

May 17, 2016

The Honorable Shelley Moore Capito  
Chairman, Subcommittee on Clean Air  
and Nuclear Safety  
Committee on Environment and Public Works  
United States Senate  
Washington, DC 20510

Dear Madam Chairwoman:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am pleased to submit the NRC's semiannual report on the status of licensing and other regulatory activities. The enclosed report covers activities conducted by the NRC from October 2015 through March 2016. It includes a list of rulemaking activities, including their priority and schedule, as requested in the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2016.

During this reporting period, the NRC was actively reviewing seven license renewal applications for a total of 11 reactors. On October 22, 2015, the NRC issued the Tennessee Valley Authority a 40-year operating license for Watts Bar Unit 2 located in Spring City, TN, about 60 miles southwest of Knoxville, TN. This is the first U.S. reactor the NRC has authorized to operate since 1996. On February 12, 2016, the NRC issued two combined licenses authorizing Nuclear Innovation North America to build and operate two advanced boiling-water reactors at the South Texas Project site, which is 90 miles southwest of Houston, TX. The staff also continued reviewing five new reactor combined license applications for eight proposed new reactors.

In early March 2016, the NRC issued annual assessment letters to the nation's 99 operating commercial nuclear power plants regarding their 2015 performance. All but three plants placed in the NRC's two highest (out of four) performance categories. Eighty-five of those plants fully met all safety and security performance objectives and will continue to receive baseline inspections. Eleven reactors needed to resolve one or two items of low safety significance and will receive additional inspections and follow-up of the licensee's corrective actions. Three of those 11 plants have resolved their issues since the reporting period ended and have transitioned to the highest performing level. Three reactors, Arkansas Nuclear One 1 and 2 (in Arkansas), and Pilgrim (in Massachusetts), placed in the fourth performance category and require the highest level of NRC regulatory oversight. Arkansas Nuclear One 1 and 2, were in this performance category because of two safety findings of substantial significance. Pilgrim was placed in this category because of long-standing performance issues of low-to-moderate significance. NRC oversight of these reactors will include several additional inspections and frequent NRC management involvement to confirm the reactors are addressing the performance issues. In the coming months, the NRC will host a public meeting or other event in the vicinity of each plant to discuss the details of the annual assessment results.

The NRC also continues to address post-Fukushima safety enhancements and lessons learned. The enclosed report describes the agency's Fukushima-related actions during the reporting period.

### Other Noteworthy Activities and Accomplishments of the Past 6 Months

The agency made strong progress in implementing Project Aim, the NRC's effort to improve efficiency and meet the challenges of an evolving workload while still achieving the agency's public health and safety mission. During fall 2015, NRC offices and senior management conducted a prioritization of the NRC's work. The staff used this product to develop its recommendations on rebaselining the agency's workload, which it sent to the Commission on January 29, 2016. The staff's recommendations included 151 items that could be shed, deferred, or completed with fewer resources. In March 2016, the staff submitted to the Commission additional actions to realize longer-term efficiencies that will be achieved through 2018 and beyond. The staff also revised the NRC's "add/shed/defer" process to draw on the prioritization for reallocating resources to handle emergent (unbudgeted) work, and piloted the revised process in a tabletop exercise. On February 22, 2016, the Commission approved the staff's recommendation to create four centers of expertise in the following areas: (1) rulemaking, (2) allegations, (3) external hazards evaluations, and (4) technical specifications.

On November 17, 2015, the NRC issued its Performance and Accountability Report for fiscal year 2015 detailing the agency's program and financial performance. It reflects the agency's achievement of its safety and security strategic goals and objectives and their related performance indicators. The report also points out the agency's sound financial position for the 12<sup>th</sup> consecutive year; an independent auditor found no material weaknesses or significant deficiencies in the agency's financial statements.

The public comment period on NRC's draft NUREG-2184, "Supplement to the U.S. Department of Energy's Environmental Impact Statement for a Geologic Repository for the Disposal of Spent Nuclear Fuel and High-Level Radioactive Waste at Yucca Mountain, Nye County, Nevada," closed on November 20, 2015. NRC staff has reviewed the comments and developed responses. The staff expects to publish the final NUREG-2184 in May 2016.

On February 29, 2016, the NRC issued a construction permit to SHINE Medical Technologies, Inc. for a first-of-a-kind facility dedicated to medical isotope production. This permit allows SHINE to build a facility in Janesville, WI, for the production of molybdenum-99 (Mo-99) and other radioisotopes. Mo-99 is used to create technetium-99m, an isotope used in millions of medical diagnostic procedures each year in the U.S. The new SHINE facility will support U.S. Government efforts to establish a reliable domestic supply of Mo-99. This is the first construction permit that the NRC has issued since 1985 for either a non-power utilization facility or a production facility.

From March 8-10, 2016, the NRC welcomed approximately 3,000 people to its 28<sup>th</sup> annual Regulatory Information Conference in Rockville, MD. The conference offers attendees, which included industry executives, representatives from State governments, nongovernmental organizations, individual community members, and representatives from dozens of foreign countries, an opportunity to discuss issues related to the safety and security of commercial nuclear facilities and current regulatory activities. Technical sessions addressed significant domestic and international issues such as cybersecurity, subsequent license renewal, advanced and small modular reactors, spent fuel research activities, and the Reactor Oversight Process.

Rulemaking activities during the reporting period included an advance notice of proposed rulemaking seeking public comments on potential changes to agency regulations

governing the decommissioning of nuclear power plants. The ANPR addressed lessons learned from the plants that have already gone, or are currently going, through the decommissioning process, the advisability of requiring a licensee's Post-Shutdown Decommissioning Activity Report to be approved by the NRC, the appropriateness of maintaining the three existing options for decommissioning and the timeframes associated with those options, the appropriate role of state and local governments and non-governmental stakeholders in the decommissioning process, and other issues.

The agency also sought public comment on a proposed rule that would establish a variable annual fee structure for light-water, small modular reactors, while the annual fee methodology for large light-water reactors would remain unchanged.

I am pleased to report that the NRC remains a top place to work in the Federal government according to the results of the 2015 Federal Employee Viewpoint Survey (which were issued during this reporting period). The agency exceeded government wide results in a number of areas. For example, the NRC tied for third among large agencies in global satisfaction and ranked fifth in overall employee engagement. Of the seven major indices measured by the U.S. Office of Personnel Management, the NRC either remained constant or improved by one or two percentage points when compared to 2014 results.

Finally, from October 2015 through March 2016, the agency conducted approximately 430 public meetings—both in the Washington, DC, area and around the country—addressing a full range of NRC issues. The meetings included Commission, advisory committee, licensing board, and staff-sponsored events. Also during this time, the NRC received 428 new Freedom of Information Act (FOIA) requests and closed 400 pending FOIA requests.

Please feel free to contact me or Eugene Dacus, Director of the Office of Congressional Affairs, at (301) 415-1776, if you have any questions or need additional information.

Sincerely,

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Stephen G. Burns

Enclosure:  
As stated

cc: Senator Thomas R. Carper

**Identical letter sent to:**

The Honorable Shelley Moore Capito  
Chairman, Subcommittee on Clean Air  
and Nuclear Safety  
Committee on Environment and Public Works  
United States Senate  
Washington, DC 20510  
cc: Senator Thomas R. Carper

The Honorable James Inhofe  
Chairman, Committee on Environment  
and Public Works  
United States Senate  
Washington, DC 20510  
cc: Senator Barbara Boxer

The Honorable Fred Upton  
Chairman, Committee on Energy  
and Commerce  
United States House of Representatives  
Washington, DC 20515  
cc: Representative Frank Pallone, Jr.

The Honorable Ed Whitfield  
Chairman, Subcommittee on Energy and Power  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, DC 20515  
cc: Representative Bobby L. Rush

The Honorable John Shimkus  
Chairman, Subcommittee on Environment  
and the Economy  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, DC 20515  
cc: Representative Paul Tonko

The Honorable Mike Simpson  
Chairman, Subcommittee on Energy  
and Water Development  
Committee on Appropriations  
United States House of Representatives  
Washington, DC 20515  
cc: Representative Marcy Kaptur

The Honorable Lamar Alexander  
Chairman, Subcommittee on Energy  
and Water Development  
Committee on Appropriations  
United States Senate  
Washington, DC 20510  
cc: Senator Dianne Feinstein