

ORIGINAL

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: **BRIEFING ON INSPECTION CRITERIA,
EVOLUTION OF ASSESSMENT, AND SALP
SYSTEM - PUBLIC MEETING**

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1 UNITED STATES OF AMERICA

2 NUCLEAR REGULATORY COMMISSION

3 ***

4 BRIEFING ON INSPECTION CRITERIA,

5 EVOLUTION OF ASSESSMENT, AND SALP SYSTEM

6 ***

7 PUBLIC MEETING

8 ***

9 Nuclear Regulatory Commission

10 Room 1F-16

11 One White Flint North

12 11555 Rockville Pike

13 Rockville, Maryland

14
15 Monday, December 16, 1996

16
17 The Commission met in open session, pursuant to
18 notice, at 10:00 a.m., the Honorable SHIRLEY A. JACKSON,
19 Chairman of the Commission, presiding.

20 COMMISSIONERS PRESENT:

21 SHIRLEY A. JACKSON, Chairman of the Commission

22 KENNETH C. ROGERS, Member of the Commission

23 GRETA J. DICUS, Member of the Commission

24 NILS J. DIAZ, Member of the Commission

25 EDWARD MCGAFFIGAN, JR., Member of the Commission

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

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JOHN C. HOYLE, Secretary
KAREN D. CYR, General Counsel
JAMES TAYLOR, Executive Director for Operations
R. WILLIAM BORCHARDT, Chief, Inspection Program
Branch, NRR
FRANK MIRAGLIA, Acting Director, NRR

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P R O C E E D I N G S

[2:02 p.m.]

1
2
3 CHAIRMAN JACKSON: Good afternoon, ladies and
4 gentlemen.

5 The purpose of this meeting is for the NRC Staff
6 to brief the Commission on the NRC's assessment processes
7 including the systematic assessment of licensee performance
8 or SALP system.

9 This briefing is a direct result of a need
10 identified during the Maine Yankee independent safety
11 assessment presentation for the Commission to better
12 understand these processes and their evolutions.

13 I believe that the issue is NRC assessment
14 capability and potential improvements therein. That's been
15 at the heart of several recent high visibility issues at
16 some of our power reactors. As these issues played out, a
17 recurring question has been why didn't our assessment of the
18 available information provide a more timely warning of the
19 issues?

20 It is a good question that goes to the heart of
21 our responsibilities as regulators.

22 We must improve our ability to identify facilities
23 whose performance is declining so that we can bring the
24 appropriate focus and resources to bear. Part of
25 accomplishing this may require examining and perhaps re-

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1 examining the tools we use to assess reactor licensee
2 performance.

3 I am told that copies of the presentation slides
4 are available at the entrance to the room.

5 If my fellow Commissioners have no further
6 comments at this point, Mr. Taylor, I'll let you proceed.

7 MR. TAYLOR: Good afternoon. With me at the table
8 are Frank Miraglia, the Acting Director of NRR, and Bill
9 Borhardt, Chief of the Inspection Program Branch in NRR.

10 As you will hear today, SALP was initiated
11 following the Three Mile Island accident to provide a system
12 for assessing the overall programmatic significance of NRC
13 inspection and enforcement findings as well as other
14 dealings with the licensees and to help the Agency focus its
15 limited resources on those licensees with the greatest
16 performance problems.

17 This process has been reviewed by the Commission
18 many times since its inception including major reviews in
19 1990 and 1993. As a result, definitions of rating
20 categories, length of SALP cycles, content of the SALP
21 reports, and management participation have all evolved with
22 regard to the SALP.

23 Other processes that will be mentioned today
24 include the Senior Management Meeting and Plant Performance
25 Reviews.

1 They were developed and added as assessment tools
2 in the mid and late 1980s to improve our overall process.

3 I'll now turn the briefing over to Frank Miraglia.

4 MR. MIRAGLIA: Thank you, Jim. Good afternoon,
5 Madam Chairman, Commissioners.

6 May I have the first slide, please.

7 [Slide.]

8 MR. MIRAGLIA: I would just like to give an
9 overview of the presentation objectives today. As the
10 Chairman indicated, the primary focus is to describe the
11 SALP Program, its background and evolution and what the
12 current processes, rating definition, and functional areas
13 that are evaluated are used.

14 As Mr. Taylor has indicated, the program was
15 implemented after the Three Mile Island accident and has
16 undergone review and evaluation and refinements with time.

17 In the early years the SALP Program focused on the
18 establishment of licensing programs and procedures. The
19 focus today and more currently has been on the licensee
20 safety performance.

21 The primary objective of the SALP program is to do
22 a long-term assessment of licensee performance such that
23 allocation of NRC resources and licensees' resources may be
24 directed on problem areas and issues.

25 It is also intended to provide the basis for the

1 NRC to communicate with licensees and the public its view of
2 licensee performance.

3 In addition to the SALP Program we'd like to
4 briefly describe the NRC Inspection Program and the other
5 assessment processes mentioned by Mr. Taylor that are
6 currently being used.

7 Licensees are responsible for the safe operation
8 of their facilities. The NRC inspects to verify conformance
9 to its requirements on an audit basis. The inspection
10 results are reviewed and assessed and real time activities
11 and actions are taken based primarily on the inspection
12 process.

13 The NRC inspection processes integrate and trend
14 safety performance with the objective of identifying
15 declining performance.

16 As indicated by Mr. Taylor, there are a number of
17 performance assessment tools that we use. The plant
18 performance reviews are done in the regions by regional
19 management with NRR management involved and predominantly
20 viewed on a regional basis and a certain level of management
21 involvement.

22 Senior management meeting process is another
23 assessment process that is used and in conjunction with that
24 the PPR reviews feed the screening meetings, which are
25 utilized to identify plants to be discussed at the senior

1 management meeting.

2 This is another higher level of management review
3 and integration of information to develop a national
4 perspective.

5 I'd like to turn the briefing over to Bill
6 Borchardt now and he will walk through a number of the
7 issues for background and the current processes.

8 CHAIRMAN JACKSON: Before you do that, let me ask
9 the following question. Do we have any ongoing or automatic
10 feedback loop where we look at the effectiveness of our
11 assessment processes? You know, you mentioned the various
12 pieces. I know you have this pyramid in here that you will
13 talk about, but what kind of a feedback loop do we have that
14 allows us to look back and say, well, are those assessment
15 processes, as opposed to, say, the Commission spurring a
16 review -- you know, a built-in process that says we look
17 back and we look at the feedback and we know that this is
18 working and that is not working.

19 Do we do this on a going forward pro forma basis?

20 MR. MIRAGLIA: There's two basic answers to that,
21 Madam Chairman.

22 One is that in a number of instances from either
23 BETS, from lessons learned, from corrective actions we have
24 indicated why didn't we find certain things either in a
25 timely manner or did we have this information, and so we

1 have conducted those kinds of assessments in a look-back
2 based on response to events, Commission direction,
3 experience.

4 In addition, we have in the inspection program,
5 and I don't believe Bill is going to discuss this in any
6 great detail, we do go back and we assess -- we,
7 headquarters -- access the implementation of the inspection
8 process by the regions where there is a headquarters
9 evaluation of how the program was evaluated.

10 We look in terms of -- at the performance of one
11 or two plants in the regions. The concept that was embodied
12 in the Integrated Performance Assessment Program will be
13 those kinds of evaluations done out of headquarters to say
14 would an independent group from headquarters assess,
15 reaffirm, or find differences in its assessment of
16 performance versus the program as dictated and came out of
17 the region, so that is an ongoing process that has been used
18 for the last two years, some on a pilot basis and more in
19 the future would be on a more routine type basis, but
20 primarily in the past it's always been in terms of the
21 assessment or the implementation of the program by the
22 headquarters office.

23 MR. BORCHARDT: Well, good afternoon. I'll have
24 Slide 3, please.

25 [Slide.]

1 MR. BORCHARDT: SALP, the main subject of today's
2 briefing, is an important element of the NRC's regulatory
3 process but it is only one part of a continuum of activities
4 that are designed to assess licensee performance and provide
5 a basis for the allocation of Agency resources.

6 The first portion of this presentation will
7 attempt to provide some history and background on the
8 inspection program so that when we focus on SALP it will be
9 clearer how SALP fits into the overall process.

10 This slide shows some of the major milestones that
11 have led to the current operating reactor inspection
12 program. Since the early '70s there has been a continuing
13 shift toward performance and results based inspections and
14 away from program, process, and procedure reviews.

15 SALP and the rest of the inspection program have
16 undergone many reviews and revisions over the years and we
17 expect that there will be future revisions.

18 Each time we take a critical look at any of these
19 programs we gain new insights and hopefully make the process
20 incrementally better.

21 The initiation of the resident inspector program
22 in the late '70s, the merging of NRR and the Office of
23 Inspection and Enforcement in 1987, along with the N plus 1
24 resident inspector policy each demonstrated an intention to
25 take a closer look at actual performance of activities and a

1 direct inspection of operational safety.

2 More recently the plant performance reviews have
3 ben strengthened and directives have been prepared covering
4 the senior management meeting process and the Agency's
5 integrated assessment process. Slide 4, please.

6 [Slide.]

7 MR. BORCHARDT: The current inspection program
8 attempts to evaluate the operational safety performance of
9 licensees through a sampling process that includes
10 performance-based reviews and inspections. In recognition
11 of the finite Agency resources the inspection program is
12 designed to sample activities in each of the major
13 functional areas at least once during a SALP period.

14 Other areas, such as control room operations, are
15 reviewed on almost a daily basis.

16 Within the guidelines and requirements of the
17 overall inspection program there is an attempt to allocate
18 NRC inspection resources based upon our understanding of
19 licensee performance. This means that the best-performing
20 licensees, those that seem to have the best safety
21 performance, get the least amount of NRC inspection effort,
22 and conversely, those that are viewed as not having as good
23 a safety performance receive more inspection effort.

24 There is a continuing effort to increase the use
25 of risk insights in both the planning and analysis of

1 inspection activities. The staffing and training of the
2 senior reactor analyst function, two in each region and two
3 in headquarters, is an important first step or at least an
4 early step in being able to use to those PRA insights.

5 The inspection program evaluates information from
6 a wide range of sources. Findings and insights from the
7 resident inspections, region-based and headquarters-based
8 inspections, licensee self-assessments, LERs and AEOD
9 studies are all valuable sources of information that
10 contribute to our assessment capability.

11 CHAIRMAN JACKSON: Let me stop you on that slide
12 for a second.

13 I note that one of the objectives that you have
14 listed for our current inspection program is to identify
15 significant declining trends in performance, but yet I noted
16 in reading through some of the historical development that
17 declining and improving trends were removed from the SALP
18 awhile back.

19 Can you kind of tell us a little bit about how
20 that happened?

21 MR. BORCHARDT: What was really removed was --
22 many years ago -- there was a numerical grade SALP 1, 2 or
23 3, assigned, and the Staff experimented with the use of
24 identifying a declining or improving trend along with that
25 numerical grade.

1 After a couple years of practice using that
2 system, it was changed to remove that trend identification
3 associated with the numerical score, but what continued to
4 be emphasized was that if there was a clear trend identified
5 by the Staff, in the SALP Board meeting for example, that
6 that would be specifically discussed within the SALP report,
7 so we didn't change really our practice of identifying
8 significant trends but rather we separated it from the
9 numerical grade. Slide 5, please.

10 [Slide.]

11 MR. BORCHARDT: The inspection program and the
12 procedures that make up the program are divided into three
13 major categories. The core program constitutes the minimum
14 inspection effort at any given facility. Completing the
15 core will ensure that each of the four major functional
16 areas will receive some inspection effort during the 12 to
17 24 month SALP period.

18 The majority of the core inspection effort is
19 conducted by the regional inspection staff, although there
20 are certain inspection procedures that are typically
21 conducted by regional specialists.

22 The regional initiative inspections are conducted
23 as a result of either previous inspection findings that
24 indicate the need for additional insights, or as a result of
25 a plant event or condition that deserves specific NRC

1 follow-up.

2 MR. TAYLOR: Bill, excuse me. I think you said
3 the core is conducted by regional -- it's by resident, isn't
4 it?

5 MR. BORCHARDT: I'm sorry, it's conducted mostly
6 by resident inspection staff and it's supplemented, there
7 are a few inspection procedures that are done --

8 MR. TAYLOR: -- that require regional help. Excuse
9 me.

10 MR. BORCHARDT: The generic safety issue
11 inspections constitute the follow-up of generic letters,
12 bulletins, and special area of emphasis inspections.

13 CHAIRMAN JACKSON: Before you go, can you give us
14 some insight as to how the core inspection program has
15 evolved or changed over the years?

16 MR. MIRAGLIA: I'll take a crack at it and Bill
17 can fill in some of the more details in history.

18 When we looked the core initially in the '87-'88
19 timeframe, it was thought that about one-third of the
20 program should be diverted to core, a third to 40 percent.
21 We worked with the regions, all the regions and the program
22 office, to define that minimum amount of inspection that had
23 to be required.

24 We agreed on the scope of that core and in the
25 implementation of that program found that it varied in terms

1 of time and activity effort early on to maybe 50 to 60
2 percent. So that core program has been identified and re-
3 evaluated periodically between the program office and the
4 regions, defining what that minimum set is.

5 As we went to four functional areas was another
6 focal point where we had to look at it to say how do we have
7 to redefine the core because we have changed the program, so
8 it's been an iterative type of process and been a dynamic
9 process.

10 The terms of the regional initiative is really the
11 regional directed activities and that's based upon what
12 comes out of the inspection program in the regional offices,
13 the regional administrator, and the regional staff's
14 perspective of where particular issues lie, where more
15 information is needed to make an assessment, so that is the
16 thrust of the program.

17 When we started this activity it was like one-
18 third, one-third, one-third. I think it's more now like 40
19 percent in the core --

20 MR. BORCHARDT: Actually, it's more like 60
21 percent core now, almost about 37 percent regional
22 initiative and only 3 non-generic safety issues.

23 MR. TAYLOR: In the way of history, this core,
24 having nothing to do with the reactor core, but the heart of
25 the inspection program was changed with the placement of

1 residents at the sites, and that meant we could have day-
2 to-day type evaluation whereas in the past most of the
3 inspection process was conducted out of the regions by
4 visiting inspectors.

5 When we shifted -- the beginning was just before
6 the accident and then after the accident NRC began a very
7 large hiring and placed residents at all sites. I can't
8 remember the specific year and month that we achieved that,
9 but it was in the early 1980s.

10 The program was then --

11 CHAIRMAN JACKSON: Yes, indeed --

12 MR. TAYLOR: -- then rewritten -- excuse me,
13 Chairman -- to recognize that you had people on the site and
14 it was very much geared in the beginning to oversight of
15 operations because in those early days we could even walk
16 systems and find safety systems out of alignment -- that is,
17 not ready, you know, shut valves here and there -- those
18 were, as people became more sophisticated, those began to
19 disappear and this program though has traditionally tried to
20 keep an operational safety type focus and I think that is
21 still very much part of the core program.

22 Do you agree, Bill?

23 MR. BORCHARDT: Yes.

24 MR. TAYLOR: With we evolved from experience
25 through the '80s and so on to --

1 CHAIRMAN JACKSON: Let me ask you some questions.

2 One is, is the core inspection program pretty
3 much the same from region to region, from plant to plant,
4 from inspector to inspector, and second, can you define to
5 the Commission what you mean by operational safety?

6 MR. BORCHARDT: I'll take the first one, it's
7 easier. The co-inspection procedure is specifically
8 delineated and in manual chapter, the number is 25.15, which
9 identifies 18 inspection procedures that make up the core
10 and they're broken up by SALP-functional area basically.

11 So there's a periodicity for each of them and they
12 each have to be done at least one in a SALP-cycle, the
13 assurance being that at the end of a SALP-cycle, we have
14 enough basis on which to, in fact, write a SALP report, have
15 an overall assessment of licensee performance.

16 The operational safety question is not as clearly
17 defined, but what I think we mean by that is that there's a
18 clear focus in the inspection program on looking at the
19 plant operations, the things that affect the day-to-day
20 operation of the reactor facility and to a lesser degree,
21 the activities associated with more engineering design basis
22 activities.

23 Although they're not completely ignored, clearly
24 the focus is on control room operations, on maintenance
25 activities that affect plant equipment, IMC surveillance

1 tests that have an impact on the day-to-day operation, the
2 subpoints in the reactor protection system.

3 It's those kinds of activities that directly
4 impact day-to-day operational safety, is where the focus of
5 the inspectional program rests.

6 CHAIRMAN JACKSON: Does that then include or track
7 into some of the engineering and maintenance from the point
8 of view of operator workarounds, the fold operator
9 workarounds?

10 MR. MIRAGLIA: Yes, clearly. Operational
11 workarounds are something that, especially the resident
12 inspector staff, has a very close view on because it impacts
13 how those operators do their job and it's not infrequent
14 that you'll see in an inspection report a discussion about a
15 particular workarounds adversely impacting, usually when we
16 write about it, the ability of the plant to be operated in
17 the way it was intended, control room indications which are
18 alarms which induce alarms and how responsive is engineering
19 and maintenance to the concerns raised by the operator.
20 That's the operational focus as Bill has explained.

21 It's a way from looking at programs but more to
22 say how is the plant functioning on a day-to-day basis in
23 terms of looking at the triangle between operations,
24 maintenance and engineering, what are those interfaces, are
25 they supporting the operation such that the operator's job

1 -- by the operator's we mean not only the licensed operators
2 but the auxiliary operators, the maintenance folks, do they
3 have the tools to do the job such that they could support
4 safe operations on a daily basis, including operator
5 workarounds, material in the backlog, things of that nature.
6 So that would be the focus.

7 CHAIRMAN JACKSON: Where and how do you feel
8 engineering and design basis activities or issues overlap
9 with what you'd call operational safety issues?

10 MR. MIRAGLIA: I think where they come in and
11 where they manifest themselves is in the day-to-day
12 operations such as things that are confined within the
13 technical specification or licensee commitments that certain
14 functions have to be done and they have to make operability
15 determinations, they have to make the decisions on their
16 meeting their commitments.

17 It requires engineering support and if there's not
18 a solid underpinning and understanding of what the
19 engineering design basis is for that facility, that's where
20 things can go awry. So that's how they manifest themselves
21 in terms of the support of operations, in terms of meeting
22 regulations and requirements in the technical
23 specifications, and I think that's where the engineering
24 aspect and the interface lies.

25 MR. TAYLOR: They observe surveillance tests to

1 see if it's degraded, batteries and that type of thing, when
2 they do the discharge type test.

3 COMMISSIONER MCGAFFIGAN: Could I ask a question
4 at this point and you tell me if you're going to cover it
5 later? It really comes from one of the backup slides.

6 In the history of the SALP process, given how
7 important the core is, at one point senior residents played
8 a major role in the SALP process, were on the board, as I
9 understand, did a lot of the drafting.

10 Now, it's process only involves SES folks from the
11 region and from headquarters, not that they don't make
12 inputs, but their role has changed. Could you describe --
13 it's probably covered in the backup charts, but could you -

14 MR. BORCHARDT: We can do it now. The impact of
15 the senior resident inspector especially was a sensitive
16 subject with the industry to a large extent and I think we
17 agreed that this was a very important position, the senior
18 resident inspector, the individual who knew more about the
19 day-to-day operation of the facility, but that the agency's
20 overall assessment needed to be balanced and that if you had
21 the SALP essentially being only the senior resident
22 inspector's input and being solely report, that you wouldn't
23 necessarily force that agencywide interaction and
24 perspective to occur.

25 That's why there were a number of steps taken,

1 including ultimately to where we are today where we have
2 only three SALP board members and none of them being a
3 senior resident inspector, although as you mentioned, you
4 couldn't write a SALP without the senior resident.

5 MR. MIRAGLIA: It was an evolutionary process,
6 Commissioner McGaffigan, in terms of the principles
7 involved, were the resident and to a lesser degree but
8 involved the project managers early on.

9 In terms of the reg impact survey the Commission
10 did in 1989 and 1990, concerns were raised by the industry
11 of being captive to their resident, that their residents
12 could impact their SALPs and SALPs were important.

13 It was something that was discussed publicly, with
14 a view to public understanding and it needed to have more
15 consistency, more management control. It was an issue that
16 was raised again in the context of the Tower-Perrin report
17 which was 1991-1992.

18 As a result of some of those kinds of changes that
19 when we reevaluated the SALP program, we looked at that to
20 try to balance that. While they are not a member of the
21 board, the resident manager and the project inspector, they
22 do provide key inputs and are available at the board
23 meetings to solicit input and to provide input to the board
24 members for consideration.

25 The discussion among the senior managers in coming

1 up with this change -- by the senior managers, I mean the
2 senior managers of the agency, including the regional
3 administrators -- it was looked at that the SALP report
4 ought to constitute the regional administrator's view and
5 discussion and communication with the licensee of what the
6 region assessment of that licensee's performance was
7 relative to others.

8 That's where that decisionmaking process was to
9 say SES as board members, voting members, yet to have the
10 input of not only the residents and the project manager, but
11 other regional inspectors as well, to round out that kind of
12 thing.

13 So it was an evolving type of process and that's
14 where we stand right now with the process and that's how the
15 process got to its current state.

16 COMMISSIONER MCGAFFIGAN: But it was industry
17 pressure that was the initial motivation?

18 MR. MIRAGLIA: With industry concern and then
19 there were examples, perhaps, where you could point to SALPs
20 being "unduly" influenced one way or another. So it's tried
21 to maintain that type of balance and objectivity over an
22 assessment of licensee performance and having some degree of
23 management, oversight, and control over the process, the
24 issue of consistency and across the region and across the
25 country has always been an issue in the context of any our

1 assessment processes, be they SALP or senior management or
2 any other process, even enforcement.

3 MR. BORCHARDT: Slide 6, please.

4 [Slide.]

5 MR. BORCHARDT: In addition to the more routine
6 inspection activities, the staff has the ability to send
7 special team inspections when more information is needed to
8 understand a particular event or to improve our
9 understanding of a particular licensee's performance.

10 These team inspections typically receive a higher
11 level of management attention and involve more NRC resources
12 and licensee resources to conduct.

13 The initiation of a new industrywide major team
14 inspection requires Commission approval before
15 implementation.

16 Slide 7, please.

17 CHAIRMAN JACKSON: How many such inspections do we
18 end up performing per year and how has that been trending
19 over time?

20 MR. MIRAGLIA: We can give you a more accurate
21 answer but I can answer somewhat off the top of my head. I
22 believe on diagnostic evaluation team inspections, they are
23 on the order of 14.

24 MR. TAYLOR: They started them --

25 MR. MIRAGLIA: With the context of the senior

1 management meeting process, sometime in the 1988, 1989 time
2 frame.

3 CHAIRMAN JACKSON: You mean there have been 14
4 total or 14 per year?

5 MR. MIRAGLIA: No, 14 total. That's a good point.

6 MR. TAYLOR: We could never afford 14 per year.
7 They were spread out over that period of time.

8 MR. MIRAGLIA: The most we did in one year, I
9 believe, were four in one year.

10 CHAIRMAN JACKSON: What about AITs?

11 MR. MIRAGLIA: AITs, I would say trend on the
12 order of 8 to 12 a year, and again, these are statistics we
13 could provide to the Commission on that kind of a basis.

14 MR. TAYLOR: Because they are all loaded. Those
15 are a lesser inspection.

16 CHAIRMAN JACKSON: Have they been trending down or
17 flat or up?

18 MR. BORCHARDT: I don't think there's really a
19 trend. There's eight, I believe, in 1996; three in 1995;
20 and at least six in 1994. My list doesn't go back through
21 all of 1994.

22 CHAIRMAN JACKSON: Commissioner Dicus, you had a
23 question?

24 MR. MIRAGLIA: And incident investigation things
25 are rarer occurrences, but we have had a number of those.

1 COMMISSIONER DICUS: I'm not clear on what some of
2 the differences are among these types of inspections.
3 Clearly, some of them, it's obvious incident investigation
4 and so forth, but it would be helpful if you could give me
5 some examples of two things, first of all, what might be a
6 diagnostic evaluation, team inspection as opposed to a
7 special evaluation team inspection. How do these
8 interrelate, how might one inspection lead to another kind
9 of inspection?

10 MR. MIRAGLIA: The first three on the viewgraph
11 are actually described in a management directive. I'm not
12 sure what exact number that directive is. The diagnostic
13 evaluation team was used to support the performance
14 assessment process and it was a decision that was made
15 normally within the context of the senior management
16 meeting.

17 At the senior management meeting, three principal
18 questions -- do we understand what the licensee's
19 performance is, and which way is it trending; have we
20 adequately communicated that to the licensee; and does the
21 licensee have corrective action programs in place that are
22 addressing those kinds of problems. If all the answers were
23 yes, then we had enough to answer that kind of question.

24 What we found in some of the earlier senior
25 management meetings is that we couldn't answer each of those

1 questions with a definitive yes or a definitive no, and we
2 needed to have more information.

3 When we got to a plant that had that kind of
4 characteristic, it became a candidate for a diagnostic
5 evaluation team. this would be a broad-based team, managed
6 by the Office of Operational Evaluation of Data, reporting
7 to the EDO and would have multidisciplines covering
8 management and various functional areas and result in a team
9 report that would make findings relative to the licensee's
10 performance.

11 And also, as an outgrowth of that process, would
12 also perhaps indicate when NRC programs should be
13 reevaluated or looked at for corrective actions, refinements
14 and improvements as well. That's the context of a DET.

15 As I said, we've done approximately 14 of those
16 since the program was put in place. The first few were
17 really pilots. We weren't even sure whether we could do
18 such a thing like that, so we looked for some plants and did
19 it on a pilot, voluntary basis. It wasn't that we really
20 had concerns about the plant, but we wanted to test the
21 technique, so we met 14 or some of those type inspections.

22 An augmented inspection team is something that
23 comes out of an event at a facility. Did it have a
24 complicated SCRAM, did all the equipment work as it was
25 designed, do we understand all the contributing factors and

1 the root causes and are there any questions or uncertainties
2 in our mind with respect to how the event was handled, how
3 emergency response was held, and those kinds of things.

4 The incident investigation team has the same
5 elements of an augmented inspection team except that it's
6 got broader impact and broader concerns and higher degree of
7 perhaps failures. For example, the Davis-Besse event was an
8 IIT because it had multiple system failures and equipment
9 failures.

10 It became a "close call," had broader
11 ramifications and an IIT is a sort of elevation of an AIT to
12 a much higher level.

13 MR. TAYLOR: In fact, I think that's when it was
14 born at the Davis-Besse. We just needed to get an
15 independent investigation and all the processes grew out of
16 that. We sent a multidiscipline team in there for quite a
17 period of time.

18 COMMISSIONER DICUS: So it's going to be a much
19 larger team?

20 MR. TAYLOR: Yes, and very strict procedures. We
21 had maybe 15 people or something like that on it.

22 MR. MIRAGLIA: Yes, 15 to 20.

23 MR. TAYLOR: Somewhere in that range of people.
24 There is a manual that describes that, how you would conduct
25 it. It's quite formal in its own way.

1 Excuse me for interrupting.

2 MR. MIRAGLIA: The other diagnostics that are here
3 are really special subsets of these two to indicate some of
4 the evaluations and team inspections that have been done.

5 The SET was one that was done in terms of Cooper
6 and instead of doing a DET, they did their own self-
7 assessment and we evaluated that self-assessment.

8 In the independent safety assessment, that's the
9 type of assessment we just did with respect to the Maine
10 Yankee facility and the independent safety inspection would
11 be the activity that we're conducting relative to Dresden.

12 Then design or other type of team inspections are
13 special team inspections that we come to the Commission and
14 see approval for, looking at special, focused kinds of areas
15 in terms of inspection.

16 COMMISSIONER McGAFFIGAN: Do these -- there would
17 normally be one of these others and we sort of ad hoc it?
18 you said you had manuals for the first three as to how to
19 conduct them and procedures. On these other types, there
20 aren't?

21 MR. BORCHARDT: There are usually special charters
22 that are established for them but what they do is include by
23 reference established inspection procedures. So, under the
24 umbrella of a special evaluation team inspection, they will
25 say, perform the following five regional initiative

1 inspections. So there is always a reference to go to, to
2 guide the inspection activity but it is specially
3 constructed for the circumstance of that inspection.

4 MR. TAYLOR: The design inspections have
5 traditionally been some form of a vertical slice through a
6 specific system or one or two systems using this safety
7 system functional inspection type process. I believe almost
8 without fault it has been that type of sample review by
9 taking a safety system, it could be a fluid system and then
10 an electrical system like the batteries or the -- you know,
11 the various major electrical or control systems.

12 MR. MIRAGLIA: Yes, we come to the Commission and
13 outlined the program and say this is something we intend to
14 do on all of the --

15 MR. TAYLOR: And for a considerable time service
16 water was in bad shape at a lot of the plants so we ran a
17 service water design related inspection because the service
18 water is such a variant across all the stations. I forget
19 the exact name of that process of inspection.

20 MR. MIRAGLIA: The acronym was SYSWAPI but I am
21 not sure I could quite repeat all of the --

22 MR. BORCHARDT: Slide 7, please.

23 [Slide.]

24 MR. BORCHARDT: In addition to the issuance of
25 inspection reports and enforcement actions, there are

1 several actions available to the agency to address
2 unacceptable performance when it is identified. The basis
3 for these actions would be the inspection findings and
4 conclusions that are part of the day-to-day conduct of the
5 inspection program. The type of actions shown on this slide
6 result from a real time integration of inspection results
7 and interaction between regional and headquarters staffs.
8 Under no circumstances would the staff actions be needlessly
9 deferred until one of the agency's periodic assessment
10 processes like SALP or PPR or a senior management meeting
11 could be held.

12 Slide 8, please.

13 CHAIRMAN JACKSON: Before you go, you talked about
14 these actions. What are the -- where does the confirmatory
15 order fall within here, or orders of any kind?

16 MR. MIRAGLIA: I would say on the last bullet,
17 modify, suspend or revoke. That could be either orders to
18 show cause or confirmatory type orders.

19 CHAIRMAN JACKSON: Are there orders other than
20 confirmatory?

21 MR. MIRAGLIA: There are orders to show cause as
22 well.

23 MS. CYR: Orders are orders. The confirmatory
24 order really means that the licensee has agreed to undertake
25 particular actions but, as a legal matter, an order is an

1 order. We have one particular provision in terms of issuing
2 our orders.

3 CHAIRMAN JACKSON: And what is the legal status of
4 the confirmatory action letter?

5 MS. CYR: It's closest to sort of a show cause. I
6 mean, it is an agreement of the licensee to undertake
7 certain actions and our agreement to inspect against those
8 particular actions such that if they don't take it then the
9 next step for us would be an order.

10 MR. MIRAGLIA: Issue an order.

11 CHAIRMAN JACKSON: Okay.

12 MR. BORCHARDT: Slide 8, please.

13 [Slide.]

14 MR. BORCHARDT: There are three periodic processes
15 beyond the routine activities that are intended to integrate
16 all of the available sources of information and come to
17 conclusions regarding licensee performance and make
18 recommendations regarding future NRC resource expenditures.
19 A description of the overall process is provided in a
20 recently issued management directive, 8.13.

21 The plant performance review, senior management
22 meeting and SALP will each be discussed later in the
23 presentation and, although each process uses essentially the
24 same kinds of objective information, the differences between
25 them include the time period or the duration of the

1 assessment, the management level involved and whether it is
2 the review is done on a site-specific, on a region-wide or
3 on a national perspective.

4 Slide 9.

5 [Slide.]

6 MR. BORCHARDT: The PPR or plant performance
7 reviews are conducted every six months and it reviews the
8 licensee performance over the previous six to 12 months.
9 The goal is to evaluate inspection results and other
10 objective information to assess licensee performance in each
11 of the four SALP functional areas and to identify any trends
12 in performance that may warrant an adjustment to planned
13 inspection activities.

14 Although the PPRs were started in 1988, we have
15 recently placed an increased emphasis on standardizing the
16 conduct and output of the PPRs. The use of a plant issues
17 matrix is still evolving but it is proving to be a useful -
18 - it is proving to be useful in helping to focus discussions
19 on the assessment of objective information.

20 Now, there are two principal outgrowths of the
21 PPR. One is the six-month inspection plan which is sent to
22 the licensees. It identifies all significant inspection
23 activities planned by both headquarters and the regions
24 other than the resident inspectors' specific activities over
25 the next six months; and the PPR report, which serves

1 several purposes including management visits to the site,
2 screening meetings in preparation for the senior management
3 meeting.

4 CHAIRMAN JACKSON: Are the results of the plant
5 performance reviews communicated to the licensees?

6 MR. BORCHARDT: Along with the inspection plan
7 over the next six months, the approach we are taking right
8 now is if there is a significant message to be sent, that we
9 could do that in that cover letter. But it is not currently
10 formatted to take the place or to serve as a miniature SALP.
11 We are not mandating each of the four functional areas, only
12 when there is a significant message to be made. And the
13 licensees can really get an indication of what the staff
14 thinks about performance by looking at the adjustments to
15 the inspection plan.

16 If the licensee sees that there is two team
17 inspections of two or three people planned to go look at
18 maintenance activities that weren't previously planned,
19 that's a very clear indication that the staff has concerns
20 about the activities in the maintenance area. Conversely,
21 if they saw that some previously inspected activity was
22 taken off the list, they could believe then that there was
23 some indication that NRC's view of their performance has
24 improved.

25 CHAIRMAN JACKSON: What drove these major

1 improvements that you are talking about, the standardization
2 of the conduct and output of the PPRs?

3 MR. MIRAGLIA: I was going to say several things.
4 In terms of, as I said, there have been a number of
5 diagnostics that indicated concerns. Where were we, why did
6 we find certain activities. And one of the things that we
7 went back and looked at in terms of the -- I believe it was
8 the South Texas DET and perhaps the Quad Cities and there
9 were a couple at that period of time.

10 And what we found at that time, Madam Chairman,
11 were that when we went back and say, well, what did our
12 program miss in terms of the inspection program, what we
13 found is that if we went back and looked at the findings in
14 the inspection reports, it was there. It is just that we
15 had to put it all together and integrate it in such a manner
16 that clearly articulated the picture.

17 In other words, the inspection program, the
18 individual inspectors, either the residents or the regional
19 inspectors, were finding these types of things and we just
20 had to piece them together in an integrated kind of way to
21 tell the right kind of story. That led to a number of
22 improvements from the perspective of we developed the IPAP,
23 the integrated performance assessment process. We went to
24 try to go to a six-week report from the resident inspectors
25 to try to collect more information over a broader period of

1 time and it led to those kinds of improvements.

2 In addition, about that same point in time, the
3 Commission and the Chairman and the Commission has
4 articulated that we needed to make our performance
5 assessment processes more transparent both to the licensees
6 and to the public and look at objective information and the
7 like. And so that was another impetus behind looking at how
8 these processes would come together.

9 So all of that was happening in the '96/'95 time
10 frame and so all of this is being examined in that kind of
11 context in there.

12 CHAIRMAN JACKSON: Can you speak a little bit more
13 about the plant issues matrices that are used then?

14 MR. MIRAGLIA: The plant entry matrix was an
15 outgrowth of an activity that I believe started in Region II
16 and Region II used it, I believe, initially on Crystal River
17 and it was a process where the region was attempting to
18 integrate, answer the question how could we best integrate
19 information. And at that time, what we said to each of the
20 regions, this is a concern that we have. Look at various
21 techniques and see what would work in your area.

22 So each region went off and did different things
23 in terms of PPR and different types of processes. And they
24 developed a site issues list I think is what they called it,
25 where they looked at what were the findings, what functional

1 area in SALP were they related to, was it identified by the
2 licensee or by the NRC or by event and they had this type of
3 information and it was found to be a useful kind of tool to
4 try to integrate that type of information and so we shared
5 it among the other regions and each of the regions have
6 attempted to use it in various ways.

7 What we have been trying to do now is to try to
8 coalesce the best from all of the regional attempts at that
9 and try to get some standard format and guidance out. It is
10 an evolving issue. We're not there yet. I think we are a
11 lot better this year than we were the previous year and I
12 think next year we will be even better at trying to define
13 that, to integrate that type of information. It is all
14 there and it is all information that is docketed information
15 in terms of if it comes out of an inspection report or a
16 licensee self-assessment or an LER and it is trying to put
17 all of that objective information in a way that gives some
18 kind of coherent picture and that is sort of the evolution
19 of that. We are now calling it plant issues matrix.

20 MR. BORCHARDT: It's only within the last year
21 that we have really formalized the requirements for it and I
22 wouldn't say we are there yet with having the right answer.

23 COMMISSIONER DIAZ: The requirements for what?

24 MR. BORCHARDT: For the plant issues matrix.

25 There is a threshold question I don't think we

1 have the right answer to yet, although we have clearly
2 specified that everything that is in the plant issues matrix
3 has to come from an inspection report or some public
4 document. It could come from an LER.

5 But we don't know where the right balance is
6 between having enough information and having too much. We
7 need that in a form that can be digested easily by all of
8 the different audiences that it is trying to serve.

9 MR. MIRAGLIA: Should you put positive
10 observations or only negative. And these are things that we
11 are -- and the threshold question is what's something that
12 should get on the list and this is an evolving kind of thing
13 that we are going to try to find an answer to.

14 CHAIRMAN JACKSON: Have you found or do you have
15 any metrics that show you that the use of these plant issues
16 -- the use of the plant issues matrix has made the plant
17 performance reviews more robust, more objective or easier to
18 do?

19 MR. BORCHARDT: Only feedback from the regional
20 participants and from our own staff that go out and observe
21 PPRs. When we see them being used, we think they are highly
22 effective. The interesting thing is there is not 100
23 percent consistency from one region to another or even from
24 one plant to another sometimes because we are still working,
25 to some extent, on where within the overall inspection

1 program is the best position to control and add information
2 to the plant issues matrix.

3 Some regions have the resident staff do it, others
4 have a project engineer and we, frankly, at this point,
5 don't know what the right answer is and we are still in the
6 middle of a job task analysis on the regional inspection
7 function which we hope will get some insights. I don't know
8 if we will get the answer or not but we will have at least
9 something to base our view on.

10 MR. MIRAGLIA: This first set of screening
11 meetings that we did in November, early November, was the
12 first time where we actually had the plant issue matrix used
13 by each region and, as Bill said, there's variations of
14 that.

15 I found it to be useful and I think some of the
16 other managers found it to be useful to, if a judgment of
17 performance was made in saying, well, gee, I red the matrix
18 of being perhaps more positive in that area, and it did
19 focus. So I think it is going to be a useful tool. I think
20 we are still shaping the tool and it is going to be a while
21 before the tool is going to be able to be honed to the level
22 we want. But I think it is a step in the right direction
23 and I think we are going to -- it is going to be an
24 iterative process in working with the regions to try to sort
25 out what the best techniques used by each of the regions are

1 and to try and get some consistency. It is just the first
2 step, as Bill was indicating.

3 COMMISSIONER MCGAFFIGAN: Could I ask, you say it
4 is led by regions. Who actually does the plant performance
5 review? Is it -- again, what's the role of the resident
6 tier? Is there a formal process with boards or is it
7 informal and --

8 MR. BORCHARDT: Well, it's fairly formal. The PPR
9 is conducted, usually headed by the Division of Reactor
10 Projects division director or sometimes a branch chief in
11 the region. Participation is open to the rest of the
12 regional staff, as needed to discuss inspection findings
13 from the previous six months.

14 Typically, the resident staff is called in and
15 brought in on conference call and each plant is discussed
16 for maybe an hour. It varies. It depends how good of a
17 performer that licensee is seen to be. A good performer may
18 get -- will certainly get less discussion time than a weaker
19 performer and it is, I think, typically not viewed as
20 practical to bring the resident staff in for each plant.

21 Most regions now are doing like a branch so maybe
22 six or seven plants in a day, take an entire afternoon or
23 morning and discuss that branch and so over the course of a
24 week the entire region is discussed, each plant within the
25 region is discussed.

1 Slide 10, please.

2 [Slide.]

3 MR. BORCHARDT: There is a special assessment
4 underway to evaluate the senior management meeting and I
5 understand there was a future Commission meeting being
6 scheduled to discuss that.

7 The objectives, as the process currently exists,
8 is to perform a senior level review of safety performance at
9 selected plants. The screening meetings conducted between
10 the regional staff and the Director of NRR with
11 participation from AEOD, Office of Enforcement, discusses
12 each and every plant during the screening meetings, but then
13 only those plants that warrant specific discussion at the
14 senior management meeting are discussed at the semi-annual
15 meeting.

16 The objective is to communicate concerns to the
17 licensee with poor performance and to ensure a coordinated
18 course of action and develop Agency-wide future inspections,
19 if necessary, for those selected plants.

20 The outputs are a superior performer recognition,
21 problem plant, and trending letters and then the
22 identification of any special actions that the senior
23 managers feel is warranted, such as special meetings with
24 perhaps the Board of Directors to discuss the Agency's
25 concerns regarding operations at that facility.

1 CHAIRMAN JACKSON: How many times have we had
2 those kinds of meetings with Boards of Directors?

3 MR. TAYLOR: We can provide that. We will have to
4 go back and run a count but they have been used as seemed to
5 be appropriate, but it's been with numbers of Boards.

6 CHAIRMAN JACKSON: The special assessments, are
7 they of the type already discussed?

8 MR. MIRAGLIA: They are the DET types.

9 MR. BORCHARDT: DETs, definitely.

10 MR. MIRAGLIA: Or the special inspections.

11 CHAIRMAN JACKSON: Are the plant performance
12 reviews used as input to the screening meetings?

13 MR. BORCHARDT: Yes, the plant performance review
14 report prepared for each plant is the material that is
15 provided to all the screening meeting participants
16 beforehand and then is the material that is available for
17 discussion at the screening meeting itself.

18 COMMISSIONER MCGAFFIGAN: When you just answered
19 my earlier question, the project manager here in
20 headquarters and the headquarters staff didn't sound like
21 they were involved. What if you have a disagreement?

22 MR. BORCHARDT: That was my omission.

23 The project manager participates in both the PPR
24 in the region and in the screening meetings.

25 COMMISSIONER DICUS: The problem plant list -- do

1 you think that's effective?

2 MR. MIRAGLIA: I think it's shown to be effective
3 over time. There's been a number of issues that have come
4 out of the problem plant list in terms of impact on the
5 particular utility or utilities.

6 There was a report I guess by the Office of
7 Planning and Policy that indicated that while it was
8 effective it was a large pill to put someone -- a big action
9 to try to put a utility on, on the list, and that resulted
10 in the trending letter that we characterized sort of a
11 warning shot across the bow.

12 I think this is indicative of our processes
13 becoming -- looking for issues that are finer ground. In
14 other words if you are looking at a screen if you go back in
15 the early times of the watch lists, significant events led
16 to the plant's being on that -- there was not too much of --

17 MR. TAYLOR: It was easier.

18 MR. MIRAGLIA: There wasn't a lot of objective
19 discussions.

20 MR. TAYLOR: There was a large number of plants on
21 the list too, on this first list.

22 MR. MIRAGLIA: And they all had significant events
23 or some significant programmatic --

24 MR. TAYLOR: Very significant events.

25 MR. MIRAGLIA: -- failing that resulted in that.

1 As the industry improved, and as our techniques
2 improved, what we are looking for is to try to identify that
3 declining performance earlier and earlier, and trying to
4 stay ahead of the curve and that goes to the timeliness
5 question is would we have gotten there eventually or not and
6 that kind of thing.

7 So I think that both of those things are working
8 and that the industry has significantly improved and that
9 there's over 100 plants out there and what we are looking at
10 is a small percentage of those plants that are at the lower
11 part of the lower quartile, so to speak, to try to identify.

12 MR. TAYLOR: In some cases we have used the
13 problem plant process and then found even with that we
14 needed to do more and we have gone to the Board of
15 Directors.

16 In the particular case of Turkey Point, Turkey
17 Point had been on the problem plant list for some long
18 period of time and we really didn't see enough progress and
19 as I recall, and I can't remember the years that we did it,
20 but we then -- and we talked a great deal to management in
21 the company.

22 We went to the holding company, Florida Power &
23 Light, and we had a session with the Board of Directors, at
24 which I was present, and I would say that activity then
25 precipitated the changes.

1 It took awhile, but Turkey Point then shifted
2 direction in a plant that consistent operational problems
3 and so it took a combination of these various tools.

4 We had lots of teams and reviews down there
5 through the years with them, but today I believe they are
6 almost a SALP 1 performer.

7 MR. MIRAGLIA: Brunswick was another facility that
8 was --

9 MR. TAYLOR: There are just numbers like that.
10 Pilgrim was -- the types of things where plants -- I think
11 the problem plants, Peach Bottom, Davis-Besse -- I could go
12 down the list of the problem plants. I think it's a very --
13 Frank says it's a big pill. I think that's right, but it
14 has helped change plants that frankly performance for years
15 had not been very good.

16 CHAIRMAN JACKSON: How long was Turkey Point on
17 the watch list?

18 MR. TAYLOR: It was long time, Chairman.

19 I think I'll have to go back and --

20 MR. MIRAGLIA: My guess is it's, I think it was on
21 the list for four years or so.

22 MR. TAYLOR: Three or four years.

23 MR. MIRAGLIA: We can provide that.

24 CHAIRMAN JACKSON: What does it mean to the plant
25 or the company? What does it mean in terms of us -- for the

1 plant to be on the watch list?

2 MR. MIRAGLIA: Well, I think it has a number of
3 manifestations. Just like any of our performance assessment
4 processes, even SALP, in terms of it gives public attention
5 and view to the plant because it has negative connotations
6 to it so that increases public interest, public concerns.

7 It has potential financial impact on the facility.
8 It does get management attention and focus and it usually
9 results in significant expenditure of resources on the part
10 of the utility to try to improve the process.

11 My recollection of the OPP report was that it took
12 a significant -- once the plant was on the list in order to
13 show the improvement to get off required a sustained period
14 of improvement and a significant expenditure of capital and
15 other resources to get that level of improvement and then
16 sustain it, so it does have that type of impact.

17 CHAIRMAN JACKSON: How do we decide when enough is
18 enough, where we do take the next regulatory action?

19 MR. MIRAGLIA: This is an issue that is a tough
20 one, Madam Chairman. From my perspective it's that if we
21 have got a plant that we feel is acceptable, if I could use
22 a personal analogy having teenage -- having survived two
23 teenage boys and I'm still surviving one -- is when someone
24 comes home with C's on their report card and you think that
25 they are capable of doing better -- C is passing but perhaps

1 you would like them to do better, and I think from the
2 perspective of where we are in terms of a regulatory process
3 we have to have some significant safety concern or basis to
4 direct -- to have a basis in the regulations to tie it to
5 safety and that puts the burdens on us -- and so we have to
6 have some clear concerns and indications for that. That is
7 the case that has to be made in each of the instances.

8 MR. TAYLOR: The other thing, the problem plant
9 requires more expenditure of NRC resources. That is, we
10 shift and the plant is much more inspected than the average
11 plant.

12 CHAIRMAN JACKSON: Is a soft point for us the fact
13 that -- and presumably some of these changes in the various
14 evaluative mechanisms and tools is part of that -- but is a
15 soft point for us an ability to on a basis of taking an
16 integrated look in the absence of some triggering event to
17 say that while I don't have some big piece of equipment
18 that's safety-related that I can declare inoperable, that
19 net/net things are limping along so much or there's not
20 sufficient progress that I have to call a halt at a certain
21 point, that that call is very difficult for us to make?

22 MR. TAYLOR: I think that's right.

23 MR. MIRAGLIA: I think that's a fair comment in
24 terms of that we don't look at everything. We audit pieces
25 and it's very difficult for us to perhaps find, as I said,

1 that the screens are getting, the material is getting finer
2 and finer, so we have to look harder and harder to pick up
3 those declining performance kinds of trends and that kind of
4 thing.

5 It's a question of how to spread the resources and
6 in what area. If we look harder here, it's probably meaning
7 that we are not going to look hard either at another
8 facility or another area, and so that is the constant trade-
9 off.

10 I guess it's the nature of the beast and a soft
11 spot that we have to deal with.

12 MR. TAYLOR: If you go back in the performance
13 indicators that were developed by the Agency, you know, it's
14 parallel really to those that are used by INPO and so forth,
15 but if you go back to the early years the numbers of trips,
16 the numbers of safety system challenges, the number of
17 safety system failures -- all of those are indicative of
18 those were a little bit easier to spot than, frankly, as the
19 general performances have improved as time has gone on.

20 Yet there are still plants out there struggling
21 with problems. Otherwise we talked about this with
22 Commissions over the years, which is one of the reasons why
23 we said, gee, the Commission's suggested that we look to try
24 to find somebody before they sort of fall down even further.
25 That is how we started the trending, and we felt a little

1 awkward, but that actually had an effect.

2 I can't remember all of the plants that we have
3 issued trending letters to but Perry was one, as I recall,
4 and that helped to stimulate a performance improvement.
5 Cooper was another. Help me out, Frank, I can't recall all
6 of the trending but those very definitely -- that process
7 which we have used on occasion where people who we see are
8 beginning to decline and maybe not have hit bottom, we
9 really have utilized that on a case basis.

10 I don't mean to digress but there's sort of all
11 these activities associated with the senior management
12 meeting and in some cases we have seen visits with Boards of
13 Directors help to make a big difference and in other cases
14 they don't.

15 COMMISSIONER ROGERS: Well, isn't to some extent
16 the problem one that we are allowing a plant to continue to
17 operate so in principle that means that our judgement says
18 that it is not so unsafe that it can't operate but -- then
19 the question is what does the "but" mean?

20 It always seemed to me that what you are really
21 talking about is that you are operating within a band that
22 is acceptable but there's a margin to that band in some way,
23 and this is your kind of safety margin that you want to have
24 some comfort about because once you get down to the bottom
25 of that, then it doesn't take much to create a really

1 serious problem.

2 The difficulty is being able to measure that
3 margin in some way so, you know, the problem is that a plant
4 which we feel is -- we feel uncomfortable about is losing
5 its margin and it's either gotten so small or it's going
6 down fast on margin but still there is no one thing you can
7 point to and say, well, this is really sufficiently
8 important at this moment that everything has to cease until
9 they straighten it out.

10 So you have got a couple of issues. One is try to
11 find some way of measuring the margin, and the other one, of
12 course, is rates of change of that -- rate of decline or
13 improvement, if it is improving, which then causes you to
14 take another look at it.

15 It is wrestling with these issues of very
16 important considerations but things that don't lend
17 themselves immediately to some quantification, and the
18 judgment has to be an element in this and that that, it
19 seems to me, you are never going to be able to avoid that,
20 and that it's going to be a judgment call and the judgment
21 call of whether the safety margin is large enough or not
22 large enough and whether it is improving or declining.

23 I don't know that we are ever going to find any
24 set of numbers that unambiguously tell us where we are.

25 MR. MIRAGLIA: I think that is a fair assessment

1 and a challenge that we have been struggling with.

2 The answer to the "but" that we do have that comes
3 out of the assessment processes. A SALP 3 is acceptable
4 "but" -- licensee, the message is, you need to spend more
5 time in that area to focus resources, to improve and it is
6 also NRC, we need to focus more, so the "but" is that we are
7 calling attention to it, expecting the licensees to address
8 that and also because of the concern that we have raised
9 internally ourselves.

10 We are providing additional resources to look at
11 those kinds of areas, but again, are we looking wide enough,
12 as the Chairman suggested, over a broad enough basis and
13 that is a judgment and a resource allocation kind of
14 question that has to be decided on each of these cases.

15 When we are dealing with a large number of
16 facilities, that becomes difficult -- it's certainly a
17 challenge.

18 CHAIRMAN JACKSON: Did you have a question?

19 COMMISSIONER MCGAFFIGAN: Again, this may be out
20 of order but the INPO evaluations that are done, is it fair
21 to say, and this is a question that Nils and I got --
22 Commissioner Diaz and I got at our confirmation hearing --
23 they have been out in front of us in a few cases in
24 identifying plants with declining trends and we have been
25 out in front of them, the INPO said to me, you know, in

1 other cases -- South Texas was one they mentioned.

2 How can we make better use of INPO data heading
3 into senior management meetings? I know we have to sort of
4 independently invent it but is there anything to be learned
5 from comparing ourselves to INPO?

6 MR. MIRAGLIA: We have done a number of things in
7 that regard, Commissioner McGaffigan, and number one is many
8 of the senior managers have accompanied INPO evaluation
9 teams to look at how they evaluate plants and their
10 evaluation process is different from ours. It's very
11 focused over a two week, three week period of time and then
12 findings come back and the message that's sent, and so we
13 have an appreciation for what they do and how they do it.

14 I think it's accurate to say that they perhaps
15 identified some facilities before we did and that we have
16 identified -- so it's hard to say what is the right answer.

17 They are both providing an appropriate type of
18 answers.

19 In terms of our process, what we do do is we look
20 at self-assessments. We do look at, the resident inspectors
21 do look at the findings from the INPO evaluation and then we
22 look at it and determine based upon our own independent
23 inspection of findings do we have concerns or issues that
24 need to be followed up in that kind of context.

25 So we have an awareness of what the issues that

1 are being raised by INPO and we have independent, our own
2 independent inspections that are raising concerns, or if
3 there's a concern that we don't have enough to do that
4 perhaps that -- maybe that needs to be looked at at some
5 point in time, so it's not -- it is considered and it is
6 part of the process.

7 COMMISSIONER McGAFFIGAN: I will tell you INPO did
8 tell me that they tell the licensee to believe the worst --
9 and that is the right --

10 MR. MIRAGLIA: And that is probably a
11 reasonable position.

12 MR. TAYLOR: They look at a broader sense of
13 things in some cases than we do.

14 MR. BORCHARDT: Slide 11, please.

15 [Slide.]

16 MR. BORCHARDT: I include just one chart on SALP
17 here, just to round out the overall process description.
18 There are several slides later in the package.

19 The objectives being that SALP is our long-term
20 integrated assessment of licensee performance. We use it as
21 one of the major vehicles for allocating NRC resources and
22 it's one of the principal communication devices for both the
23 licensee and the public to reflect the Staff's overall
24 assessment of each licensee.

25 Slide 12, please.

1 [Slide.]

2 MR. BORCHARDT: This figure illustrates a number
3 of points, the first being that the lower two levels consist
4 of those processes that accumulate the performance and
5 objective information that is subsequently utilized by the
6 other evaluation processes.

7 In addition to the fact-gathering aspect of the
8 lower two levels, there is also a very important short-term
9 assessment aspect of the inspection program and this
10 assessment is done between the inspector and their immediate
11 supervisors and it is expected that the appropriate action
12 be taken based upon the significance of each of those
13 findings -- once again, without waiting for even the
14 inspection report to be issued, if the safety issue were
15 significant enough.

16 Although each level involves a different
17 combination of the time period assessed and the level of
18 management involved, they ultimately rely on the factual
19 information obtained through the reporting by the licensee
20 and the analysis of inspection findings.

21 Slide 13, please --

22 COMMISSIONER DIAZ: No -- I --

23 CHAIRMAN JACKSON: Go ahead.

24 COMMISSIONER DIAZ: I have kind of been saving my
25 strength for this slide.

1 [Laughter.]

2 COMMISSIONER DIAZ: I have been very quiet and
3 nice and so forth.

4 I'm bothered by this slide. I have always been
5 bothered by pyramids, whether they are a sales scheme or
6 not, and this pyramid seems like, you know, an escalation
7 and a proliferation of reviews upon reviews upon reviews,
8 and if you are the bottom of that pyramid you feel very
9 oppressed.

10 I also assume that at the end of the pyramid there
11 might be a point in there where it says "Commission" -- the
12 point this process may have to go to the Commission at some
13 time.

14 CHAIRMAN JACKSON: That's at infinity.

15 [Laughter.]

16 COMMISSIONER DIAZ: I figured it was the little
17 point at the end of the pyramid -- but seeing as being a
18 point is never comfortable I decided to assume it was
19 someplace else.

20 But as I listened to some of the comments, you
21 know, as we went around at the different processes and which
22 one was really detailed knowledge about I found out,
23 according to Frank, that a lot of these things came out from
24 plant-specific events. Something came out of Dresden -- and
25 believe me, I cannot repeat their names. I am totally

1 confused -- right now, I have got them all crossed between
2 IPAPs and SALPs it really very confusing, and of course we
3 have managed to confuse the public enormously.

4 We are saying time and time again that we are
5 going to provide to the public a better indication of what
6 our assessment are and then we continuously throw at them --
7 you know -- different names and different ways of doing
8 things and different levels.

9 My single point is isn't there a way to make this
10 a little simpler? Can we have fewer levels? Even if
11 internally we have subsets, can we actually simplify the
12 process to the point that we can really follow what each one
13 of them is doing and we can add whatever, something special,
14 there is that we want to do at any one point.

15 You know, if I go through this, and I have gone
16 through it, I am confused but I am not that confused, I get
17 to the point that these things are like continuous feedback
18 loops that go one into each other and they keep -- you
19 know -- like a self-generating prophesy. We found a
20 problem. We'll go back and I'm going to find another, I'm
21 going to find another, I'm going to find another.

22 I am very, very concerned about, you know, a
23 pyramid of studies and things and levels, okay, and you
24 know, I had an old mathematician friend of mine that used to
25 tell me that you can define any process that you want to as

1 far as analysis with three steps, but he says if you get
2 seven steps then you can draw an elephant.

3 You can always disguise all you did by getting
4 more points into the process. You can lose your way.

5 So as we go into this, and I know we are time-
6 limited, I want to leave you with the fact that there is
7 a -- my personal concern and maybe of others that this
8 process is way too complicated, it has too many names.

9 When we communicate with the public we are not
10 clear. This is the type of things -- and Madam Chairman,
11 can I take a couple more minutes?

12 CHAIRMAN JACKSON: Help yourself.

13 COMMISSIONER DIAZ: For example, picking up on the
14 Region II -- is anyone from Region II?

15 I look at the SALP and I look at the language of
16 the SALP and what do I find? Do I find, you know,
17 definition of a problem or I find words like "weakness" --
18 you know, without any clear definition of what that means or
19 I find "lack of sensitivity" -- and like I said in the
20 region, is this a romantic problem, you are not sensitive to
21 me, you know? I mean what kind of a problem?

22 We never said these people have a deficiency. We
23 say they have a "weakness" like if their knees were weak or
24 something like that.

25 I believe that if we look, and I have looked at

1 about 10 SALPs now, we find many common language that are
2 used that are not defining the problem. Rather than saying
3 "The management did not provide management oversight over
4 their regulatory process" -- we say "There was a management
5 weakness."

6 Now we didn't say what it was. Okay? You know,
7 it is to me basic at this time, 1996, where we need to be
8 accountable for what we do, that we define this process, we
9 make it as simple as many -- you know, as few steps as
10 possible and use the most specific language that we can
11 find, even if the licensee doesn't like it.

12 I believe that it will help them significantly
13 once we tell them "You are deficient in establishing, you
14 know, a maintenance plan that allows your materials to be
15 compliant with safety limits" -- "You are not cognizant of
16 the processes" -- now those are words that are action words.
17 They mean something, but "weakness" and "sensitivity" it
18 just -- and then if we find a problem, what do we do?

19 We have another process and another process, and I
20 think that maybe all of these served us well throughout
21 these years and they come from Dresden and Davis-Besse and
22 Three Mile Island and Turkey Point and all the names you
23 just mentioned, but the question is are they serving us now?
24 Do they actually serve the purpose, okay, that they are
25 intended to or should we simplify them?

1 I'm finished. I used all my energy.

2 MR. MIRAGLIA: I think that is a fair comment --
3 and perhaps the pure business is not the right type of thing
4 in terms of we have developed a number of performance
5 assessment tools and I think we have to try to decide what's
6 the best combination or take the best of each process
7 perhaps. I think that's a challenge that the Commission has
8 already laid at our feet in terms of one of the questions we
9 had is where are all of these process, what's the inputs to
10 them and how they relate to one another and we have tackled
11 that task.

12 The other task that is presently before us is what
13 is the objective evidence to make it transparent. So I
14 would agree with you, Commissioner Diaz, that is certainly
15 the challenge and the end result might be some integration
16 of the performance assessment techniques that take the best
17 of all and come up with a process or perhaps two processes
18 to stay with the power of three as opposed to seven to go
19 through something like that. But I think that could be a
20 potential outcome of the path that we are on.

21 CHAIRMAN JACKSON: Well, I guess Commissioner Diaz
22 mentioned sort of going into a kind of circular logic that
23 we assess and if we find something or something happens that
24 that's not enough, we figure out another assessment
25 methodology and then if that's not enough we figure out

1 another assessment methodology and perhaps all the time we
2 are not giving the crispness, first of all, to what we are
3 saying and then I guess, you know, I would like to know what
4 are the stop points, you know, what are the hold points as
5 opposed to assess and more attention and then assess and
6 more attention, given that, you know, even you say that we
7 are a finite resource agency. And we further say that it is
8 the licensee's responsibility to operate their facilities
9 safely.

10 But if we are assessing and giving more attention
11 and then new assessment and giving more attention and new
12 assessment and giving more attention, we seem to go against
13 those two things, that we have finite resources and that it
14 is the licensees' responsibility to operate their facilities
15 safely. That, at a certain point, we have to kick it back
16 over and say either they are or, if they are not, then
17 something has to happen until and unless they do operate
18 their facility safely.

19 MR. BORCHARDT: Slide 13, please.

20 [Slide.]

21 MR. BORCHARDT: This and the next slide highlight
22 some of the major evaluations and changes to the SALP
23 program over the years. Ever since SALP began after the
24 Three Mile Island accident, the SALP program has been
25 undergoing periodic evaluations and revisions and although

1 it was initially envisioned to be a headquarters product, it
2 was quickly realized that the regional offices were in a
3 better position to take the lead in carrying out the SALP
4 program.

5 The use of numerical ratings has been evaluated
6 two times previously and on both occasions it was decided to
7 retain numerical grades.

8 There are slides showing the definition of the
9 three SALP categories later in the briefing package and
10 although we will discuss it a little bit later, the fact
11 that there is no SALP category for unacceptable performance
12 has, in fact, been previously reviewed. The lowest SALP
13 category, SALP 3, as we discussed a few moments ago, means
14 that licensee performance is at an acceptable level. In
15 1990, the Commission voted against creating an unacceptable
16 category.

17 CHAIRMAN JACKSON: Was that made to ensure that
18 the determination of unsatisfactory performance would be
19 made in the senior management meeting context or was there
20 some other --

21 MR. BORCHARDT: No, the best that I can understand
22 from reading the correspondence back then is that there was
23 a recognition that an unacceptable SALP grade would be
24 really nothing more than a reflection of a historical
25 happening. If there was unacceptable performance today, the

1 Commission and the staff would take whatever action was
2 necessary, including possibly ordering the shutdown.

3 When the SALP happened six months in the future
4 and we gave them a SALP for unacceptable performance, there
5 was really no new information provided. I think it was
6 really unnecessary; we weren't going to wait for the SALP
7 before we took the action so why bother. And, in fact,
8 going along with that decision was the idea that if a plant
9 was shut down, that SALP would be suspended. We would wait
10 until authorization to restart was granted before we began
11 the SALP program again. So the two kind of went hand in
12 hand.

13 COMMISSIONER ROGERS: My recollection is that you
14 are exactly correct.

15 MR. BORCHARDT: The concept of rising performance
16 standards and the use of responsiveness to NRC initiatives
17 as an evaluation criteria also received previous Commission
18 attention and despite all of the adjustments, two objectives
19 remain constant. One was to clearly communicate the
20 assessment results to the licensee and the public, which
21 apparently we don't always do very well. And the second, to
22 use SALP as a tool to evaluate and adjust agency resources.

23 Slide 15, please.

24 [Slide.]

25 MR. BORCHARDT: Preparation for the SALP report

1 begins many weeks before the board convenes and consists of
2 a thorough review of licensee performance information and
3 the inspection record. In addition to this record review,
4 each SALP board member ensures that they are current and
5 personally familiar with the site through a special site
6 visit if necessary.

7 The SALP board itself normally takes the better
8 part of a day and consists of three SALP board members with
9 considerable participation from regional and headquarters
10 staffs. Following discussions in each of the four
11 functional areas, the SALP board members vote on the
12 appropriate SALP grade. Any differences in grades are
13 typically discussed to ensure common understanding of the
14 relevant issues. And the SALP report is prepared and the
15 cover letter written two weeks after the SALP board meeting
16 and then the report, in draft form, is submitted to the
17 regional administrator for approval.

18 COMMISSIONER DIAZ: Excuse me. You said that the
19 meeting takes place in one day, correct?

20 MR. BORCHARDT: Yes.

21 COMMISSIONER DIAZ: And what is the input that
22 they receive?

23 MR. BORCHARDT: Each SALP report involves four
24 SALP functional areas plus there is another area typically
25 assessed, safety assessment, quality verification.

1 COMMISSIONER DIAZ: I understand the categories.
2 Who prepares the input?

3 MR. BORCHARDT: Different parts of the staff. It
4 could be the resident inspectors prepare one section, a
5 member of the DRS inspection staff in the region may prepare
6 the engineering section or the maintenance. The NRR project
7 manager may prepare the SAQV overall assessment.

8 So different members of the staff are responsible
9 for reviewing the inspection record and the performance,
10 coming up with a distillation of that information so that
11 that can lead the discussion during the SALP board meeting
12 itself. In parallel with that, the SALP board members also
13 review, to get themselves up to speed, the inspection record
14 and any other relevant information.

15 COMMISSIONER DIAZ: They go to the site?

16 MR. BORCHARDT: Yes. They will either make a
17 special visit or most of the SALP board members would
18 normally go to the site as part of their day-to-day
19 responsibility so the SALP program does not mandate a
20 specific pre-board visit. It is up to the board member to
21 make sure they are familiar with the site, what's going on
22 and have visited it recently.

23 COMMISSIONER McGAFFIGAN: What if you have, or
24 maybe it never happens, non-unanimous decisions in the board
25 or violent disagreements as to whether it should be a two or

1 a three. Does that end up with Frank and Jim --

2 MR. BORCHARDT: We have avoided violence.

3 [Laughter.]

4 MR. BORCHARDT: It is not all that uncommon that
5 two of the members will vote for one score and the third
6 another and then there is a discussion amongst the three and
7 the regional staff participants as necessary to make sure,
8 even if there is a difference in vote, that they are all
9 dealing from the same common understanding.

10 The majority of times that I have witnessed that
11 happen, it is through a discussion of the significance that
12 each of the board members placed upon a significant event or
13 series of inspection findings and typically the one outlier
14 will come into agreement with the other two. That doesn't
15 always happen and sometimes it goes up with a vote of two
16 against one. And then the regional administrator makes the
17 ultimate judgment.

18 COMMISSIONER MCGAFFIGAN: So the regional
19 administrator, when you are in a senior management meeting,
20 knows, you know, that there was a two-one vote to give this
21 person a two and I went along with it but you should be
22 aware that at least one person thought it should be a three.

23 MR. TAYLOR: And he documents that.

24 MR. BORCHARDT: Then there is a public meeting
25 after the SALP report is issued publicly. That is usually

1 conducted at or near the site to maximize the participation
2 from the licensee. And then the only additional thing is if
3 there is a SALP 3 category assigned to any grade, the
4 licensee is specifically requested to respond in writing to
5 what actions would be taken.

6 At the public meeting, the licensee is given the
7 opportunity to provide additional information or to rebut
8 the grade if they don't like it or to say what a wonderful
9 job we did if we gave them a SALP 1.

10 SALP program oversight is provided a number of
11 ways. One, in the inspection program branch of NRR, Dave
12 Gamberoni, sitting behind me, is the SAL program manager.
13 He has responsibility for maintaining the management
14 directive, overseeing the coordination of the SALP
15 observation program, which is each SALP board chairman is
16 responsible for going to at least one other region during an
17 18-month period to observe how another region does their
18 SALP board. It is a way to cross-fertilize ideas.

19 Slide 16, please.

20 [Slide.]

21 MR. BORCHARDT: Category 1 is the highest rating
22 and is indicative of a licensee that exhibits a superior
23 level of safety performance. We would normally expect to
24 see a decrease of inspection effort if there was anything
25 beyond the core being conducted. Normally, a SALP 1

1 functional area would receive the core inspection level of
2 effort.

3 Slide 17.

4 [Slide.]

5 MR. BORCHARDT: Category 2 is licensee attention
6 normally well focused that results in a good level of safety
7 performance.

8 Slide 18.

9 [Slide.]

10 MR. BORCHARDT: The definition of Category 3 is
11 the subject of the greatest interest and is prone to some
12 misunderstanding. The key to this definition is, I think, in
13 the first sentence, that the performance has resulted in an
14 acceptable level of safety performance. This means, despite
15 whatever weaknesses or instances of poor performance have
16 been identified, the staff believes that the overall safety
17 performance of that licensee in that functional area is
18 acceptable for continued operation.

19 CHAIRMAN JACKSON: And that is true even if a
20 clear understanding of the safety implications of
21 significant issues may not have been demonstrated. So you
22 could not demonstrate a clear understanding of the safety
23 implications --

24 MR. BORCHARDT: Again, that sentence, I think, we
25 need some improvement in that sentence.

1 What that really means, what's embedded in the
2 definition and not maybe very well stated, is that there are
3 examples of what you stated. There are instances where
4 performance has been weak or not up to expectations but that
5 for a licensee to receive a SALP 3, the SALP board has to,
6 without doubt, come to the conclusion that performance is
7 acceptable for continued operation. If they don't, then
8 some other regulatory action should have occurred before the
9 SALP board but certainly there would be some additional
10 action taken or at least evaluated.

11 The SALP board is not intended to be the vehicle
12 for coming to that conclusion.

13 COMMISSIONER DIAZ: The first sentence is the key
14 sentence, correct?

15 MR. BORCHARDT: Correct.

16 COMMISSIONER DIAZ: So I'm a licensee, pay a lot
17 of attention to a pump. I look at it, make sure, but I do
18 nothing with it. How do you rate me?

19 Or I have significant involvement, okay, in plant
20 activities. Meaning I receive briefings, everything. But I
21 do nothing about it. What is it? So, I have a problem with
22 your first phrase.

23 MR. BORCHARDT: Well, that would be indicative of,
24 in fact, unacceptable licensee performance in the corrective
25 action, identification and resolution area, which is one of

1 the key aspects of the inspection program.

2 COMMISSIONER DIAZ: But see, we are driven by
3 words. These are not action words; they are passive words,
4 okay? They do not imply, okay, in your first phrase --
5 first phrase, and I believe that our staff will be guided by
6 this first phrase. So licensee compliance with regulations
7 and actions, you know, something that indicates that the
8 individual has a plan, follows that plan, executes it,
9 checks it out, you know, a little bit of quality assurance
10 might not hurt in there. Okay?

11 You know, be specific. Involvement is a passive
12 word. It doesn't really mean, you know, that you are doing
13 something. We need it to be clear and define what we want.
14 And I really strongly suggest that we take a look at this
15 first phrase in Category 3 and come up with some better
16 wording.

17 COMMISSIONER ROGERS: You know, I don't disagree
18 with your concern but I am concerned about trying to make a
19 list and to provide a definite list that these are the
20 things which give you a three or these are exactly the
21 things which give you a two. I think there has to be a
22 quality -- an element of judgment coming in and I think it
23 is very difficult to make an all-inclusive list that says if
24 you do every one of these things, you will be okay and, if
25 you don't then, you know, you don't qualify for that

1 category.

2 I think there has to be some judgment there and I
3 think the key in that first sentence is "resulted in an
4 acceptable level of safety performance."

5 I mean if, you know, maybe we should say take out
6 "licensee attention and involvement," and say from the NRC's
7 inspections and observations, that has been the result.

8 COMMISSIONER DIAZ: I can buy that. I can buy
9 that. You know, but definitely, we can be very specific
10 about what was not adequate, okay, and definitely we can be
11 specific. Is there a real safety issue involved to bring it
12 out?

13 MR. TAYLOR: That's right and that usually comes
14 out in the inspection reports and the AIDs that preceded the
15 SAL. I mean, if there is a specific safety issue, that's
16 found not commensurate with the SALP but usually in the
17 months before and then this issue of the clear understanding
18 of the safety implications may be that they didn't go beyond
19 the immediate meaning of a valve that failed to operate, you
20 know what I mean, and does that mean other valve testing
21 should be carried out?

22 MR. MIRAGLIA: I think the key, as Bill indicated,
23 is the first sentence is trying to convey that SALP 3, and I
24 would stipulate you're correct in terms of "involvement"
25 being a passive word but the focus is SALP 3 is acceptable

1 performance. I think that's the key and we need to
2 communicate that clearly. Bill indicated that that's a
3 definition that perhaps needs to be reexamined to clarify
4 that.

5 I think the other points in terms of what do we
6 mean when we say "poor material condition" or "management
7 ineffectiveness"? That we need to take steps to
8 characterize what that concern is.

9 COMMISSIONER DIAZ: Or that there was attention
10 and involvement. We don't want people's attention and
11 involvement, we want people's performance that resulted in a
12 second level of safety.

13 MR. MIRAGLIA: I think what we are saying,
14 embedded in acceptable performance is not only were they
15 involved but they had a corrective action program and they
16 followed the actions. But we could say that more
17 explicitly.

18 COMMISSIONER DIAZ: I have seen a few SALPs and we
19 put in these things per paragraph and I already sat with
20 Mr. Taylor one day and now in the same importance level we
21 are bringing things out like the famous steam-driven
22 circular feedwater pump was not operable and an operator
23 left the control room for five minutes when there were two
24 licensed operators in the control room. I don't think they
25 are the same.

1 So if we are going to bring something out,
2 especially when we are bringing it out to the press, you
3 know, rather than bring it out -- the small issues like in
4 the Crystal River it was brought out on the management
5 oversight and I made a point of it. On the management
6 oversight, they came out and to the press, the first thing
7 that came out, the new president saw it, was that there was
8 lack of control of overtime.

9 Now, lack of controlled overtime can be a serious
10 personal problem, operators can be very tired if they work
11 24 hours a day, et cetera. But definitely that is not the
12 main issue at Crystal River.

13 So I think that definition and a specificity and
14 not an all-inclusive list but just the key things.

15 CHAIRMAN JACKSON: In a certain sense, one could
16 argue that if you look under your Category 3 definition, you
17 do have a list.

18 MR. MIRAGLIA: Right.

19 CHAIRMAN JACKSON: You know, you have said
20 licensee performance and procedure have not provided
21 sufficient control. But the issue is, how do you give
22 specificity enough to that to say why it's acceptable versus
23 when it would track to being unacceptable.

24 The self-assessment, the licensee self-assessment
25 efforts may not occur until after a potential problem

1 becomes apparent. I mean, if you do this and you write this
2 down without specifically linking it to what you found, then
3 you can either cause alarm in the public when the alarm
4 shouldn't be there because you are saying it's acceptable
5 somehow or if there really is a problem and they are
6 tracking close to the edge, whatever the edge is, then that
7 should be apparent. But particularly if somebody has a
8 clear understanding of the safety implications of
9 significant -- and this is significant issues -- may not
10 have been demonstrated.

11 You know, you gave an example, Mr. Taylor, that is
12 different than what could be the case for somebody else.

13 MR. TAYLOR: Yes.

14 CHAIRMAN JACKSON: And so the question becomes,
15 you know, why is it acceptable behavior. And I noted prior
16 to 1990 in this Category 3 was meets minimum --

17 MR. MIRAGLIA: Minimally satisfactory.

18 CHAIRMAN JACKSON: Yes, minimum regulatory
19 requirements. Is it that you were trying to take it away
20 from regulatory requirements and put the focus on safety?
21 If you put the focus on safety, which is appropriate, you
22 have to make the case. Okay?

23 Then this last sentence here, because the margin
24 to unacceptable performance in important -- I'm using your
25 words here -- important aspects is small, NRC and licensee

1 attention is required. It suggests that if there is any
2 margin at all then we are saying it's acceptable. I guess,
3 you know, if I were just out in the public, that would
4 confuse me and I think, if I can take the risk of
5 paraphrasing Commissioner Diaz, if you are going to do
6 something having to do with management inattention or lack
7 of management attention, you know, if it is, you know,
8 economic stress, you have to have the specific things that
9 happen that relate back to what you are claiming is a root
10 cause or is a source of the problem. So, in a certain
11 sense, I would claim that there already is a list that
12 presumably we check against. But the issue becomes how do
13 we do that checking against that list.

14 MR. MIRAGLIA: That is one of the challenges, to
15 make that transparent so licensees and the public understand
16 and, clearly, we should articulate what parameters are the
17 ones of specific concern.

18 COMMISSIONER MCGAFFIGAN: Could I ask about the
19 transition from minimally satisfactory to acceptable? I
20 could understand why a plant would like to be acceptable as
21 opposed to minimally satisfactory, because minimally
22 satisfactory is more pejorative. What was the reason in the
23 late '80s for switching from the adverb-adjective
24 combination to the single adjective?

25 MR. BORCHARDT: Mr. Gamberoni has explained to me

1 that it is only for public understanding of the definition.
2 At that time, that phrase was thought to be better
3 understood.

4 COMMISSIONER ROGERS: Well, I don't know, I think
5 that there are different ways of looking at this and, you
6 know, each of these are broad categories. They are not a
7 point measured; they are broad categories. And a plant
8 could be at the bottom or the top of a category and, you
9 know, you might say minimally satisfactory, that is very
10 close to the bottom of something in my view but it still
11 might -- and somebody considerably better than that would
12 still not be out of Category 3. So it is not minimally,
13 it's a little bit more than minimally, maybe a fair amount
14 more than minimally. But it doesn't meet what we are
15 looking for for Category 2.

16 COMMISSIONER MCGAFFIGAN: Does going from the
17 acceptable range -- I should direct it to you -- to the
18 minimally acceptable range mean you have been put on the
19 problem plant list? I mean, how do you -- if you look for a
20 gradation in that bottom category, if you are really,
21 really, really close to the margin, is that the sort of
22 decision that gets made at the senior management meeting,
23 that we've really got to get these folks' attention;
24 whereas, if you are at the top of the three, you might not?
25 How does that --

1 MR. MIRAGLIA: I think it is in terms of turning
2 up the gain in terms of the attention and that the SALP is
3 being done at the region kind of perspective. The senior
4 management meeting is from a broader perspective and it is a
5 broader range of management saying, hey, we've told you, a
6 SALP 3, you were told you were a SALP 3, that's input to the
7 process. And the concern is, are they moving forward in
8 that and it comes to a discussion plant or it is potentially
9 put on the list. It is trying to get the management
10 attention to deal with the performance type of issues and I
11 think it is that type of difference that I would --

12 COMMISSIONER MCGAFFIGAN: For me, it would make a
13 difference whether they were acceptable or minimally
14 acceptable. You know, I'm not arguing -- I mean, gosh knows
15 you guys have a hard enough time having three categories but
16 the -- but it's when you get down close to the bottom that I
17 would really want to know if I were the Commission or a
18 career manager.

19 MR. MIRAGLIA: I think that's what we do. We try
20 to gather at the senior management meeting all of the things
21 that indicate they are pushing away at the bottom. That's
22 equipment failures --

23 COMMISSIONER MCGAFFIGAN: So it is the SMM.

24 MR. MIRAGLIA: -- things tested that don't work
25 right, large numbers of work-arounds, operator error.

1 Operator error was very important, particularly in the early
2 years and contributed to many accidents. Lots of training,
3 simulator work has helped to reduce -- but they are still
4 there. Operator errors are still there.

5 So you take all of that from all the reviews. One
6 thing is the SALP is done periodically and the senior
7 management meeting is done every six months and you gather
8 really what was before and then what's happened since and if
9 the operator errors, the equipment failures, breakers that
10 fail and then you don't go look at other like breakers, I
11 mean, what is the failure, is it generic in that breaker?
12 Could it be happening in other vital breakers.

13 I am using just the kind of examples that make the
14 difference between people who are on top of their problems
15 and those who are not.

16 COMMISSIONER ROGERS: It's very important. You
17 know, somebody could be in the middle of Category 3 and not
18 changing at all or they could be near the bottom and
19 improving or they could be in the middle and going down.
20 Those are all very different situations and they're still
21 Category 3.

22 CHAIRMAN JACKSON: That's true but let me ask the
23 ultimate drop the bomb in the middle of the table question
24 and we're going to be hearing gory details about it in a
25 series of meetings coming up next month.

1 Given all that we've discussed, why did we not
2 come down on Millstone in terms of it tracking into the
3 problem plant list, and why did all of this categorization,
4 et cetera, not catch it?

5 MR. MIRAGLIA: I think in terms of the SALP,
6 there's probably SALP 3's out there; there was discussion
7 with the board of the directions prior to that, so there
8 certainly were concerns. It gets to the question or the
9 issue you raised early on in the discussion, Madam Chairman,
10 in the introduction to the meeting is the timing. Should we
11 have gotten it faster and I think the admission is that,
12 well, we probably should have taken that action.

13 The thing is, we saw problems and issues,
14 corrective programs were underway and perhaps we didn't look
15 long enough or deep enough to say we bought into those
16 corrective action programs. That's the only answer that I
17 would have at that point in time.

18 I think issues were there on Millstone and we
19 recognized those issues. I think if one goes back and looks
20 at the enforcement history with respect to Millstone, it was
21 long before any of those things, it was a large number of
22 escalated enforcement actions.

23 So it was the continuum of the program that we
24 have concerns about Millstone. Certainly, yes, if we
25 articulate them in the context of the senior management

1 meeting, the answer is no and the record shows no, and
2 perhaps we should have, but in the overall context of the
3 program, had we identified performance concerns with
4 Millstone, I think the record would say we had and had we
5 communicated with the industry or the board of directors and
6 the licensees, and the answer would be yes.

7 But did we fully use all the tools available to us
8 in a timely way, I think --

9 CHAIRMAN JACKSON: In integrating them all.

10 MR. TAYLOR: We weren't stitching them together.

11 MR. MIRAGLIA: Yes, in terms of the special
12 inspections.

13 MR. TAYLOR: Those things that were merged, and
14 then, of course, as the Commission knows, when we saw that,
15 first of all, we said there were a couple of them that made
16 us say, it's time and that was last January. That's when we
17 said, we've got to go even deeper. That's why we put
18 together the team and assigned AE-trained people to the team
19 under Mr. Virgerio and it took us quite a bit of time to
20 reel it in and dove into the design and engineering areas,
21 again in selected areas.

22 We went from Millstone over to Adam Neck and then
23 we saw some of the very significant engineering issues which
24 I think the Commission is aware of. So the call in January
25 was a good call and we might have made it sooner.

1 COMMISSIONER DIAZ: I just need to correct that
2 really our inspectors, senior and resident inspectors,
3 really were never focused on the last 5 or 10 years on the
4 design basis issues.

5 MR. TAYLOR: They're not trained. The design is
6 very complicated, it's very large.

7 COMMISSIONER DICUS: Absolutely.

8 MR. TAYLOR: As I think the Commission is aware
9 and we shifted to a more operational program. We'd pick up
10 odds and ends of these kinds of things, but not vectored to
11 that area and that was a mistake. We're seeing again that
12 we need to spend time and that's why we issued the 50.54(f)
13 letter because we can't cover all of that.

14 CHAIRMAN JACKSON: Do you think that shift in
15 focused, coupled with, as you say, it takes special
16 expertise.

17 MR. TAYLOR: It does. That's my experience.

18 CHAIRMAN JACKSON: Made us, in a certain sense,
19 vulnerable to falling back on looking at the program as
20 opposed to coming after the program.

21 MR. MIRAGLIA: I think the way we looked at the
22 program is for it to reveal itself in some way in either
23 operability calls or failed surveillances and we got into it
24 in that reactive way as opposed to a systematic proactive,
25 would be a characterization of that issue.

1 COMMISSIONER ROGERS: Let me just bring something
2 in here. You mentioned earlier the percentage of time that
3 goes to the core inspections and the 67 percent for that and
4 so on. Now, if the focus there is on operational questions,
5 we still then are not hitting the engineering design
6 problems.

7 MR. TAYLOR: We are with new special inspection
8 teams that we've created.

9 COMMISSIONER ROGERS: Yes, but that has to be a
10 conscious decision -- you have to fold that consciously into
11 your total inspection program.

12 MR. TAYLOR: Right.

13 MR. MIRAGLIA: What we're doing now is we're
14 looking at the special emphasis inspection areas to try to
15 do that, not add that burden to perhaps the residents.

16 COMMISSIONER ROGERS: Oh, yes.

17 MR. MIRAGLIA: I think we all agree the residents
18 is an area that has to be addressed.

19 CHAIRMAN JACKSON: And folding that into the
20 overall assessment.

21 MR. MIRAGLIA: Yes.

22 CHAIRMAN JACKSON: Okay.

23 MR. BORCHARDT: Slide 20, please, lists the four
24 SALP functional areas.

25 [Slide.]

1 MR. BORCHARDT: The only point I'll make on this
2 slide is that the safety assessment quality verification is
3 an important subject that is discussed in the SALP report
4 cover letter and is an integral part of each of the other
5 four SALP functional area.

6 MR. TAYLOR: I might say, the engineering has
7 always been engineering support ops largely in that area.
8 That's not engineering as executed by design.

9 COMMISSIONER ROGERS: Right.

10 CHAIRMAN JACKSON: Did you look carefully at the
11 linkages between maintenance and engineering?

12 MR. BORCHARDT: The inspection program spends a
13 considerable amount of effort looking at that interaction.
14 The system engineers are in frequent contact with the
15 resident inspector staff, so it's something that's assessed
16 almost continually.

17 CHAIRMAN JACKSON: Okay.

18 MR. BORCHARDT: That concludes the staff's
19 presentation.

20 CHAIRMAN JACKSON: We've been quite active in
21 asking you questions. Are there any follow-on questions.

22 COMMISSIONER ROGERS: Yes. There's a lot of
23 little ones and I'm not going to give them to you, but back
24 in 1993 when we changed the SALP program, ACRS made some
25 recommendations and we sent it back to ACRS and so on and so

1 forth.

2 One of the letters said that "The staff plans to
3 conduct a public meeting after about two years experience
4 with the new program." Did we do that? Did we have a
5 public meeting? I'm not talking about public meetings
6 associated with a SALP, an individual plant SALP evaluation.
7 I'm talking about a public meeting to review the changes in
8 the SALP program that came about in 1993.

9 MR. BORCHARDT: I'm not aware of a public meeting,
10 but there was a Federal Register request for comments on the
11 SALP changes in the SALP program that had been made, so that
12 public comments were received, public and industry comments
13 were received on the SALP program as a result of that.

14 COMMISSIONER ROGERS: What happened to those
15 comments?

16 MR. BORCHARDT: They were analyzed and there is, I
17 believe, a Commission paper that provided a summary of the
18 comments.

19 COMMISSIONER ROGERS: Okay, that is how it was
20 dealt with?

21 MR. BORCHARDT: Yes.

22 COMMISSIONER ROGERS: Okay.

23 CHAIRMAN JACKSON: Any other questions?

24 COMMISSIONER ROGERS: No.

25 CHAIRMAN JACKSON: Commissioner Dicus?

1 COMMISSIONER DICUS: What changes do you envision
2 the SALP program to assess licensee performance with respect
3 to design basis issues?

4 MR. MIRAGLIA: That's a matter that we're looking
5 at right now in the context of the design inspections and
6 the responses to the 50.54(f) letters. I think that's going
7 to suggest additional needs. I think that we've certainly
8 identified a need to do something and we have steps
9 underway. I think as that data is analyzed and we have some
10 inputs and some experience from that, I think it will be
11 focused.

12 In terms of our dialoging between headquarters and
13 the residents and the regions, we've identified a need to
14 have the residents be more sensitive to that, that our
15 project managers need to articulate what the important
16 issues and design parameters perhaps are, and to try to get
17 some way of identification of those issues and then develop
18 appropriate training and significance and issues like that.
19 So we've got a number of corrective measures underway, some
20 short term, some longer term to try to address that type of
21 issue.

22 I think that will manifest itself in the SALP
23 process, but I don't think we've really figured out exactly
24 how yet.

25 MR. BORCHARDT: There's two basic approaches we're

1 considering. One is to just have it go into the existing
2 engineering function because there's a limited number being
3 done each year in combination with the SALPs which are only
4 conducted every 18 to 24 months typically, or just those
5 plants that have special inspections have a supplement to
6 the SALP report. We haven't made any decision yet.

7 CHAIRMAN JACKSON: Commissioner Diaz?

8 COMMISSIONER DIAZ: When we were talking about the
9 SALP and minimally satisfactory and so forth, everybody
10 keeps moving their hands which is a favorite method of mine
11 to make speeches. It avoids a number of words.

12 I was looking at it's acceptable here and it's
13 acceptable right and I was looking at the hand and the hand
14 can actually move forward. It depends on where you put your
15 hand. How do we know where they are? What is the standard?

16 MR. MIRAGLIA: I think that's a key question that
17 the agency has been dealing with for a long time, how safe
18 is safe enough and the real issue, in my mind, is that it's
19 not a pipeline in the sand and it's a band, it's overlapping
20 bands, perhaps, as Commissioner Rogers alluded to, in terms
21 of the broad categories, so it's very difficult to draw that
22 bright line and say, here versus here.

23 I think there is a certain amount of judgment
24 that's in there and I don't know how to answer that any
25 better than that at this point.

1 MR. TAYLOR: That's how the words reasonable
2 assurance have been coined.

3 COMMISSIONER ROGERS: Adequate protection.

4 MR. TAYLOR: Yes.

5 COMMISSIONER DIAZ: Which is extremely broad to
6 define.

7 MR. TAYLOR: Yes, it is.

8 COMMISSIONER DIAZ: Which would lead me to the
9 next question. We talk a lot about risk in from and risk
10 phases, how are we making this risk assessment more and more
11 to bear into maybe an integral and satisfactory way to the
12 NRC of determining what is the level of performance.

13 MR. MIRAGLIA: I think that we have an overall
14 plan for doing that, the Commission has looked at it. It's
15 an incremental approach and it's going to take time, in my
16 view, to go and transition from a deterministic kind of
17 process that has evolved over 30 or 40 years to go a fully
18 risk-based, risk-informed and we have a transition.

19 We're looking at various elements, we're trying to
20 get it, as Bill indicated, into the inspection program by
21 training residents and inspectors in terms of providing them
22 with broad skills, looking at specific senior reactor
23 analysts to get that skill out there, and then we're looking
24 at how to improve the regulations in that kind of context as
25 well.

1 So we have a broad-based program for doing it and
2 I think it's going to happen over time.

3 COMMISSIONER DIAZ: Could we make some reasonable
4 decisions, a stepwise approach rather than a continuum? We
5 don't need to be there -- we cannot be there overnight, but
6 if we were to make some stepwise decisions, say this is what
7 we know now and apply it, take the chance.

8 MR. MIRAGLIA: I think that is what we're
9 attempting to do in the context of the PRA Implementation
10 Plan. We've done it with the maintenance rule and there's
11 four other areas that we're looking at and discussing with
12 the Commission and dialoging with the Commission. We're
13 looking for those incremental steps over small, bite-size
14 areas.

15 COMMISSIONER DIAZ: Is the senior reactor analyst
16 really an integral part of that?

17 MR. MIRAGLIA: It's part of the implementation
18 plan. Has anyone completed --

19 MR. BORCHARDT: They are almost completed.

20 MR. MIRAGLIA: They are returning to the regions
21 and so it was a development program that was started about
22 two years ago and we're actually putting that expertise in
23 the field so they can have those insights.

24 CHAIRMAN JACKSON: Have you clearly defined for
25 yourselves, if I can just interrupt for a minute, but as an

1 add-on, what those senior reactor analysts are going to do
2 in the region, are really going to inform and be a part of
3 the assessment processes that are used?

4 MR. BORCHARDT: We had a meeting last week with
5 them in fact. They are just about at the completion of this
6 year-long training cycle and they have a lot of ideas on
7 what they should do and how they should do it.

8 We're in the process right now of trying to gather
9 their thoughts and coming up with a coherent approach to how
10 they could be used in both the inspection planning and the
11 results of the inspection activities.

12 The one thing we know we can't afford to do
13 because there are only two per region is to send them out on
14 every inspection, so we want to use them where they can be
15 of the most benefit to the overall program. That's
16 something we're just in the relatively early stages of
17 putting together now.

18 They had, I think, very valuable training
19 experience and have a lot of ideas on how they might best be
20 used.

21 COMMISSIONER ROGERS: If I could ask, you're
22 linking them into the plant issues matrix? It seems to me
23 that's where they are needed?

24 MR. BORCHARDT: Absolutely. I think one area
25 where they had agreement last week was that at least one of

1 them in each region should attend each and every PPR session
2 which is where the plant issue matrix is most formally
3 discussed.

4 COMMISSIONER DIAZ: I have a series of questions
5 but not to be a grinch, I'll put them in writing and send
6 them over.

7 CHAIRMAN JACKSON: Commissioner McGaffigan?

8 COMMISSIONER MCGAFFIGAN: No.

9 CHAIRMAN JACKSON: I'd like to thank the staff for
10 a very informative briefing. You've presented a great deal
11 of information to us on the NRC's Assessment Program and the
12 SALP process. What you've presented will serve as a
13 foundation for our future efforts in the area, a number of
14 which you've described.

15 As I alluded to in my opening comments, I believe
16 that improvements to these processes are critical to our
17 future success in regulating the nuclear power industry. In
18 this regard, based on our discussion today, I would like to
19 ask the staff as you're considering potential assessments to
20 our own assessment program, specifically the SALP, that
21 perhaps at a follow-on briefing at a date to be determined,
22 you could present us with what you're doing, your
23 recommendations for first, improving the timeliness and
24 sensitivity of our assessment capabilities, enhancing our
25 ability to identify declining performance earlier. You know

1 that's always the focus.

2 Secondly, increasing the objectivity of our
3 assessments by sharpening perhaps more the distinction
4 between the various SALP categories and defining when a
5 clear transition is made between them.

6 Third, more clearly distinguishing between
7 acceptable and unacceptable performance.

8 Fourth, a better integration of available data;
9 that if one, for the moment, accepts the pyramid -- and I
10 agree with Commissioner Diaz's comments -- that if we can
11 get some better insight into how information at one level of
12 the pyramid currently feeds into another, or put another
13 way, how the use of the criteria in one area or one level is
14 fed by information from the previous levels or assessments
15 at the earlier levels.

16 Fifth, how the design basis focus will be better
17 incorporated into the SALP and other assessment processes.

18 Sixth, based on the discussion we just had, how to
19 better increase the use of risk insights in assessments.
20 For example, we talked about the plant issues matrix, but
21 also how it tracks into enforcement space.

22 If my fellow Commissioners have no further
23 comments, we're adjourned.

24 [Whereupon, at 4:03 p.m., the briefing was
25 adjourned.]

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 INSPECTION CRITERIA,
EVOLUTION OF ASSESSMENT, AND SALP
SYSTEM - PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Monday, December 16, 1996

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: Reealie Heron

Reporter: Jon Hundley



**NRC ASSESSMENT PROCESSES AND THE
SYSTEMATIC ASSESSMENT OF LICENSEE
PERFORMANCE (SALP) SYSTEM**

**Bill Borchardt
Office of Nuclear Reactor Regulation
Division of Inspection and Support Programs**

December 16, 1996

PRESENTATION OBJECTIVES

- **Describe the SALP program**
 - **Background and evolution**
 - **Current process (rating definitions and functional areas)**
- **Describe the NRC inspection program and processes used to assess licensee performance**

HISTORY OF THE INSPECTION PROGRAM

- **Major milestones**
 - **AEC Compliance Division - 1959**
 - **NRC Office of Inspection and Enforcement (I&E), regions - 1974**
 - **Start of resident program/expedited placement of residents - 1977/1979**
 - **Reorganization (I&E and NRR merged) - 1987**
 - **(N+1) resident policy - 1988**
 - **Major NRC Inspection Manual Chapter (IMC) 2515 restructure (current program) - 1988**
 - **NRR initiates IP improvements - 1993-1996**

CURRENT INSPECTION PROGRAM

- **Objectives**
 - **Ensure that licensees operate safely**
 - **Identify safety concerns**
 - **Identify significant declining trends in performance**
- **Approach**
 - **Selective examination (sampling), resources allocated as function of performance**
 - **Performance-based (review results)**
 - **Risk informed**
 - **Importance of licensee self-assessment**
 - **Regions have primary responsibility for inspection implementation**
 - **Continuous onsite inspection presence**
 - **Support from headquarters**

CURRENT INSPECTION PROGRAM

- **Definitions**
 - **Core** - minimum examination of licensees to confirm performance and identify early potential problems
 - **Plant Specific Regional Initiative** - inspection effort beyond core based on results of other inspections, licensee performance in various functional areas, and interactions with the licensees
 - **Generic Safety Issue** - periodic, temporary inspections based on identification of emerging safety concerns, or areas requiring increased emphasis because of recurring problems

SPECIAL EVALUATIONS

- **Diagnostic Evaluation Teams (DET)**
- **Augmented Inspection Teams (AIT)**
- **Incident Investigation Teams (IIT)**
- **Other diagnostic type team inspections**
 - **Special Evaluation Team (SET)**
 - **Independent Safety Assessment (ISA)**
 - **Independent Safety Inspection (ISI)**
 - **Design inspections (architect engineer)**

NRC ACTIONS IN RESPONSE TO UNACCEPTABLE PERFORMANCE

- **Notices of violation, civil penalties**
 - **Inoperable safety equipment**
 - **Unsafe operation**
 - **Compliance**
- **Confirmatory action letters**
- **10 CFR 50.54(f) letters**
- **Modify, suspend, or revoke license**

PERIODIC ASSESSMENT PROCESSES

- **Evaluative processes (NRC Management Directive 8.13)**
 - **Plant Performance Review (PPR), (NRC Inspection Manual Chapter 0304)**
 - **Senior Management Meeting (SMM), (NRC Management Directive 8.14)**
 - **Systematic Assessment of Licensee Performance (SALP), (NRC Management Directive 8.6)**

- **Objective performance information**
 - **Inspection reports and enforcement**
 - **Event assessment and risk insights**
 - **Performance indicators**
 - **Management meetings and direct site observation**

PLANT PERFORMANCE REVIEWS (IMC 0304)

- **Objectives**
 - Perform short-term integrated assessment of licensee safety performance
 - Review and change inspection plan
- **Started 1988, major improvements 1995-96**
- **Process**
 - Semiannual performance review led by regions
 - Assess performance in SALP functional areas
 - Compare inspection plan with performance
- **Outputs**
 - Inspection plan (sent to licensee)
 - PPR report, used as an SMM input

SENIOR MANAGEMENT MEETING (MD 8.14)

- **Objectives**
 - Perform senior-level review of licensee safety performance
 - Communicate concerns to licensees with poor performance
 - Ensure that coordinated courses of action are developed and implemented to improve performance

- **First meeting April 1986**

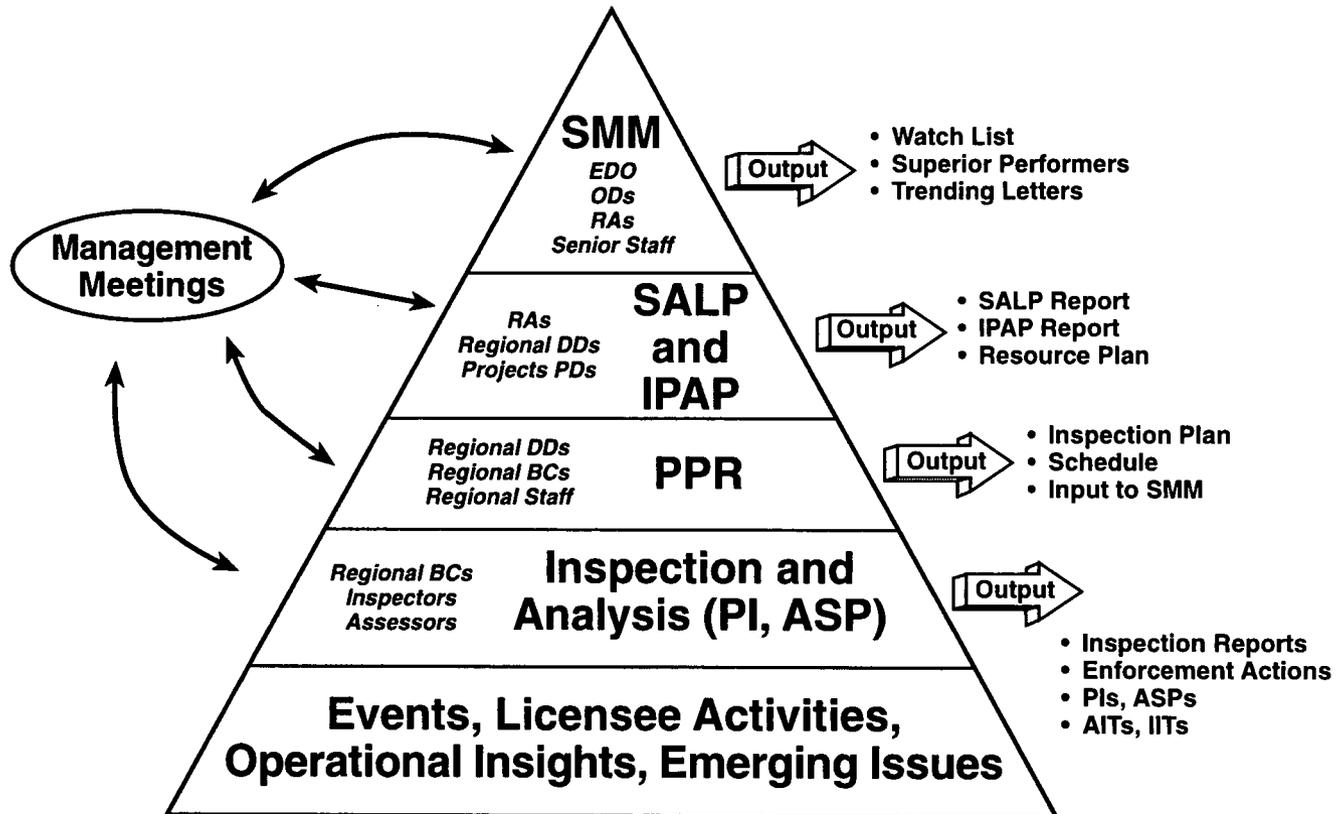
- **Process**
 - Semiannual agency performance review
 - Screening meetings
 - SMM decisions/regulatory safety approaches

- **Outputs**
 - Superior performer recognition
 - Problem plant list/trending letters
 - Special meetings (board of directors) or special assessments

SALP (MD 8.6)

- **Objectives**
 - **Perform long-term integrated assessment of licensee safety performance**
 - **Allocate NRC resources**
 - **Communicate with licensee and public**
- **Implemented in 1980 following the Three Mile Island accident**
- **Process**
 - **Periodic performance review by SALP board, approved by regional administrator**
 - **Integrate assessments over 12 to 24 months**
 - **Identify overall changes in performance**
- **Outputs**
 - **SALP report and ratings**

ORGANIZATIONAL HIERARCHY OF THE EVALUATIVE PROCESSES



SALP PROGRAM HISTORY AND EVOLUTION

- **Program implemented in 1980**
- **Changes that occurred since implementation**
 - **Primary implementation responsibility shifted from headquarters to the regional offices (1982)**
 - **Numerical rating categories were evaluated by the Commission and retained (1990, 1993)**
 - **The Commission voted against including an unacceptable category (1990)**
 - **Functional areas were evaluated and modified to improve communication with licensees (1982, 1984, 1985, 1988, 1993)**

SALP PROGRAM HISTORY AND EVOLUTION (Continued)

- The Commission disapproved of the concept of rising performance standards (1990)**
- The Commission disapproved of using responsiveness to NRC initiatives as an evaluation criteria (1990)**
- The Commission requested mandatory public meetings following all SALP evaluations (1993)**

SALP PROCESS

- **Preparation**
 - **Inspection record and operating performance reviewed**
 - **Functional area summaries prepared**
 - **SALP board member site familiarization**
- **Board meeting**
 - **3 members (2 regional SES managers, NRR SES manager)**
 - **Other participants (resident inspectors, regional inspectors, regional managers, NRR project manager)**
 - **Evaluate performance**
 - **Discuss inspection recommendations**
 - **Vote on ratings**
 - **Prepare report/cover letter**
- **Report**
 - **Approved by regional administrator**
 - **Public meeting near site**

CURRENT SALP PERFORMANCE RATING CATEGORY DEFINITIONS

Category 1 - Licensee attention and involvement have been properly focused on safety and resulted in a superior level of safety performance. Licensee programs and procedures have provided effective controls. The licensee's self-assessment efforts have been effective in the identification of emergent issues. Corrective actions are technically sound, comprehensive, and thorough. Recurring problems are eliminated and resolution of issues is timely. Root cause analyses are thorough.

CURRENT SALP PERFORMANCE RATING CATEGORY DEFINITIONS (Continued)

Category 2 - Licensee attention and involvement are normally well focused and resulted in a good level of safety performance. Licensee programs and procedures normally provide the necessary control of activities, but deficiencies may exist. The licensee's self-assessments are normally good, although issues may escape identification. Corrective actions are usually effective, although some may not be complete. Root cause analyses are normally thorough.

CURRENT SALP PERFORMANCE RATING CATEGORY DEFINITIONS (Continued)

Category 3 - Licensee attention and involvement have resulted in an acceptable level of safety performance. However, licensee performance may exhibit one or more of the following characteristics. Licensee programs and procedures have not provided sufficient control of activities in important areas. The licensee's self-assessment efforts may not occur until after a potential problem becomes apparent. A clear understanding of the safety implications of significant issues may not have been demonstrated. Numerous minor issues combine to indicate that the licensee's

CURRENT SALP PERFORMANCE RATING CATEGORY DEFINITIONS (Continued)

Category 3 (Continued) corrective action is not thorough. Root cause analyses do not probe deep enough, resulting in the incomplete resolution of issues. Because the margin to unacceptable performance in important aspects is small, increased NRC and licensee attention is required.

CURRENT SALP FUNCTIONAL AREAS

- 1 Operations
- 2 Maintenance (includes surveillance)
- 3 Engineering
- 4 Plant Support (radiological controls, emergency preparedness, security, fire protection, housekeeping)
- Safety Assessment/Quality Verification is discussed in the SALP report cover letter and as an integral part of each functional area

OVERALL CONCLUSIONS

- **Licensee performance is dealt with primarily by the inspection, enforcement, and licensing programs. If unacceptable licensee performance is identified, it is addressed through those programs.**
- **The SALP program provides for periodic assessment of licensee safety performance and allocation of resources.**
- **Evaluation and further improvements to the SALP program will continue.**

SALP PROGRAM HISTORY

- **1980, SECY-80-83, “Systematic Assessment of Licensee Performance”**
 - **Item I.B.2 of the TMI-2 action plan (NUREG-0660)**
 - **Integrated approach**
 - **Headquarters had primary responsibility for reviewing evaluation results and plans for upgrading licensee performance**
- **1981, First “National SALP Report” issued**
- **1982, Primary responsibility for performing the SALP assessments was shifted to the regional offices**

SALP PROGRAM HISTORY (Continued)

- **1984-1985, SALP Review Group (discussed in SECY-86-37)**
- **1990, Reevaluation of the SALP program (SECY-90-189)**
 - **Numerical scores were evaluated and retained**
 - **Performance category definitions were revised to emphasize licensee performance results versus programs**
 - **The Commission disapproved the concept of rising standards**
 - **Responsiveness to NRC initiatives was deleted as an evaluation criteria**

SALP PROGRAM HISTORY (Continued)

- **1992-1993, Comprehensive reevaluation of the SALP program (SECY 92-290, SECY-93-090)**
 - **Increased management involvement (SES SALP board members, regional administrator (RA) involvement)**
 - **SALP board member site visits**
 - **RAs approve all SALP reports and conduct the SALP public meetings**
 - **Improved timeliness and focus of reports (emphasizing recent performance and highlighting significant issues, eliminating initial report, and reducing the length of the report)**

SALP PROGRAM HISTORY (Continued)

- **1994, SALP program feedback (SECY-94-293)**
 - **Staff and licensee's noted significant improvements (SALP reports focus on significant issues, are clear and concise, and discussions between NRC and licensee managers at the public meeting are somewhat improved)**

SALP PROGRAM HISTORY (Continued)

- **1995, SALP program feedback (SECY-96-005)**
 - **Summarized public comments (two-thirds positive, one-third neutral)**
 - **Improvements noted in 1994 continued (changes to the SALP program have resulted in an improved program that results in focused assessments that most licensees clearly understand)**
 - **20 to 25 percent savings in resources expended on SALP activities (as compared to the pre-1993 version of the program)**

SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE (SALP) PROGRAM EVOLUTION

YEAR	RATING CATEGORIES	FUNCTIONAL AREAS	CYCLE LENGTH	BOARD COMPOSITION
1981 ¹	<ul style="list-style-type: none"> · ABOVE AVERAGE · AVERAGE · BELOW AVERAGE 	18 ²	UP TO 2 YEARS	VARIED, HEADQUARTERS LED INITIAL ROUND ONLY
1982	<ul style="list-style-type: none"> 1 - HIGH 2 - SATISFACTORY 3 - MINIMALLY SATISFACTORY 	9	12 MONTHS	VARIED, REGION LED FROM THIS REVISION ONWARD AND HEADQUARTERS PARTICIPATED
1984	<ul style="list-style-type: none"> 1 - HIGH 2 - SATISFACTORY 3 - MINIMALLY SATISFACTORY · PERFORMANCE TRENDS³ 	10	18 MONTHS - NOMINAL 12 MONTHS - BASED ON LICENSEE PERFORMANCE PROBLEMS	VARIED, BOTH REGIONAL AND HEADQUARTERS BOARD MEMBERS PARTICIPATED

¹ Commission comments made in September 1981 following the first round of SALP evaluations, "The adverse implications of ranking utilities can be avoided by adopting three categories for the assessment. The first category should identify those facilities for which more licensee and hence more NRC attention is needed. The second category should identify those facilities for which proper balance of licensee and NRC attention has been achieved. The last category should identify those facilities for which more than adequate attention by the licensee is apparent and hence a reduction in NRC resources for those facilities can be realized."

² The original 18 SALP functional areas included both functional areas and attributes.

³ The SALP program was changed to provide a method to document a licensee's performance trend in each functional area, even if the licensee received the same rating as the previous evaluation period. The trends were identified as either, "improving," or "declining."

YEAR	RATING CATEGORIES	FUNCTIONAL AREAS	CYCLE LENGTH	BOARD COMPOSITION
1985	1 - HIGH 2 - SATISFACTORY 3 - MINIMALLY SATISFACTORY · PERFORMANCE TRENDS	11	18 MONTHS - NOMINAL 12 MONTHS - BASED ON LICENSEE PERFORMANCE PROBLEMS	VARIED, BOTH REGIONAL AND HEADQUARTERS BOARD MEMBERS PARTICIPATED
1988	1 - SUBSTANTIALLY EXCEEDS REGULATORY REQUIREMENTS 2 - ABOVE REGULATORY REQUIREMENTS 3 - MEETS MINIMAL REGULATORY REQUIREMENTS · PERFORMANCE TRENDS	7	15 MONTHS - NOMINAL 12-18 MONTHS - BASED ON LICENSEE PERFORMANCE	2 SES 4-7 OTHERS (7 NOMINAL TOTAL) · BOTH REGIONAL AND HEADQUARTERS
1990 ^{4,5}	1 - SUPERIOR 2 - GOOD 3 - ACCEPTABLE · PERFORMANCE TRENDS	7	15 MONTHS - NOMINAL 12-18 MONTHS - BASED ON LICENSEE PERFORMANCE	2 SES 4-7 OTHERS (7 NOMINAL TOTAL) · BOTH REGIONAL AND HEADQUARTERS

⁴ The Commission considered including an unacceptable category, but voted against it because of the historic nature of the rating. The SALP program does not have an objective to determine unacceptable licensee performance; other NRC programs are designed to identify it.

⁵ The SALP program was changed to suspend SALP evaluations for plants assigned category 3 in the Senior Management Meeting (plant shut down and requires authorization by the Commission to restart).

YEAR	RATING CATEGORIES	FUNCTIONAL AREAS	CYCLE LENGTH	BOARD COMPOSITION
1993 ⁶	1 - SUPERIOR 2 - GOOD 3 - ACCEPTABLE	4	18 MONTHS - NOMINAL 24 MONTHS - SUPERIOR PERFORMANCE (OPTIONAL)	4 SES · 3 REGIONAL · 1 HEADQUARTERS
1995	1 - SUPERIOR 2 - GOOD 3 - ACCEPTABLE	4	18 MONTHS - NOMINAL 24 MONTHS - SUPERIOR PERFORMANCE (REQUIRED)	4 SES · 3 REGIONAL · 1 HEADQUARTERS
1996	1 - SUPERIOR 2 - GOOD 3 - ACCEPTABLE	4	12-24 MONTHS 24 MONTHS - SUPERIOR PERFORMANCE (REQUIRED)	3 SES · 2 REGIONAL · 1 HEADQUARTERS

⁶ The SALP program was changed to eliminate evaluation criteria, attributes, and trends. The key attributes were moved to the definitions of the rating categories.