedication to improving performance. In addition to the
3 initiatives described above, a number of initiatives -- of
4 efforts are -- improvement efforts are planned. These
5 include improving the work control system, upgrading
6 operations and maintenance procedures, implementing improved
7 standard technical specifications, and upgrading the Final
8 Safety Analysis Report.

9 The engineering staff is receiving additional
10 resources and the corporate engineering staff is being
11 relocated to a new facility which is being constructed at
12 the site.

13 The fact that these efforts have resulted in
14 substantial improvements convinced the senior managers that,
15 on balance, Point Beach Station had arrested its declining
16 trend.

17 CHAIRMAN JACKSON: So, I mean what you just cited
18 are improvements planned. Was the primary weight on what
19 they had, in fact, done, or --

20 MR. BEACH: Yes.

21 CHAIRMAN JACKSON: -- did it have to do with what
22 they had planned?

23 MR. BEACH: The earlier things that I discussed,
24 Chairman.

25 CHAIRMAN JACKSON: How active was our inspection

1 of the facility after the trending letter was issued?

2 MR. BEACH: From the period of September, I
3 believe, around '96 to October of '97, we expended a little
4 over 7,000 hours at Point Beach.

5 CHAIRMAN JACKSON: And has the -- do you have
6 documentation of improvements in licensee
7 self-identification --

8 MR. BEACH: Yes.

9 CHAIRMAN JACKSON: -- and correction of problems?

10 MR. BEACH: Yes. The numbers of problem
11 identification forms have increased substantially. The
12 quality assurance staff, a new manager was brought in with
13 both plant manager and QA experience. The staff was tripled
14 and the numbers in that part of that organization have also
15 increased.

16 CHAIRMAN JACKSON: Okay.

17 MR. BEACH: So still a lot of problems, but have
18 done a lot to control their destiny.

19 CHAIRMAN JACKSON: Okay.

20 MR. COLLINS: Commissioner, is that --

21 CHAIRMAN JACKSON: Sorry. Commissioner.

22 MR. COLLINS: Yes. Excuse me.

23 COMMISSIONER DICUS: A general question, perhaps
24 to Mr. Collins or Mr. Callan. You had indicated, I think,
25 Mr. Collins, in your opening comments, that financial

1 information was provided as background, but was not used in
2 the decision making process. Could you tell me how then you
3 did use it, at least in your discussions, if not in your
4 decisions?

5 MR. COLLINS: Right. We view the economic data
6 plots as still in the development phase. They were
7 presented at the screening meetings, and also presented at
8 the senior management meetings. Discussions of the data
9 were presented by AEOD. Tim Martin, a Director provided for
10 the focus on those discussions, and he provided for
11 calibration on consistency in the information.

12 And those discussions included insights regarding
13 economic performance that may help to explain current
14 performance. Also, performance observations that may
15 relate, for example, to budgets and budget trends and
16 provide perhaps as a leading indicator of future trends in
17 plant performance.

18 They were provided as information only and were
19 not used in the decision making process. So, generally,
20 they were used as a calibrator in concert with other
21 information, and we looked for differences and tried to
22 explain the differences. My view is they are helpful, in
23 some cases they are insightful, but at this point given
24 where the information is and perhaps even a lack of training
25 on our part of how to use that information we have to be

1 very careful about using that as a significant indicator of
2 performance at this time.

3 COMMISSIONER DICUS: Yeah, I think economic
4 information is troublesome. It could be quite useful, and
5 as you've said, it may not be worth anything. And I think I
6 would caution -- continue to caution financial information
7 in any -- certainly in any decisionmaking process, but even
8 being careful to use as a background that it doesn't somehow
9 work its way into the decisionmaking process --

10 MR. COLLINS: Yes.

11 COMMISSIONER DICUS: -- inappropriately.

12 MR. COLLINS: In our continuing efforts to provide
13 for more and better information and consistency in which to
14 evaluate performance and perhaps even leading indicators of
15 performance this is one tool that's under evaluation. And
16 there could very well be others as AEOD continues to develop
17 those indicators which we will also use on a trial basis.
18 But clearly it is under a trial basis.

19 CHAIRMAN JACKSON: It's probably like any other
20 information, it's really a question of if there is specific
21 evidence that certain safety investments or correction of
22 problems are not being made by virtue of withholding of
23 support then that is an issue.

24 COMMISSIONER DICUS: Right.

25 CHAIRMAN JACKSON: Financial information just raw

1 of some kind doesn't necessarily have a role. But if there
2 is evidence of inadequate support for addressing problems,
3 then that in principal is the only relevance.

4 MR. CALLAN: Right. And there was such a
5 discussion in Atlanta. One of the plants that we discussed
6 that was not screened that did not make it any watch list
7 status or anything, that kind of information was, if not
8 pivotal, it was certainly influential in some of
9 decisionmaking.

10 COMMISSIONER DICUS: Okay. Thank you.

11 MR. COLLINS: If there are no more questions that
12 concludes --

13 CHAIRMAN JACKSON: There are few more.

14 MR. COLLINS: Okay. Very good.

15 CHAIRMAN JACKSON: I have a few more.

16 I know that Indian Point 2 was selected as a full
17 discussion plant, it was at this meeting and the last. You
18 know, what performance trends have we observed and are they
19 indication that the performance declined in engineering in
20 particular. That was the subject of the SALP at last has
21 been arrested. Can you make a few comments to that end?

22 MR. COLLINS: Hub?

23 MR. MILLER: We have continued to watch -- since
24 the SALP -- the engineering area quite closely. More
25 broadly the area of material condition engineering is of

1 course very important to assuring good equipment condition.
2 The plant was shut down in October to address some failures
3 of breakers and it has been shut down since that time. I
4 had an outage, the outage has now been extended. So it's
5 difficult to tell honestly, Chairman, exactly what the
6 direction is. We're looking at it carefully.

7 We're also monitoring performance in the
8 operational area and at this point it's still left at a --
9 at the regional level, but it is getting, I assure you,
10 attention from the region.

11 CHAIRMAN JACKSON: In those areas?

12 MR. MILLER: Yes. We have an architect
13 engineering inspection going on right now in fact, and so
14 we're giving it a great deal of attention.

15 CHAIRMAN JACKSON: Are we continuing to see
16 improved performance at Indian Point 3?

17 MR. MILLER: The progress is continuing, but it'
18 at a slow pace. There has been some management change
19 recently. You're also continuing to watch that closely,
20 closely in a sense of watching a plant that comes off the
21 list to assure that there is not any backsliding. There
22 were a number of operational events that occurred coming out
23 of the last outage. The number of plant trips and
24 transients which have gotten some attention and we're
25 addressing that issue with the company.

1 MR. COLLINS: I think, Chairman, if I may just
2 add, Indian Point 3 the criteria is to be monitored for
3 continued improvement. Hub brought a lot of information to
4 the table on Indian Point 3 and I believe the senior
5 managers' view would be that although we see slow and
6 incremental improvement and in some cases perhaps not as
7 much as we would like to see given that the plant has come
8 off the list.

9 We need to provide for an enhanced monitoring of
10 those indicators to ensure that that performance does
11 continue to improve at a more rapid rate. I wouldn't want
12 to give the impression that we are, by all means, satisfied
13 with their performance. It's going to take continued
14 monitoring and some performance improvements by that site to
15 reach the levels of performance that we would expect.

16 CHAIRMAN JACKSON: And is this going to then occur
17 primarily at the regional level?

18 MR. COLLINS: Yes. Indian Point 2, however, as
19 Hub mentioned, was a topic of much discussion both at the
20 screening meeting -- and in fact, we had two screening
21 meetings for Indian Point 2 and for the senior management
22 meeting.

23 Hub and his staff have engaged the program office
24 in providing support for Indian for reviews that are under
25 the regional auspices but are being supported by -- in some

1 cases by headquarters to provide for more insights into the
2 plant. So at Indian Point 2 agreeing with everything that
3 Hub has said, I still think there is still more information
4 to be gathered and to be assessed to really accurately be
5 able to classify the plant.

6 CHAIRMAN JACKSON: How is sustained operational
7 performance defined within the context of the evaluation
8 factors for removal from the watch list?

9 MR. CALLAN: Chairman, the way we have applied
10 that historically, and there have been some exceptions to
11 this rule, is for multiunit facilities that have been
12 shut -- where all the units have been shut down, the Staff
13 waits, senior managers wait to see simultaneous operation,
14 safe operation, of all the units of the facility.

15 There's one notable exception, the Browns Ferry
16 exception, where we separated the units. For single-unit
17 facilities -- and that period of time, by the way, is
18 generally about one cycle. One senior management cycle is
19 about six months.

20 In the case of Indian Point 3, we just discussed
21 it, but in the case of Indian Point 3 my recollection is we
22 waited a couple cycles because of -- until we were certain.
23 We wanted to be -- because of the extended shutdown because
24 of the nature of problems going into the shutdown.

25 CHAIRMAN JACKSON: Did you have specific things

1 you look at?

2 MR. CALLAN: We look at -- and as Commissioner
3 McGaffigan mentioned earlier in the context of Dresden Unit
4 where he mentioned three trips, well, is that sustaining
5 your performance or not? So if we have any hesitation, we
6 typically will extend that period of observation if we don't
7 have a strong consensus on the part of the senior managers
8 that they've seen it. So --

9 MR. MILLER: I think in the Indian Point 3 case
10 too we had several very specific things that were giving us
11 concern, and we focused heavily on those, and we didn't take
12 our eye off the overall operation, but we had some very
13 specific things that we were looking for.

14 CHAIRMAN JACKSON: Do you document that for the
15 licensee in terms of what you're going to be looking at in
16 terms of sustained?

17 MR. MILLER: Right. Because in the case of Salem,
18 in this case we're very clear in the letter to the company
19 what it is they didn't --

20 MR. CALLAN: In fact, this subject made the
21 discussion on Dresden doubly difficult, because if you
22 recall, in June we informed you that -- or actually January
23 of '97 and then again in June --

24 CHAIRMAN JACKSON: Right.

25 MR. CALLAN: That we wanted to extend that period

1 of observation to absolutely assure ourselves that there was
2 sustained good performance, and notwithstanding these trips
3 that we talked about earlier, we saw it, and it took us
4 roughly three cycles to make the case, and so we had more
5 evidence on Dresden than we would normally have.

6 CHAIRMAN JACKSON: Okay.

7 MR. CALLAN: For a facility.

8 CHAIRMAN JACKSON: Why don't we hear from Carl
9 Paperiello.

10 DR. PAPERIELLO: Can I have slide No. 7?

11 NMSS facilities were discussed at the Senior
12 Management Meeting. While no facilities were placed on a
13 priority list, the senior managers did discuss the
14 Commission SRM dated June 30, 1997. That SRM directed the
15 Staff to determine the appropriate threshold evaluation
16 methods and criteria and categorization schemes for
17 discussing fuel-cycle facilities and higher-risk material
18 licensees at the senior management meeting.

19 The Staff identified performance indicators,
20 tested screening algorithms, conducted screening meetings
21 with the regions, and screened all eight major fuel
22 facilities and ten byproduct material licensees for the
23 Senior Management Meeting.

24 We had little success in developing an Arthur
25 Andersen-type screening algorithm due to the wide diversity

1 in regulatory requirements and activities of the by-product
2 material licensees. Even the fuel facilities differ. Of
3 the eight facilities, only four perform the same general
4 activities, and each of the other four are one of a kind.
5 For these facilities industry averages appeared to have
6 little meaning.

7 Future evaluations will attempt to compare
8 facilities for own past performance. A paper describing
9 staff activities in response to the SRM direction will be
10 sent to the Commission by the end of January.

11 This concludes my remarks.

12 CHAIRMAN JACKSON: How was risk factored into the
13 discussions?

14 DR. PAPERIELLO: Risk was factored in by looking
15 at facilities that met the threshold for having emergency
16 plans. All the fuel facilities required emergency plans.
17 Of the material licensees, actually only one required an
18 emergency plan. We just don't have that many people that
19 possess -- so that we then looked at big licensees.

20 We looked at all our master material licensees.
21 We looked at large Federal facilities that had a -- large
22 Federal licensees, and we looked at -- when we created a
23 matrix of what you could have as performance indicators,
24 events, reactive inspections, escalated enforcement,
25 violations, we used 2.206 petitions, allegations, and

1 financial assurance difficulties or bankruptcy.

2 What we did is we started looking for licensees
3 that had more than one -- if you had several civil
4 penalties, several reactive inspections, or several events.
5 There weren't that many. That's how we even got a basic set
6 of even ten licensees at all to look at. But none of them
7 would meet the threshold that we would have on the reactor
8 side that -- we picked a couple to discuss because of the
9 group, they seemed to be the weakest, and not so much due to
10 any kind of a standard that would meet that for a reactor.

11 CHAIRMAN JACKSON: Thank you. We'll run
12 through -- Commissioner Dicus, any comments or questions?

13 COMMISSIONER DICUS: Let me just make a comment.
14 It's either a comment or question. I'm not sure. It
15 follows on the Chairman's question about risk and how you
16 might have used it. And you tied it to whether or not the
17 licensee has to have an emergency plan, and I know what the
18 criteria are that put a licensee into that sort of thing,
19 but have we or are you aware if we have -- I guess this
20 might be in AEOD space -- ever looked at the correlation
21 between whether or not we require a licensee or a licensee
22 is required to have an emergency plan as to whether or not
23 that licensee has been responsible for or to have some
24 incident traced to them like a lost source or losing
25 accountability of a source or something along those lines

1 that might cause that material to show up in the public
2 domain?

3 Have we done that sort of correlation to see if
4 our -- we're requiring emergency plans of the right people,
5 or I guess the other side of the question is using them,
6 whether or not the licensee must have an emergency plan, the
7 only thing you should look at as to whether or not you
8 evaluate the risk.

9 I think that's really my question.

10 DR. PAPERIELLO: Well, we used the emergency plan
11 as a first cut. When we only had very few collisions, we
12 reached -- threw the dragnet out further as a practical
13 matter. The answer is no, we haven't looked at numbers of
14 lost sources, that aspect of the thing. And a requirement
15 to have an emergency plan means you can have an upset
16 condition. In other words, something bad could happen at
17 the facility that we give you a large release that would
18 then have an offsite impact. And very few material
19 licensees in that sense could do it.

20 But obviously if you aim -- I'll call it aimed
21 radiation. Obviously if you even a hospital, you know, a
22 brachytherapy source that would wind up in the public domain
23 would give some, you know, dose. Or we all know that with
24 radiographic sources, which are higher. But the way we
25 searched, we would have found it. If we had a radiographic

1 licensee that had problems, then we would have had some
2 either reactive inspection or civil penalties or any
3 reported event.

4 CHAIRMAN JACKSON: Well, how is the data that you
5 get in terms of, you know, tracking events and data that
6 AEOD is involved in in collecting? How is that factored
7 into the actual discussion and determination of risk
8 or fulfillments of the discussion?

9 DR. PAPERIELLO: We created a matrix of the
10 numbers of these kind of events for the particular licensee.
11 The fact of the matter is, most NMSS licensees had no
12 reported events.

13 CHAIRMAN JACKSON: Okay. I guess the real
14 question becomes, and not a rehearsal, you know, or a rehash
15 of what the specific, you know, discussion was, but to get
16 to the Commissioner's question, do you have -- you know, we
17 have this very elaborate process with, you know, the pro-con
18 charts and the, you know, the template and the plant removal
19 matrix and so on that's, you know, being refined, and some
20 various performance indicators.

21 What are you doing in the materials areas that --
22 in terms of what criteria you use to do the screening to
23 make the decision and what then is brought into the
24 discussion in the Senior Management Meeting in terms of
25 arriving at, you know, the viewgraph, whether it's none or

1 some or whatever? I think that's really what -- at least
2 I'm not trying to put words into her mouth.

3 COMMISSIONER DICUS: No, it's part of the
4 problem -- really when we got into the discussion of risk.

5 CHAIRMAN JACKSON: Right.

6 COMMISSIONER DICUS: And you'll probably hear more
7 about this. I'll almost guarantee it.

8 CHAIRMAN JACKSON: She's setting you up.

9 DR. PAPERIELLO: Actually, we have I think a good
10 amount of data and we look for -- as a practical matter, we
11 would not -- if somebody lost a small source, not a
12 radiographic source but a small source, that would not have
13 met a threshold for making them a discussion facilities.

14 CHAIRMAN JACKSON: But you are answering it in the
15 negative.

16 I think what we were looking for is what criteria
17 do you use and if the facilities that you look at don't leak
18 to threshold, fine, but I think it is important that you
19 present to the Commission what the factors in fact are that
20 you use for your decision-making and how is therefore risk
21 factored into that -- and I think that's all we are asking,
22 and it is not something that we expect you to answer today,
23 but I think that in any, you know, future presentation on
24 the performance of materials facilities and any actions we
25 are taking that that is important to present, because I

1 think there is a point specifically related to generally
2 licenced sources and so on and we will get to those issues
3 this afternoon, and that in fact will provide some
4 amplification and clarification in terms of at least some of
5 the concerns.

6 I think that's the whole point --

7 DR. PAPERIELLO: Yes.

8 CHAIRMAN JACKSON: -- what is the disciplined
9 process, what are the criteria, et cetera, et cetera.

10 MR. CALLAN: Chairman, I don't think we're
11 letting -- doing justice with Carl --

12 CHAIRMAN JACKSON: Probably not. I am also giving
13 him his big chance though --

14 [Laughter.]

15 MR. CALLAN: This is the subject for an hour and a
16 half discussion but I specifically asked him to keep his
17 remarks brief --

18 CHAIRMAN JACKSON: Ah --

19 MR. CALLAN: -- and somewhat cryptic but --

20 [Laughter.]

21 CHAIRMAN JACKSON: So he will do it this
22 afternoon -- is that what you are telling me?

23 MR. CALLAN: Those of you who know Carl know that
24 he could speak for a couple hours on the subject of risk and
25 in fact he almost did at the Senior Management Meeting.

1 [Laughter.]

2 MR. CALLAN: He discussed this subject at great
3 length and we got into it quite deeply and so --

4 CHAIRMAN JACKSON: Right --

5 MR. CALLAN: -- I think as he indicated in his
6 opening comment though, there was a sense of frustration
7 here because the tabulated approach, the matrix approach,
8 didn't pop out any licensees of note, so he is regrouping
9 and I guess you are going to look at them, compare them
10 against themselves.

11 DR. PAPERIELLO: I'm going to -- but even there
12 the standard deviation of one is one and when the average
13 facility has one or nothing a year --

14 CHAIRMAN JACKSON: Okay. It doesn't -- you know,
15 you are telling me -- you are not addressing the issue.

16 The issue has to do with we want to know what your
17 criteria are, what your process is for making the decision.

18 Whether anything pops out or doesn't pop out and
19 whether we agree with that or don't agree with that, we will
20 tell you.

21 DR. PAPERIELLO: Yes.

22 CHAIRMAN JACKSON: But the point is we want to
23 know what that process is and we would like you to present
24 it in the public forum and for balance in any future
25 discussions we would like to have that because we are not

1 just the "Nuclear Reactor Regulatory Commission" -- okay?

2 Commissioner Diaz.

3 COMMISSIONER DIAZ: I want to just thank the Staff
4 for presenting what I think is a more specific and clear
5 discussion of the Senior Management Meeting.

6 It certainly shows specificity on the important
7 issues has been raised. I also believe that objectivity is
8 becoming better or if I use NRC language I will say "it
9 appears that" --

10 [Laughter.]

11 COMMISSIONER DIAZ: -- but generally speaking --

12 [Laughter.]

13 COMMISSIONER DIAZ: -- I do believe that the
14 decision-making is more comprehensive and certainly appears
15 to be improved.

16 I have a comment. I think the Commission
17 continues to be concerned with the clarity of the NRC
18 communications, especially when those communications are
19 going to be visibly analyzed by the public, and the clarity
20 and consistency, transparency of those communications is
21 important.

22 I continue to be concerned with the way that we
23 address some of the issues with words that might not be as
24 clear as possible. The word "weakness" or "weaknesses" is
25 used more frequently than "significant" these days, and I

1 think that is an issue that we need to address.

2 It doesn't carry a clear connotation of what the
3 real problem is.

4 The second word I am going to take a little bit of
5 objection or at least, you know, I'll talk about is "events"
6 and I think we have to be concerned when we use the word
7 "events."

8 It sometimes carries the connotation that
9 something bad has happened, and I don't want the American
10 public to have the idea that there is always something bad
11 happening. I think there are issues at this plant including
12 plant trips that are not really bad events but are normal
13 events in the life of a plant that we take very seriously
14 and we analyze and we do root analyses and we make sure that
15 there is some significant reason for it and it not just an
16 operational error, but I do believe that "events" need to be
17 clearly specified -- what their reach were -- and when they
18 are presented in a public meeting they obtain a different
19 connotation, so I would encourage that the Staff, when they
20 come back again, have more specificity on what the
21 weaknesses were and real clarity on what events and their
22 potential safety significance were, and I thank you.

23 CHAIRMAN JACKSON: Thank you, Commissioner.

24 I would like to thank the Staff for an informative
25 briefing.

1 The safety of nuclear power reactors and other
2 licensed nuclear facilities is the responsibility of NRC
3 licensees, but the regulatory oversight of licensee safety
4 is our responsibility.

5 Thus, the NRC uses the Senior Management Meeting
6 process to identify early-on those facilities with declining
7 performance.

8 We then increase our regulatory attention on those
9 facilities with marginal or declining performance to
10 identify safety issues and to ensure effective corrective
11 actions, and when the performance falls below a certain
12 level that ensures public safety, we can take additional
13 action, as appropriate.

14 While I remain concerned about the performance of
15 each of the facilities discussed today, I will just comment
16 specifically on two -- two licensees.

17 The three units at the Millstone station are shut
18 down. They remain the only Category 3 plants and they will
19 remain shut down until an adequate assurance of resolution
20 of the problems affecting public health and safety is
21 demonstrated. When the time comes, the Commission will
22 publicly review the Staff's assessment of restart readiness
23 for Millstone as well as the input from the independent
24 contractors and will base its decision then on the results,
25 therefore not on promises but on demonstrated improvements

1 in the safety culture and performance.

2 The Commission currently is awaiting from
3 Commonwealth Edison the completed updated response to the 10
4 CFR 50.54(f) letter issued almost one year ago, one that I
5 know the new management there specifically is working on,
6 and specifically in our letter the NRC stated its concern
7 about the cyclical safety performance at the Commonwealth
8 Edison facilities, as we have discussed today, and now Quad
9 Cities has shown some performance declines, and it is clear
10 that Commonwealth Edison senior management and the
11 management of the individual facilities must act to improve
12 performance such that the improvement is both measurable and
13 sustained, and so there is time for the underlying
14 weaknesses at these facilities to be corrected and for
15 management to set clear goals and to undertake actions that
16 effectuate positive and lasting changes at each of the
17 Commonwealth Edison facilities, that milestones are set and
18 that we hold them to those milestones and the achievements
19 associated with it.

20 Unless my colleagues have any further comments, we
21 are adjourned.

22 [Whereupon, at 11:43 a.m., the briefing was
23 concluded.]

24

25

CERTIFICATE

This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: BRIEFING ON OPERATING REACTORS AND
FUEL FACILITIES -- PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Wednesday, January 21, 1998

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company.

Transcriber: Mark Mahoney

Reporter: Mark Mahoney



PERIODIC BRIEFING ON OPERATING REACTORS AND MATERIAL FACILITIES

JANUARY 21, 1998

J. Callan

S. Collins

C. Paperiello

Regional Administrators

CATEGORY 1

PLANTS REMOVED FROM THE WATCH LIST

These plants were previously designated as Category 2, and have taken effective action to correct identified weaknesses. No further NRC special attention beyond the current level of monitoring is needed to verify that improvement continues.

NONE

CATEGORY 2

PLANTS AUTHORIZED TO OPERATE THAT THE NRC WILL MONITOR CLOSELY

Although these plants are being operated in a manner that adequately protects public health and safety, they are having or have had weaknesses that warrant increased NRC attention from both headquarters and the regional office. A plant will remain in this category until the licensee demonstrates a period of improved performance or until a further deterioration of performance results in the plant being placed in Category 3.

SALEM 1 & 2

CRYSTAL RIVER 3

CLINTON

DRESDEN 2 & 3

LASALLE 1 & 2

ZION 1 & 2

CATEGORY 3

SHUT DOWN PLANTS REQUIRING NRC AUTHORIZATION TO START UP AND THAT THE NRC WILL MONITOR CLOSELY

These plants are having or have had significant weaknesses that warrant maintaining the plant in a shutdown condition until the licensee can demonstrate to the NRC that adequate programs have both been established and implemented to ensure substantial improvement. The Commission must approve restart of a plant in a Category 3 status.

MILLSTONE 1, 2 & 3

TRENDING LETTER

QUAD CITIES 1 AND 2

CORRECTION OF ADVERSE TREND

POINT BEACH 1 AND 2

PRIORITY MATERIAL FACILITIES

NONE