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July 3, 2017

Mr. Anthony T. Gody  
Director, Division of Reactor Safety  
U.S. Nuclear Regulatory Commission, Region II  
245 Peachtree Center Avenue N.E., Suite 1200  
Atlanta, GA 30303

**Subject:** Collaborative Effort to Identify Efficiencies in Engineering Inspections

**Project Number: 689**

Dear Mr. Gody:

On behalf of the nuclear energy industry and the Nuclear Energy Institute (NEI)<sup>1</sup>, I would like to thank you for holding the first public meeting on the project to identify improvements in the engineering-related inspections performed under the Reactor Oversight Process (ROP). The public meeting held on June 6, 2017 helped us understand how you envision proposing, evaluating, and recommending to the Commission changes to the engineering inspections suite. We look forward to engaging with you and other members of the NRC staff to move this project forward in a timely manner.

As we emphasized in our presentation on June 6, we believe that licensee self-assessments could be an important part of a modernized approach to engineering inspections. Such a solution would be rooted in our cultural value of self-identifying issues. We hold ourselves accountable to identify conditions at our stations early and to resolve them in a timely fashion commensurate with their safety significance; the NRC verifies that accountability through regular resident inspector interactions and the biennial Problem Identification and Resolution inspection. Transitioning from direct inspection to oversight of self-assessment activities, where appropriate, strengthens this accountability and is aligned with the agency's 2011 Final Safety Culture Policy Statement. We understand that we would need to both refine our proposals and develop detailed guidance on the scope and content of self-assessments with a goal of obtaining NRC endorsement.

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<sup>1</sup> The Nuclear Energy Institute (NEI) is the organization responsible for establishing unified industry policy on matters affecting the nuclear energy industry, including the regulatory aspects of generic operational and technical issues. NEI's members include all entities licensed to operate commercial nuclear power plants in the United States, nuclear plant designers, major architect/engineering firms, fuel cycle facilities, nuclear materials licensees, and other organizations and entities involved in the nuclear energy industry.

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The industry also believes that the NRC could gain efficiencies through greater utilization of existing NRC procedures and processes which allow for targeted inspections in response to engineering-related plant events, as a substitute for baseline engineering inspections. These inspections, which utilize regional expertise to investigate issues that do not rise to the level of special or augmented inspections and serve as annual issue follow-up samples under Inspection Procedure 71152, "Identification and Resolution of Problems," provide the NRC with a window into licensee performance based on a defined set of facts. Examples of recent beneficial uses of this inspection activity include a 2015 charging pump issue at Palo Verde<sup>2</sup> and a 2016 standby diesel generator issue at Perry<sup>3</sup>. We believe this constructive use of Inspection Procedure 71152 is an interesting avenue to explore with the staff.

We respect the NRC's desire to solicit proposals for improvements in the engineering inspection suite from a variety of stakeholders and to make those proposals publicly available for review. Based on dialogue at the public meeting on June 6 and subsequent discussions on June 26, we understand the following process and approximate time frames will be used to achieve that goal:

- By the end of September, 2017, stakeholders and NRC staff will submit written proposals for improvements in the engineering inspection suite. The proposals should be presented in the form of white papers that provide a summary of the efficiency proposal, an estimation of inspection hours saved (which the NRC may choose to translate into full time equivalent savings), and a pro/con list from both the industry and the agency perspective. These papers will be made available for other stakeholders to review in preparation for public meetings. NEI intends to collect concepts from licensees and submit concepts which reflect the position of the industry.
- In mid-October, NRC will hold a focused public meeting on potential credit for self-assessments. This meeting is tentatively scheduled for October 10 at the Region II office.
- In mid-November, NRC will hold the first of two meetings to discuss the concepts proposed by NRC staff and stakeholders. This meeting will consist of dialogue on each option, with the goal of identifying the most beneficial options for further refinement and consideration. This meeting is tentatively scheduled for November 14 and 15 at NRC headquarters.
- In mid-December, NRC will hold a second public meeting to further discuss refined options, including proposed prioritization of final concepts. These concepts will form the basis for recommending proposed changes to the Commission. NEI proposes this meeting be held on December 12 or December 13.

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<sup>2</sup> NRC Letter from Geoffrey Miller, NRC Region IV, to Randall K. Edington, Arizona Public Service Company, Palo Verde Nuclear Generating Station – Integrated Inspection Report, dated August 13, 2015.

<sup>3</sup> NRC Letter from Patrick Loudon, NRC Region III, to David Hamilton, FirstEnergy, Perry Nuclear Power Plant – Inspection Report, dated June 2, 2017.

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- Following these public meetings, NRC staff will prepare and submit a paper to the Commission by April, 2018 providing recommendations for efficiency improvements to engineering inspections. The NRC staff team formed to support conceptual development will disband at that time.
- Following Commission action on the staff paper, NRC will form a new team to collaborate with the industry on implementation strategies for approved solutions.

In summary, the industry appreciates NRC's willingness to collaborate in modernizing the engineering inspection program. We believe this effort should maintain the agency's effective oversight of public health and safety, recognize the demonstrated safe performance of the operating fleet, and improve efficiency and effectiveness for both licensees and the NRC. Moreover, we believe this is also consistent with the vision as described by the Executive Director of Operations to "identify new ways of doing the work of the agency in a more effective, efficient, and agile manner," to be receptive to new ways of thinking, and to collaborate with stakeholders on shared goals.<sup>4</sup>

We look forward to working with you on this important project. If you have any questions, please contact me.

Sincerely,



Gregory R. Cameron

c: Mr. Chris Miller, Division of Inspection and Regional Support, NRR  
Mr. James Isom, Division of Inspection and Regional Support, NRR

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<sup>4</sup> Memorandum from Victor M. McCree to the Commissioners, COMSECY-17-0006, Re-Examination of the Need for a U.S. Nuclear Regulatory Commission Leadership Model, dated February 6, 2017.