

# NRC INSPECTION MANUAL

FCSE

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INSPECTION MANUAL CHAPTER 2604

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LICENSEE PERFORMANCE REVIEW

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## 2604-01 PURPOSE

This inspection manual chapter provides guidance for reviewing licensee<sup>1</sup> performance at fuel cycle facilities to assess adequate protection of public health and safety, the protection of the environment, and the common defense and security at the facility. This inspection manual chapter (IMC) should:

- 01.01 Enable the staff to provide an overview of licensee performance to the U.S. Nuclear Regulatory Commission (NRC) management in a clear and efficient manner.
- 01.02 Describe the review process in an open and transparent manner to the licensee, public, and the NRC staff.
- 01.03 Provide a basis for adjusting the fuel cycle facility inspection programs including areas such as focus, frequency, and site-specific inspection and licensing resources.

## 2604-02 OBJECTIVES

- 02.01 To describe the processes for reviewing and assessing fuel cycle facility performance.
- 02.02 To ensure the consistency of the performance review process for all fuel cycle facilities.
- 02.03 To ensure that the performance reviews are performed in a timely, effective, and efficient manner.
- 02.04 To ensure that the performance reviews are focused on determining whether safety and safeguards have been adequately maintained during the assessment period.

## 2604-03 APPLICABILITY

This guidance is applicable to operating fuel cycle facilities and to the operating portion of fuel cycle facilities which have both construction and operation.

## 2604-04 DEFINITIONS

### 04.01 Performance Areas.

A performance area relates to a technical discipline at the plant and may be comprised of one or more inspectable areas. The performance areas are evaluated during the Licensee Performance Review (LPR) to identify Areas Needing Improvement (ANIs). Each performance area is defined below.

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<sup>1</sup> The term licensee as used in this Inspection Manual Chapter (IMC) also applies to certificate holders.

- a. Safety Operations. The safety operations performance area includes the inspectable areas pertaining to plant operations, nuclear criticality safety, and fire protection.
- b. Safeguards. The safeguards performance area includes the inspectable areas pertaining to material control and accounting (MC&A), physical protection of special nuclear material, and classified material and information security.
- c. Radiological Controls. The radiological controls performance area includes the inspectable areas pertaining to radiation protection, environmental protection, waste management, and transportation.
- d. Facility Support. The facility support performance area includes the inspectable areas pertaining to maintenance and surveillance of safety controls, management organization and controls, operator training, emergency preparedness, emergency exercise evaluation, and permanent plant modifications.
- e. Other Areas. This performance area is intended to include special issues that may arise on an occasional basis, but are not included in the review on a routine basis unless the significance of the issue rises to a level that is perceived to affect the quality of licensee performance. Examples include quality of licensing submittals, deviations from commitments in confirmatory action letters or confirmatory orders, licensing of new processes at an existing facility, and labor difficulties.

#### 04.02 Assessment Period.

The assessment period will be 24 months for all fuel cycle facilities except in the following cases where the assessment period may be reduced to 12 months:

- Those facilities with an ANI identified during the previous assessment period.
- Those facilities that are concurrently operating and constructing under an NRC license. The performance assessment for the construction portion of such facilities is covered under Reference 07.03, 07.04, or 07.05 as applicable.

#### 04.03 Program Adjustment Reviews.

The Region may develop internal procedures to conduct timely **adjustments to inspection plans to address plant performance**. This Program Adjustment Review helps to ensure that recommendations to the Director, Division of Fuel Cycle Safety and Safeguards (FCSE) for adjustments to the inspection program accurately reflect emergent licensee performance issues that may reveal themselves between the normal 24 month performance assessment period. The goal of a Program Adjustment Review is not to formally identify ANIs, as these are typically identified during the comprehensive 12 or 24 month **LPR**.

#### 04.04 Safety-significant.

A term used in this IMC applicable to inspection findings to qualify them as having an impact on safety, whether through risk-analysis or other means, that exceeds the risk

criterion commensurate with a 10 CFR Part 70 high-consequence event.

04.05 Security-significant.

A term used in this IMC applicable to a finding – whether self-revealing, identified through inspection, audit, damage assessment or other means – that degrades a security measure or function and creates a vulnerability that meets the criteria for escalated enforcement.

04.06 Significant Assessment Inputs.

Information considered in the assessment process to determine appropriate NRC actions.

04.07 Cross-cutting Issue.

An assessment issue that extends across two or more performance areas and/or across two or more areas within a single performance area.

04.08 Area Needing Improvement<sup>2</sup>.

Performance area with a single safety-significant or security-significant issue or significant recurring or cross-cutting issue(s), requiring substantive corrective actions or actions to prevent recurrence.

- a. Whether an ANI exists should be determined by assessing the significance of the **plant issues** and/or **cited** violations with a common cause or **theme which indicate a** need for additional focus by the licensee **or NRC**.
- b. Examples:
  1. A single safety-significant issue in one or more performance areas.
  2. A single security-significant issue in one or more performance areas.
  3. The occurrence of three or more documented SL IV violations in the same performance area, if the causes are similar, unless the licensee has an NRC-acceptable corrective action program.
  4. A significant issue that impacts two or more areas within a performance area (i.e., criticality and fire protection in the Safety Operations performance area; or MC&A and physical protection in the Safeguards performance area).

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<sup>2</sup> Area Needing Improvement (ANI) does not apply to licensing action in this IMC.

2604-05      RESPONSIBILITIES AND AUTHORITIES

05.01    Director, Office of Nuclear Material Safety and Safeguards (NMSS).

- a.    At the Director's discretion, he/she may request briefing from staff on licensee performance if an ANI is identified.
- b.    Participates in LPR Public/Safeguards meetings for subject facilities with two or more ANIs or an ANI in the same performance area over two consecutive assessment periods.

05.02    Regional Administrator, Region II.

- a.    At the Regional Administrator's discretion, he/she may request briefing from staff on licensee performance if an ANI is identified.
- b.    At the Regional Administrator's discretion, he/she may meet with licensee senior management, after being briefed by NRC staff, to discuss results of the review.
- c.    At the Regional Administrator's discretion he/ she may participate in LPR Public/Safeguards meetings for subject facilities with two or more ANIs or an ANI in the same performance area over two consecutive assessment periods.

05.03    Director, Division of Fuel Cycle Safety, Safeguards, and Environmental Review (FCSE).

- a.    Maintains this IMC by revising it periodically on behalf of NMSS (program office).
- b.    Provides for the appropriate branch-level personnel to participate in licensee performance reviews of the fuel cycle facilities in coordination with the regional staff.
- c.    Coordinates with the Director, Office of Nuclear Security and Incident Response (NSIR) and the Director, Division of Fuel Facility Inspection (DFFI) in the event that technical expertise is required.
- d.    Comments and concurs on the LPR Letter.
- e.    Participates in LPR Public/Safeguards meetings for subject facilities with one or more ANIs.
- f.    Establishes and approves modifications to the LPR program.
- g.    Evaluates the effectiveness of the LPR process and provides guidance/direction in the implementation of the program and provides periodic updates as necessary.

05.04    Director, Office of Nuclear Security and Incident Response (NSIR).

Provides support to NMSS in the event technical expertise is required.

05.05 Director, Division of Fuel Facility Inspection (DFFI).

- a. Coordinates scheduling of licensee performance review activities in accordance with this IMC for operating fuel cycle facilities or for the operating portion of the facilities which have both operation and construction.
- b. Leads and provides for the appropriate branch-level personnel to conduct licensee performance reviews of fuel cycle facilities.
- c. Signs and approves the final LPR Letter for all facilities.
- d. At the Director's discretion, participates in the LPR Public/Safeguards Meetings for subject facilities with one or more ANIs.

05.06 Director, Division of Construction Projects (DCP)<sup>3</sup>.

- a. Coordinates scheduling of licensee assessment activities in accordance with References 07.03, 07.04, or 07.05 as applicable for the construction portion of the fuel cycle facilities that are in both operation and construction.
- b. Leads and provides for the appropriate branch-level personnel to conduct licensee performance reviews of applicable fuel cycle facilities for the construction portion.
- c. At the Director's discretion, participates in the combined (DFFI and DCP) LPR Public/Safeguards Meetings, if applicable, for subject facilities with one or more ANIs.

05.07 Chief, **Programmatic Oversight and Regional Support Branch (PORS)**.

- a. Reviews the LPR program and recommends modifications to the program, as necessary, to the Director, **FCSE**.
- b. Coordinates performance review input from **FCSE** staff in response to the LPR Facility Assessment Package and assures staff involvement in the support of the LPR Development Meeting.
- c. Comments and concurs on the LPR Letter.
- d. Coordinates **FCSE** participation in the LPR Public/Safeguards Meetings for the subject facility, if applicable.
- e. Maintains/updates this IMC by providing necessary staff.

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<sup>3</sup> DCP is responsible (has the lead) for all fuel facility construction oversight and assessments, unless the lead is assigned to another Division.

05.08 Chief, Cognizant Branch, DFFI.

- a. Coordinates licensee performance reviews in accordance with this IMC.
- b. Delegates appropriate personnel to participate in the LPR for each facility.
- c. Leads coordination with DCP regarding licensee performance assessment inputs for fuel facilities which were inspected by both DFFI and DCP during the assessment period.
- d. Develops the LPR Letter in accordance with this IMC.
- e. Leads the LPR Public/Safeguards meetings for subject facilities with one or more ANIs. May delegate the leadership of the LPR public or safeguards meetings for subject facilities with no ANI to DFFI staff.
- f. Leads or delegates to DFFI staff the performance assessment Public/Safeguards meetings for the operation portion of the facilities that have both operation and construction. For facilities that are operating and constructing at the same time, it is optional to have a combined Public/Safeguards (DFFI and DCP) meeting by mutual coordination with DCP3.
- g. Makes available to the public the Public Meeting Notification and the performance information presented by the licensee and the NRC at the public meeting in the Public Meeting Summary.
- h. Recommends modifications to the program, as necessary, to the Chief, Programmatic Oversight and Regional Support Branch.

05.09 Chief, Cognizant Branch, DCP.

- a. Compiles licensee performance assessment inputs in accordance with References 07.03, 07.04, or 07.05 as applicable for the construction portion of the facilities that have both operation and construction.
- b. Delegates appropriate personnel to participate in the performance assessment for each facility.
- c. Leads or delegates to DCP staff the performance assessment Public/Safeguards meetings for the construction portion of the facilities that have both operation and construction. For facilities that are operating and constructing at the same time, it is optional to have a combined Public/Safeguards (DCP and DFFI) meeting by mutual coordination with DFFI.

05.10 Chief, Plant Support Branch 2 (PSB2), Division of Reactor Safety (DRS), Region II.

- a. Coordinates staff involvement in the support of the Safeguards section of the LPR assessment.



- b. Concurs on the LPR Safeguard Letter.

05.11 Chief, Cognizant Licensing Branch, FCSE.

- a. Coordinates staff involvement in the licensing discussions related to the licensee performance review processes in accordance with this IMC.
- b. Comments and concurs on the LPR Letter for licensing issues.

05.12 Chief, Material Control and Accounting Branch (MCAB), FCSE.

- a. Coordinates staff involvement in the support of the Safeguards section of the LPR assessment.
- b. Concurs on the LPR Safeguard Letter.

05.13 Chief, Cognizant Branch, NSIR.

- a. Provides support to NMSS as requested by NMSS and/or the NSIR Office Director in the event technical security expertise is required.
- b. In coordination with NMSS, conducts program and document reviews with respect to security as it relates to this IMC.

2604-06 REQUIREMENTS

06.01 Process Overview.

The process described in this IMC is designed to provide an assessment of licensee performance during the assessment period to NRC management, licensee management, and the general public.

06.02 Performance Review Scheduling.

- a. The time to complete the LPR process should be approximately 8 weeks from the time staff is initially notified to begin the assessment process until the LPR Letter is transmitted to the licensee. An example of a generic schedule is provided in Exhibit 1, "Scheduling for LPR Activities."
- b. The LPR Letter shall be sent to the licensee at least 30 days in advance of the LPR Public Meeting.
- c. The 12- or 24-month assessment period for the LPR process is established by the NRC based on 04.02. DFFI shall coordinate the scheduling of licensee performance reviews with the program office to minimize undue impacts on the workloads of the participating organizational units.

- d. Program Adjustment Review. DFFI and/or DCP<sup>4</sup> may conduct Program Adjustment Reviews as defined in 04.03 to recommend to the Director, **FCSE** adjustments to the inspection program as necessary for any emergent licensee issues in the normal 24-month performance assessment period,

06.03 Program Description.

- a. DFFI shall notify participants of the initiation of the LPR process. DFFI shall communicate the Schedule of LPR Activities, Part 1, LPR Assessment to all applicable staff and management in DFFI, **FCSE**, and PSB2 with assigned due dates for each activity. Exhibit 1 provides an example of an LPR Schedule.
- b. The DFFI senior fuel facility inspector (SFFI), with assistance from **FCSE** counterparts, shall confirm all relevant inspection data is properly documented in Reactor Power System (RPS). The SFFI shall conduct an inspection plan verification to ensure that the inspection plan for the calendar year is entered into RPS and is current.
- c. The applicable DFFI Branch shall conduct the initial review of each fuel cycle licensee's performance. The point of contact for each facility's LPR assessment should be designated by the DFFI Chief that has oversight responsibility for the fuel facility. The points of contact should begin compiling enforcement information applicable to the assessment period for each facility undergoing LPR assessment. The points of contact should begin to develop the LPR Facility Assessment Package, as presented in Exhibit 2 and with guidance in Section 06.04, for each facility undergoing review.

Supporting references (e.g., inspection report numbers, event report numbers) and a succinct summary shall be specified for each issue in the LPR Facility Assessment Package.

- d. Outside of the LPR process, significant safety and safeguards performance issues should be identified and addressed in a timely manner through the normal inspection and enforcement process. Within the context of the LPR, if significant issues need to be addressed at a higher management level, then staff and Chiefs should recommend management involvement.
- e. The SFFI shall evaluate the licensee's performance in regards to the Agency Action Review Meeting (AARM) evaluation criteria given in Management Directive (MD) 8.14, Agency Action Review Meeting, Section F. The DFFI Chief shall determine, in coordination with **FCSE** if it is appropriate to recommend the licensee for AARM. This information is not required to be entered into the LPR Facility Assessment Package.
- f. The SFFI shall distribute the LPR Facility Assessment Package to the staff of DFFI, **FCSE**, and PSB2 with inspection or licensing responsibilities at the applicable facility during the assessment period. The chart in Exhibit 3, "Inspection and Licensing Responsibility During Assessment Period," should accompany the LPR Facility Assessment Package for each facility and communicate to the DFFI, **FCSE**, and PSB2

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<sup>4</sup> If applicable

staff the areas to focus their review. The LPR Facility Assessment Package shall also be distributed to the applicable Branch Chiefs in DFFI, FCSE, and PSB2.

- g. The LPR Facility Assessment Package should be distributed to the applicable staff two business weeks prior to the scheduled LPR Development Meeting.
- h. Upon receipt of the LPR Facility Assessment Package, the DFFI and FCSE inspection and licensing staff, for the facility being assessed, shall provide feedback to the SFFI including input regarding the determination of an ANI.
- i. The SFFI should revise the LPR Facility Assessment Package to incorporate the assessment information collected from the staff. The SFFI should distribute the revised LPR Facility Assessment Package for each facility to the Chief, Program Support Branch, FCSE Project Manager, and Chiefs of the applicable DFFI branch and FCSE licensing and MC&A branch, prior to the LPR Development Meeting. Branch Chief alignment is not required prior to the LPR Development Meeting.
- j. LPR Development Meeting. The purpose of the meeting is to develop and finalize the assessment and conclusions for the Licensee Performance Review. DFFI shall coordinate the LPR Development Meeting with an invitation to the appropriate staff and branch chiefs from DFFI, FCSE, and PSB2. The revised LPR Facility Assessment Package and the draft LPR Enclosure (provided in Exhibit 4, "LPR Enclosure Format") should be distributed to meeting participants.

The participants of the LPR Development Meeting shall discuss facility activities and the quality of performance during the assessment period for each of the specific performance areas. The participants may discuss a comparison of the current results to the previous LPR. A discussion for closing out the previous ANIs shall be included. For each performance area, participants should evaluate licensee performance using the factors provided in Section 06.04. Discussion of performance should be supported by specific references to the licensing reviews or inspection findings distributed over the assessment period.

Conclusions regarding licensee performance shall be reached by consensus of those in attendance. Where divergent opinions are expressed, and no clear consensus on a particular issue is reached, the diverging opinions should be summarized, documented, and presented together with the other results of the LPR Development Meeting during subsequent management (Director) briefings.

- k. The SFFI shall document the conclusion and recommendations reached at the LPR Development Meeting, relevant supporting data presented, and any other significant result of the review. The SFFI should revise LPR Facility Assessment Package and LPR Letter Enclosure, based on the meeting results.

Emphasis should be placed on safety. The results of the LPR Development Meeting should be communicated in terms of ANIs for the safe and secure operation of the facility. Meeting results and conclusions should be limited to safety or safeguards issues and minor issues will not be aggregated.

- l. The SFFI shall coordinate with staff, **FCSE**, and licensee management in the scheduling of the LPR public meeting to develop a tentative LPR Public Meeting date.
- m. Director Briefing. The DFFI chief with oversight of the facility shall present the information, conclusions, and recommendations developed at the LPR Development Meeting to the Directors of DFFI and **FCSE**. The DFFI chief should present the draft LPR Enclosure or the LPR Facility Assessment Package, the tentatively scheduled LPR meeting dates, the proposed attendee list and the results of the AARM evaluation and recommendations.
- n. The SFFI shall arrange a public and a closed meeting, if applicable, with licensee senior management and internal stakeholders in accordance with Management Directive 3.5; Attendance at NRC Staff-Sponsored Meetings. The SFFI shall finalize the LPR public meeting date and location and subsequently communicate to applicable staff and licensee management and issue the Public Meeting Notice in coordination with the regional Office of Public Affairs.
- o. The DFFI Chief with oversight responsibility shall designate appropriate due dates and distribute the Schedule for LPR Activities, Part 2; LPR Meeting in Exhibit 1 to applicable staff members.
- p. LPR Letter and Enclosure. The LPR Letter shall be in the form of a brief cover letter containing a summary of the significant results of the review, with an enclosure, in bullet-style format, that presents the more detailed results of the review. The information provided should describe NRC action during the review period, e.g., number of violations, deficiencies, etc., for each performance area. If an ANI is identified, then the references to specific enforcement items, supporting the results of the review, should be provided. If an ANI is not identified, the references of specific findings are not applicable. The SFFI should complete the enclosure to the LPR Letter using the format provided in Exhibit 4. The LPR Enclosure should separately address performance in each of the performance areas. A recommendation shall be included for the NRC to continue the current inspection program for the facility or to modify it in a specified way.

The LPR Letter and Enclosure should describe licensee performance areas that are candidates for changes in the NRC inspection and licensing programs, including possible changes in focus, emphasis, or inspection frequency. The LPR Letter and Enclosure should include specific steps that the licensee and NRC should take to remedy the ANI. The Letter may discuss overall history patterns in performance that may affect performance areas. The Letter, however, should not commit to making specific changes in the inspection program in quantitative terms, pending a broader consideration of safety risk and licensee performance at other facilities, and of overall use of NRC inspection, safeguards, and licensing resources.

In the case that the LPR assessment includes security-related information, a separate LPR Safeguards Letter and Enclosure should be composed to include all applicable information that is not appropriate for issuance on the public docket.

The LPR Letter shall include an attachment of the facility-specific NRC inspection schedule for the remainder of the calendar year. The attachment should be generated using RPS.

For facilities that are in operation and construction at the same time, there will be two separate letters, one for the operating portion per the guidance in this section of this IMC and another for the construction portion per the guidance provided in References 07.03, 07.04, or 07.05 as applicable.

- q. The LPR Letters shall be reviewed and approved by the applicable DFFI Chief and signed by the Director, DFFI. The cognizant Branch Chiefs and Director, **FCSE**, shall provide official concurrence on the LPR Letters. The PSB2 Chief, and MCAB Chief should provide concurrence on LPR Safeguards Letters.
- r. Following approval by the applicable directors, the LPR Letters will be transmitted to the licensee's senior management and to the public, and the results of the review will be discussed at meetings with the licensee.
- s. LPR Public Meeting. The results of the LPR assessment, appropriate for the public docket, shall be communicated to the licensee senior management in a public meeting. The public meeting shall be an NRC Category 1 public meeting. **The meeting can either be conducted in person or remotely (e.g., Webinar) depending on the anticipated level of participation and other logistical factors deemed appropriate by DFFI and FCSE management and staff.**

The level of NRC participation in the meeting will be a function of the number of the ANIs to be presented. An LPR Public Meeting conveying no ANIs may be conducted by a designee of the DFFI Chief. An LPR Public Meeting conveying one or more ANIs should be conducted by the DFFI Chief. Multiple performance issues, including a number of identified ANIs, may result in meeting participation by higher levels of NRC management, according to Table 1 below.

<u>Table 1 ANIs and Level of NRC Management Participation</u>		
<u>Number of ANIs</u>	<u>LPR Public/ Safeguards Meeting Led by</u>	<u>NRC Senior Manager Participation</u>
0	DFFI Branch Chief or staff designee	N/A
1	DFFI Branch Chief	Up to Division Directors (DFFI and <b>FCSE</b> )
2 or more	DFFI Branch Chief	Up to RA (Region 2) and Director (NMSS)

For facilities that are both constructing and operating at the same time, DFFI and DCP have the option of combining the Public meeting, by mutual coordination. The licensee's performance assessment for the construction portion of such facilities shall follow guidance provided in Reference's 07.03, or 07.04, or 07.05 as applicable.

- t. LPR Safeguards Meeting. The results of the LPR assessment which contain security-related information shall be communicated to the licensee's senior management in a closed meeting. The level of NRC participation in the meeting should be a function of the number and significance of the ANIs. In the instance that there are no ANIs pertaining to the Safeguards performance area and the results of the LPR assessment can be clearly and efficiently communicated through the LPR Safeguards Letter, the cognizant DFFI Chief should evaluate if an LPR Safeguards Meeting is necessary.
- u. The DFFI Chief shall issue a Public Meeting Summary after the LPR Meeting in accordance with MD 3.5.
- v. After the LPR Meeting, the results of the LPR assessment should be used to update the inspection and licensing program for the facility. The changes to the inspection and licensing program should focus on the most efficient use of NRC resources. The DFFI and FCSE branches shall incorporate program changes into the Master Inspection Plan which is maintained in RPS.
- w. Closing out an ANI.

DFFI should verify that the licensee has taken actions to resolve the ANIs identified in the previous assessment period. If the licensee has taken adequate corrective actions or actions to prevent recurrence on the issue, then it should be recorded in the LPR Assessment Package as closed. This subject should be discussed in the LPR Development meeting. There should be discussion in the current assessment period LPR Letter on whether the licensee has either adequately resolved the issue or it remains open awaiting action.

#### 06.04 Review Process.

- a. The SFFI should collect information applicable to the facility's assessment period. The DFFI staff should organize the information into the LPR Facility Assessment Package provided in Exhibit 2. The information assembled should include:
  - 1. All enforcement actions issued during the assessment period:
    - (a) Notice of Violations
    - (b) Escalated Enforcement
    - (c) Non-Cited Violations
    - (d) Confirmatory Action Letter
    - (e) Confirmatory Order
    - (f) Notice of Deviation
  - 2. Enforcement items not yet finalized by the end of the assessment period should also be included for consideration. The enforcement items must be issued prior to the issuance of the LPR Letter in order to be included in the LPR.
  - 3. The LPR Facility Assessment Package shall not include Unresolved Items, Inspector Follow-up Items, Licensee Event Reports, Notices of Enforcement

4. Discretion (NOEDs), or minor violations. The LPR Facility Assessment Package shall not include enforcement actions issued during the assessment period if it was assessed as an exception, Section 06.03(w) or Section 06.04(a)(2), during the last LPR.
  5. Information on prior assessment period ANI and what actions the licensee has taken or is taking to address them to decide if they are closed or remain open.
- b. Area Needing Improvement (ANI). The assessment of the ANI shall be conducted for each performance area of each fuel facility undergoing the licensee's performance review for inspection activities. The ANI assessment should evaluate the enforcement actions issued during the assessment period and determine if a trend exists in the licensee's violations (for inspection). The assessment shall address performance in each of the performance areas, as well as discuss overall history and patterns in performance that may affect multiple performance areas. The staff should maintain predictability and consistency of assigning issues to performance areas over the assessment period. The assessment of the ANI should address the definition of ANI provided in 04.08 of this IMC and identified ANI items should be discussed and agreed upon by consensus between DFFI, FCSE and PSB2 as indicated in 06.03 (j).
  - c. In the identification of an ANI, the staff should evaluate the amount of inspection resources that should be recommended for the current or upcoming inspection schedule. Staff should discuss the types of inspections that may be necessary to address an ANI (i.e., additional hours to the inspection program, Problem Identification and Resolution (PI&R), Safety Culture inspection, etc.). Staff should recommend changes to the NRC inspection program, as described in IMC 2600, including focus, inspection emphasis, resources, and inspection frequency.
  - d. Cover Letter specifics. The staff shall specify, if applicable, if any significant changes to the planned inspection program, known at the time of issuance, should be included in the LPR cover letter. The cover letter should include significant enforcement follow-up or event follow-up. The cover letter should include planned reactive and/or supplemental inspections, as described by IMC 2600. The staff should include information pertaining to known generic safety issue inspections or program adjustments as described by IMC 2600. If applicable, address the planned NRC response to a major challenge (i.e., strike preparations) for the licensee. The cover letter shall discuss closing out of any previous ANI, if applicable. The letter shall include the length of the assessment period for the next LPR.

In the cover of the LPR Letter, the staff should include a reference to significant changes in the inspection program which may have occurred between the beginning of the current assessment period and the issuance of the LPR Letter.

2604-07 REFERENCES

- 07.01 Management Directive 3.5, "Attendance at NRC Staff Sponsored Meetings"
- 07.02 Inspection Manual Chapter 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program"
- 07.03 Inspection Manual Chapter 2630, "Mixed Oxide Fuel Fabrication Facility Construction Inspection Program"
- 07.04 Inspection Manual Chapter 2694, "USEC Inc. Gas Centrifuge Facility Construction and Pre-Operational Readiness Review Inspection Programs"
- 07.05 Inspection Manual Chapter 2696, "Louisiana Energy Services Gas Centrifuge Facility Construction and Pre-Operational Readiness Review Inspection Programs"
- 07.06 Management Directive 8.14, "Agency Action Review Meeting"
- 07.07 Code of Federal Regulations, Title 10, Appendix B to Part 50, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants, Section XVI"
- 07.08 Code of Federal Regulations, Title 10, Part 70, "Domestic Licensing of Special Nuclear Material"
- 07.09 NRC Enforcement Policy, Section 6.2, "Fuel Cycle Operations"

END

Exhibits:

1. Schedule for LPR Activities
2. LPR Facility Assessment Package
3. Inspection and Licensing Responsibilities during Assessment Period
4. LPR Enclosure Format

Attachment:

1. Revision History for IMC 2604



EXHIBIT 1

SCHEDULE FOR LPR ACTIVITIES

<u>Schedule, Part 1: LPR Assessment</u>		
<u>Assigned Due Date</u>	<u>Time Since Review Initiated</u>	<u>Task Description</u>
		LPR assessment period ends for designated sites.
	Start	<p>Distribute the LPR schedule, Part 1, to all DFFI, <b>FCSE</b>, and PSB2 staff.</p> <p>SFFI with assistance from <b>FCSE</b> will initiate actions to confirm that all relevant inspection data is properly documented in RPS.</p> <p>Begin to develop supporting information to create the LPR Facility Assessment Package for each applicable facility involved in the LPR process.</p>
	Week 4	Distribute the LPR Facility Assessment Packages to the DFFI, <b>FCSE</b> , PSB2 branch chiefs and staff who had inspection and licensing responsibilities at the specific facilities during the assessment period.
	Week 5	After reviewing the LPR Facility Assessment Packages, the staff and branch chiefs should provide their inputs to the DFFI point of contact (SFFI).
	Week 5	Distribute the revised LPR Facility Assessment Package to the relevant DFFI, <b>FCSE</b> , PSB2 branch chiefs, <b>FCSE</b> Project Manager, and DFFI Project Inspector before the LPR Development Meeting.

	Week 6	LPR Development Meeting with relevant Branch Chiefs and relevant staff from DFFI, FCSE, and PSB2. (Revised LPR Facility Assessment Package, template in Exhibit 2, draft LPR Enclosure should be distributed to meeting participants.)
	Week 7	Brief DFFI and FCSE Directors on the LPR assessments and with recommendations for each site.
	Week 7	Schedule LPR public meetings for each site and distribute Part 2 of LPR Schedule.
	Week 8	Issue LPR Letters to licensees and ensure RPS is updated to include any current changes to the NRC inspection program for each site.

The LPR Meetings, both Public and Safeguards, if applicable, will occur between Week 12 and 18.

<u>Schedule Part 2: LPR Public Meeting Preparation</u>	
<u>Due Date</u>	<u>Task Description</u>
	Issue the Public Meeting Notice in accordance with MD 3.5.
	Complete briefing book, if required.
	Submit LPR Public Meeting briefing slides for Division Director or Senior Management review.
	Brief Division Director or Senior Management on LPR Public Meeting presentation.

	LPR Public Meeting
	LPR Safeguards Meeting
	Issue Public Meeting Summary after the LPR Public Meeting in accordance with MD 3.5.

## EXHIBIT 2

### LPR FACILITY ASSESSMENT PACKAGE

FACILITY:

ASSESSMENT PERIOD:

LENGTH OF NEXT ASSESSMENT PERIOD:

COVER LETTER SPECIFICS:

POINT OF CONTACT:

Please review this information for the performance areas in which you inspected or licensed during the LPR assessment period. The lead responsible parties for each performance area are given in the chart below. Please verify that all applicable inspection report findings have been included and accurately characterized per the guidance given in Inspection Manual Chapter (IMC) 2604, "Licensee Performance Review." Comments should be returned to the designated contact no later than close of business on [date].

Staff and branch chief-level management will meet on [dates] to finalize the licensee performance assessment. Participants should be prepared to discuss their assessments and recommendations for modifying the NRC inspection program at each facility.

#### PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety, and fire protection.

##### Plant status

- [Overall plant status relative to the performance area if abnormal. Facility conditions that resulted in special or reactive inspections conducted during the review period. Provide bulleted summary with some detail. State "none" if not applicable.]

##### Notable Inspection Findings

- [Summarize findings that were issued during the assessment period. Include the actions that were identified or closed and those actions that remain open during the review period. This includes escalated enforcement, NOVs, NCVs, Confirmatory Action Letters, and Confirmatory Orders. Briefly explain each finding with only a few sentences of detail, avoiding generalizations. Each finding should have its own bullet and reference. State "none" if not applicable.]

### Performance Analysis for Area Needing Improvement (ANI)

- [Identify whether performance warrants an identification of an ANI. Summarize performance concerns along with a basis for the conclusion. Justify why ANI is not warranted if multiple references are listed above. Delete section if no inspection findings are listed above.]

### Inspection Effort Recommendation

- [Provide an estimate of changes in NRC inspection effort (e.g. focus, emphasis, resources, frequency) for this performance area. Delete section if not applicable.]
- [Provide an estimate of resources necessary to address any ANIs. Delete section if not applicable.]

### Results from previous Licensee Performance Reviews

- [Briefly summarize results from last LPR letter. Discuss about prior review period ANI if any. Identify ANI and note what action licensee has taken or is taking to resolve the issue or prevent recurrence. Delete section if an ANI or increased resources were not applicable.]

Repeat sections above for the Performance Areas of Safeguards, Radiological Controls, and Facility Support.

### PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

#### Notable Issues

- 

#### Recommended Inspection Effort

- 

#### Results from previous Licensee Performance Reviews

[Include discussion on previous review period ANI if any. Indicate the ANI and how the licensee has taken action or is taking action to resolve the issue or to prevent recurrence.]

EXHIBIT 3

INSPECTION AND LICENSING RESPONSIBILITIES  
DURING ASSESSMENT PERIOD

<u>PERFORMANCE AREA</u>	<u>LEAD RESPONSIBILITY (FCSE)</u>	<u>LEAD RESPONSIBILITY (RII)</u>
<u>Safety Operations</u>		
Plant Operations		
Nuclear Criticality Safety		
Fire Protection		
<u>Safeguards</u>		
Material Control & Accounting		
Physical Protection of SNM		
Classified Material and Information Security		
<u>Radiological Controls</u>		
Radiation Protection		
Environmental Protection		

<u>PERFORMANCE AREA</u>	<u>LEAD RESPONSIBILITY (FCSE)</u>	<u>LEAD RESPONSIBILITY (RII)</u>
Waste Management		
Transportation		
<u>Facility Support</u>		
Maintenance/Surveillance		
Management Organization & Controls		
Operator Training		
Emergency Preparedness		
Permanent Plant Modifications		
<u>Other Areas</u>		
Licensing		

	<u>MANAGEMENT</u>
Branch Chief, FCSE Licensing Branch	
Branch Chief, FCSE Program Support Branch	

	<u>MANAGEMENT</u>
MC&A Branch Chief, if applicable	
DCP Branch Chief, if applicable	
DFFI Branch Chief	
PSB2 Branch Chief, if applicable	
NSIR, Cognizant Branch Chief, if applicable	

	<u>OTHER CONTACTS</u>
DFFI Senior Fuel Facility inspector	
NSIR, Technical Contact, if applicable	



## EXHIBIT 4

### LPR ENCLOSURE FORMAT

The standardized format should be used as an enclosure to the LPR Public Letter. A similar format should be used for the Safeguards Performance Area in the Non-Public Letter. The information provided should describe NRC action during the review period, e.g. number of violations, deficiencies etc. for each performance area. In the identification of an Area Needing Improvement (ANI), the description should be clearly communicated in the enclosure with a list of the enforcement items and their descriptions used in the determination. A formatting example of an ANI is provided in the Safety Operations Performance Area. Formatting examples of a Performance Area without an ANI is provided in Radiological Controls, Facility Support and Other Areas.

LICENSEE PERFORMANCE REVIEW FOR  
[FACILITY NAME]  
ASSESSMENT PERIOD: [Date] to [Date]

The following is a summary of the performance of [Facility Name] in the conduct of NRC licensed activities.

PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety and fire safety.

During the Licensee Performance Review (LPR) assessment period, the following enforcement items were issued in the area of Safety Operations:

- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Severity Level III Violation [XX-XXX/201X-XXX-0X].
- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Severity Level IV Violation [XX-XXX/201X-XXX-0X].
- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Non-Cited Violation [XX-XXX/201X-XXX-0X].

Program Areas Needing Improvement

- An Area Needing Improvement was identified in Safety Operations, due to a safety significant issue [specifics].

Recommended NRC Inspection Effort

- The core inspection program will be adjusted to [specifics].

## PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

### Program Areas Needing Improvement

- No specific Area Needing Improvement was identified in Radiological Controls.

### Recommended NRC Inspection Effort

- Maintain the core inspection effort in Radiological Controls.

## PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance of safety controls, management organization and controls, operator training, emergency preparedness, emergency exercise evaluation, and permanent plant modifications

### Program Areas Needing Improvement

- No specific Area Needing Improvement was identified in Facility Support.

### Recommended NRC Inspection Effort

- Maintain the core inspection effort in Facility Support.

## PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

### Program Areas Needing Improvement

No specific Area Needing Improvement was identified in Other Areas.

### Recommended NRC Inspection Effort

- No areas were identified as needing improvement. Maintain the current inspection effort.

Attachment 1 - Revision History for IMC 2604

Commitment Tracking Number	Accession Number Issue Date Change Notice	Description of Change	Description of Training Required and Completion Date	Comment and Feedback Resolution Accession Number (Pre-Decisional, Non-Public Information)
N/A	ML12220A027 10/11/12 CN 12-023	Complete re-write of document to align with IMC 040 and to incorporate feedback from NMSS and R-II. Provided revised guidance to clarify roles and responsibilities, to update definition of ANI, to modify the Exhibits and the description of the LPR process. Added guidance for facilities that are operating and constructing at the same time. Added this revision history page.	N/A	ML12244A189
N/A	ML16160A413 09/20/16 CN 16-023	Added the option to conduct LPR public meetings remotely (e.g., via Webinar) to facilitate participation and improve efficiency.	N/A	ML16232A192