



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

OCT 19 1979

MEMORANDUM FOR: Chairman Hendrie
Commissioner Gilinsky
Commissioner Kennedy
Commissioner Bradford
Commissioner Ahearne

FROM: Lee V. Gossick, Executive Director for Operations

SUBJECT: FY 82-86 POLICY, PLANNING, AND PROGRAM GUIDANCE (PPPG)

In the August 27 memorandum from Mr. Chilk, you endorsed the PPPG concept as an essential management tool. You indicated that such a document should be clear and concise, with detail limited to that needed for ready understanding, decision-making, and implementation. You also requested that proposed guidance be submitted for your initial review in October -- early enough to provide for several months of participatory development by both the staff and yourselves before next year's budget cycle.

I have attached a draft PPPG document which I believe satisfies your intentions. This preliminary version of the PPPG follows your suggestions that the PPPG include discussion of major problems facing the Commission, and set forth your policies, major priorities, and desired goals, objectives, and planning assumptions for NRC programs. When fully developed, the PPPG will provide the context and guidance needed by the staff to prepare detailed program plans and budgets. Such an approach improves on the FY 81-85 PPPG (SECY-79-205) that focused primarily on staff proposals for NRC programs and had no strong policy or planning link between NRC's mission and the collection of individual program descriptions.

An early start on the document this year provides an opportunity to develop the guidance sequentially, focusing initially on policy. But an early start carries with it the recognition that NRC policies, plans, and programs for the 1980s have to be determined in the face of much uncertainty. In fact, NRC's continued existence in its present form is conjectural and subject in large part to the outcome of deliberations that will follow the results of various investigations of the TMI accident. Nevertheless, we must look ahead.

This draft version of the FY 82-86 PPPG reflects many staff management views, but full coordination was not sought at this time because of your proposed participatory development process. A number of issues will be evident as you

Contact:
Steve Conner, MPA (x27721)
John Sullivan, MPA (x28245)

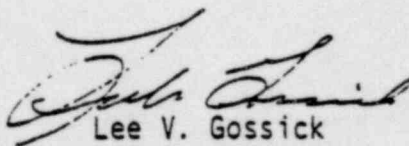
8001180096

consider the policy and planning substance of the document, but we have provided few details in order to limit the mass of paperwork. In coming months the staff will review and refine the PPPG and prepare individual program area write-ups similar to those submitted in March of this year. The schedule milestones are as follows:

| | |
|---------------|--|
| late-October | Submit early staff version of PPPG front-end (the part dealing with policy, planning, etc.) without the individual program area write-ups. |
| late-November | Begin submitting brief program-by-program write-ups synchronized generally with the program area briefing schedule (see my October 15 memorandum to you relating these program briefings and the Decision Unit Tracking System). |
| mid-December | Submit revised staff version of PPPG front-end, taking into account additional staff inputs as well as Kemeny Commission investigation results. |
| late-January | Submit final program write-ups. |
| early-March | Submit completed staff version of PPPG containing twice revised front-end (includes impact of Rogovin investigation results) plus once revised collection of individual program write-ups. |
| late-March | Receive your views, or staff proceeds with budget preparation on the basis of my submission to you. |

Your guidance at any stage of the above process will, of course, be welcomed. Also, please let me know if you want to include some form of fiscal guidance in the PPPG.

I believe the PPPG document, if developed in a reasonable way, will prove to be an effective means of transmitting your guidance -- which is much needed -- to the staff.



Lee V. Gossick
Executive Director for Operations

Attachment:
Policy, Planning, and Program Guidance

cc w/attachment:
SECY
OGC
OPE

DRAFT

POLICY, PLANNING, AND PROGRAM GUIDANCE (PPPG)

I. INTRODUCTION

The PPPG provides explicit guidance from the Commission to the staff on policies that govern NRC operations, on major priorities that are the basis of NRC planning, and on goals and objectives for key NRC programs. The Commission also uses the PPPG to transmit to the staff guidance on assumptions to be used during preparation of the NRC multi-year budget.

The PPPG has two parts. The policy and planning guidance section identifies broad policies covering NRC activities conducted in fulfilling the agency mission; policy and planning guidance also identifies implications of these policies as well as other factors that influence the planning of key NRC programs. Whereas policy guidance might remain relatively unchanged over time, planning guidance may change somewhat more frequently to reflect, for example, projected changes in the regulatory environment. The program guidance section reflects the Commission's instructions to the staff in each of the major program areas; program guidance may change substantially each year as the staff achieves earlier objectives, as the policy and planning guidance evolves, and as new areas of emphasis replace or supplement existing programs.

This version of the PPPG is to cover the period 1982 - 1986; however, because this is the first complete document to be issued by the Commission, the policies set forth in the PPPG are applicable in the near term as well.

POLICY AND PLANNING GUIDANCE

A. Protecting the Public

The NRC mission is to protect the public in the uses of nuclear facilities and materials. To fulfill this mission, NRC must regulate civilian nuclear activities so that the public health and safety, national security, and environmental quality are protected and the antitrust laws obeyed.

In protecting the public, NRC must determine (1) what level of protection is necessary, and (2) how to assure that the necessary level of protection is achieved and maintained. A number of policy statements in the PPPG address these two fundamental issues.

Neither nuclear nor any other industrial activities can be completely free of risk. In nuclear activities, as in others, it is difficult to define unambiguously the myriad of possible consequences and associated probabilities that comprise risks. Explaining these risks in layman's terms is also difficult. Yet, the public is protected adequately only if the public considers the risks of nuclear activities acceptable.

A number of factors influence NRC's ability to assure adequate protection of the public. The nuclear industry is comprised of many distinct classes of licensees and thousands of individual licensees across the country. The variety of activities conducted by this industry is substantial, even

DRAFT

DRAFT

2

within classes of licensees. For example, differences between individual nuclear power plants are significant because of variations in type, size, and design. Moreover, licensed nuclear activities involve a technology that is relatively more complex and less tested than other conventional industrial technologies that the public generally tolerates. To varying degrees, all licensed nuclear activities involve risk to a public that is sharply, and often acrimoniously, divided on the acceptability of those risks.

NRC's job of regulating this large, diverse, and technologically complex industry under the close scrutiny of a skeptical public is difficult because:

- It is not possible, without manyfold increases in its resources, for NRC to oversee directly every licensee activity.
- Many members of the public appear to expect this industry to limit risk to exceedingly low levels. For example, it is not clear that many people are willing to accept any fatality attributable to nuclear radiation, and it is apparent that most people consider the probability of a major accident unacceptably high in the aftermath of Three Mile Island.
- The nuclear industry, like other regulated industries, has profit incentives that may conflict with NRC's mission of protecting the public.
- Although the safety record of the licensed nuclear industry, in terms of preventing public harm, has been good, it is not clear that all licensees are both willing and able to conduct their activities in a manner that the public would consider sufficiently risk-free. In addition to the Three Mile Island accident, there are enough examples of serious noncompliance and error to alarm the public.
- The Three Mile Island accident has shattered many illusions about the improbability of nuclear accidents. To regulate effectively, NRC must assume the conservative posture that accidents (and malevolent acts) involving nuclear facilities and materials can and will happen.

The preceding discussion provides the basis for a number of Commission policies. Some of these policies merely represent explicit statements of existing, but unstated, NRC practice; other policies are new.

1. NRC will act aggressively, openly, and candidly to describe to the public the risks of nuclear activities. NRC will solicit, primarily through its interactions with the Congress, public judgments on the acceptability of various levels of nuclear risks.

DRAFT

2. Based on public judgments, NRC will determine the adequate level of protection that is to be attained by the nuclear industry. This level of protection will be expressed clearly, in understandable quantitative or qualitative terms, to the industry and the public.
3. NRC will regulate nuclear activities in a manner that achieves and maintains the established level of protection. Licensees who cannot achieve and maintain this level will not be permitted to operate.
4. NRC will accelerate its efforts to develop and use sound methodology for assessing the levels of protection associated with licensed nuclear activities. However, when faced with uncertainty, NRC will make regulatory decisions conservatively.
5. NRC regulatory decisions are to be based on achieving adequate protection. Costs of regulation are secondary factors that will be considered in deciding how to achieve the necessary level of protection.
6. NRC's primary regulatory emphasis is the prevention of accidents and malevolent acts. However, recognizing that these acts can happen, NRC will place increased emphasis on activities to minimize public harm in the event of an accident or malevolent act.
7. NRC will focus regulatory attention on those licensees and specific activities that present the greatest risks. In particular, NRC will place increased emphasis on insuring that operating facilities achieve and maintain adequate protection.
8. NRC will base its regulatory requirements on adequate protection. These requirements will contain both broad performance goals and detailed specifications, and they will be understandable and consistent. New requirements will be based on demonstrable public protection benefits, and unnecessary requirements will be eliminated.
9. In dealing with licensees who are unable or unwilling to comply with NRC requirements, NRC will emphasize prompt and vigorous enforcement that will improve licensees' incentives for public protection by making the expected cost of inadequate protection greater than that of adequate protection.
10. NRC will actively support licensee initiatives for increasing public protection.

The preceding policies suggest new priorities or shifts in emphasis. The material that follows expands on these general policy statements, provides more guidance on certain activities that the staff should undertake to implement the policy guidance, and contains additional information for use in planning NRC programs.

DRAFT

- Near-term priorities for regulating nuclear power reactors are:
- a. The safety of operating power reactors will receive increased NRC attention. The top priority of this activity is based upon the large potential consequences of reactor accidents, the greater uncertainty in the probabilities of these accidents in the aftermath of Three Mile Island, and the public perception that currently operating reactors are not safe enough. Specific actions required to improve the safety of operating power reactors include:
 - o Applying the lessons learned from the Three Mile Island accident to all reactors.
 - o Resolving important safety issues and implementing any needed changes in all reactors.
 - o Upgrading older reactors where necessary to meet NRC's desired level of protection.
 - o Strengthening accountability of individual licensee employees for important safety functions.
 - b. Priorities for power reactors under construction will be directed at assuring that these reactors can provide adequate public protection after they are licensed for operation. Expedited licensing will not be achieved at the expense of public protection. It should be assumed that no new construction applications will be received in the early to mid-1980's.
- Greater NRC presence is needed at major licensed facilities. This presence at nuclear power plants and other selected facilities will be attained primarily through the Resident Inspection Program. Greater NRC presence is expected to improve licensee performance and provide a better basis for NRC to determine whether or not that performance is adequate. NRC on-site inspection will focus less on audit of licensee records and more on the direct verification and observation of licensee activities. The staff will carefully consider the need to increase its presence at other locations, such as vendor facilities.
- To support its oversight of the licensed nuclear industry, and recognizing the probability of resource limitations, NRC will pursue development of oversight by third parties, such as States and national standards organizations, provided their capabilities are at least equivalent to those of NRC. The staff will also examine extending NRC oversight by designating selected licensee and vendor employees, after appropriate training, as NRC-certified inspectors.

DRAFT

5

- NRC will upgrade its programs to assure the adequate qualifications of key licensee employees. This effort will include but not be limited to reactor operators. The staff will consider taking a more direct role in the training and testing of these key employees.
- The emergency response capabilities of NRC and licensees need improvement. Specific near-term priorities include:
 - o Improving NRC and licensee emergency procedures. Every facility or activity that could pose significant risks to the public will have an NRC-approved emergency plan.
 - o Upgrading the communications and other equipment required for prompt and appropriate NRC response to emergencies.
 - o Delineating specific responsibilities of NRC people and organizations, licensees, States, and others in an emergency.
 - o Requiring instrumentation that will function properly and provide needed information on the status and condition of key equipment during an accident.
 - o Requiring instrumentation that can measure radiation releases around major nuclear facilities.
 - o Developing and implementing an emergency planning zone concept that will allow NRC to plan for actions to minimize public harm in the event of an accident.
- NRC risk assessment activities will continue with high priority directed to understanding more fully the individual and collective risks posed by nuclear activities. As this knowledge develops, it will be used as a means of focusing NRC inspection and other regulatory attention on those licensee systems and activities that are judged to be the greatest contributors to risk.
- NRC needs major improvements in its efforts to collect, analyze, disseminate, and act upon operational data relevant to the safe operation of major licensed facilities. NRC will take appropriate steps to insure that licensee-provided data is complete and accurate, that this data is systematically and thoroughly analyzed to identify possible precursors or generic problems, and that the results of this analysis are promptly and appropriately acted upon. The analysis of operational data will also be used to help identify those licensees whose activities present greater risks, so that appropriate remedial action can be taken.

DRAFT

- The purposes of NRC's enforcement program are to obtain prompt correction of licensee weaknesses and to deter future noncompliance through the threat of strong corrective and punitive measures. NRC will continue its efforts to improve the enforcement program by: (1) adopting an aggressive enforcement strategy that seeks more frequent use of stronger enforcement measures, such as NRC's increased civil penalty authority, when situations warrant, and (2) processing enforcement cases much more rapidly.
- Priorities need to be established or clarified for several NRC programs:
 - o NRC will reemphasize research efforts that support the safety of operating nuclear reactors. Particular attention will be devoted to the support of reactor licensing and inspection activities, human factors, analysis of transients, and structural and seismic qualification. It is important that research be focused on identifiable needs; however, the originators of research must also have flexibility in directing work that has potential longer-term payoffs.
 - o Risks associated with the large number of different types of materials licensees are not sufficiently known. Concurrent with its efforts on power reactors, NRC will try to define more precisely the nature and extent of risks posed by these licensees. Based on the results of these efforts, NRC will assess its regulations and make appropriate improvements.
 - o NRC waste management efforts will focus on the development of licensing criteria for waste repositories. These criteria will be based on a defense-in-depth strategy that requires thorough consideration of various types of sites and demonstrated capabilities of the waste form selected. NRC will spell out its criteria as soon as possible so that the licensing of waste repositories will provide for adequate protection of the public and is not unnecessarily delayed.
 - o NRC safeguards efforts will focus on the development of policy and requirements that are adequate and consistent for each of the various types of activities subject to NRC safeguards regulation.
- The staff will conduct periodic evaluations of NRC programs. NRC will accelerate ongoing self-examinations in the following areas, answering such questions as:
 - o Regulatory requirements and standards. Are they adequate to protect the public, assuming licensee compliance? Are they easily understood and consistent? Should some requirements be added or eliminated?
 - o Licensing. Is the licensing process structured and managed in a way that leads to adequate public protection?

DRAFT

- o Research. Are there important areas that require additional effort or areas that should be eliminated or reduced? Is the research program well planned over the long term and managed so that its results are incorporated into NRC programs?

D. Managing NRC External Affairs

NRC's relationships with people and organizations outside the agency are important because NRC serves the public in regulating thousands of licensees, receives oversight from Congress, supports national policies of the Executive Branch, and shares regulatory responsibilities with other Federal agencies and with State and local governments. The following policies support the previously stated policies and provide guidance for NRC's interactions with the groups described above.

1. NRC is dedicated to conducting its activities openly. Consequently, NRC will make its deliberations and products readily accessible to any interested persons or organizations, limited only by considerations of security and personal privacy. NRC will take active steps to provide complete and timely information -- in "plain English" -- on significant regulatory activities to licensees, Congress, and the public.
2. NRC will, to the greatest degree practicable, solicit diverse views -- both from inside and outside NRC -- on major regulatory issues, proposed actions, and technical products. NRC will give serious consideration to public and staff concerns that have significant potential impact on protecting the public. It is important for NRC to resolve widespread public and Congressional concerns, even if the technical validity of those concerns is not obvious.
3. Active participation in the NRC regulatory process by an informed public is beneficial to public protection. The Commission, therefore, endorses the principle of providing technical and financial assistance to members of the public who wish to participate in NRC proceedings. The staff will promptly develop alternative configurations for a program to support the public. These alternatives will be evaluated on the basis of their:
(a) consistency with NRC's legal authority, (b) providing an equitable way of deciding who should receive support and how much support of what type should be allocated, and (c) containing measures to prevent frivolous use of NRC resources.
4. NRC will work with other regulatory agencies -- Federal, State, and local -- to insure that the public is adequately protected in areas where regulatory responsibility is shared and to insure that NRC regulation is, where possible, consistent and compatible with that of the other agencies.
5. NRC will provide to the Department of Energy or other developmental agencies advice and consultation to support the rigorous and timely licensing of new nuclear technology.

6. The public's view on the adequacy of NRC's regulation is most clearly expressed by the Congress. While the Commission is committed to a policy of responding to the wishes of the Congress, it will take an active role in suggesting to the Congress those policy and program initiatives that NRC considers important to its mission. For example, NRC will seek legislative changes when new authority is needed to meet NRC responsibilities.
7. The more vigorous regulation called for in this document will, in many cases, require increased resources. The Commission, through its interaction with the Congress and the Executive Branch, will strongly support staff efforts to obtain needed resources, assuming that the benefits of specific requests are made evident and cannot otherwise be achieved through more efficient use of existing resources.

C. Internal NRC Management

The Commission does not presently have a mechanism that focuses its attention on many important policy issues. Much of the Commission's attention is directed toward matters suggested by the staff and associated with the details of various NRC activities. The Commission also necessarily spends considerable time and effort on external responsibilities such as dealing with Congress, other government agencies, and public groups. Consequently, the Commission has devoted too little of its own time to planning and discussion of major policy issues, and there is no specific mechanism that the Commission uses to formulate and transmit to the staff major policy guidance. Without this guidance, the staff must proceed on its own, assume a Commission policy, draw inferences based upon past Commission action, or wait for guidance.

NRC management needs significant improvement. While individual NRC offices may be well-managed, the collective efforts of these offices are not coordinated in a manner that effectively or efficiently supports NRC's mission. These problems stem in part from ambiguities in the NRC organizational structure (some of which are spelled out in the Energy Reorganization Act) and the physical separation of NRC offices in four locations and twice that number of buildings. To an increasing degree, the formal organizational structure is proving unable to deal effectively with major tasks that involve more than a single office; special task forces and staff offices are performing work that line organizations should handle. Many significant tasks of NRC offices are delayed, or not done at all, because offices spend so much of their resources reacting to special requests (both internal and external), because there is little guidance available to offices on the priorities of their work, and because there is insufficient accountability for control over specific tasks.

To improve the management of NRC, the Commission will:

1. Focus more attention on major policy issues and delegate more specific program implementation decisions to the staff.
2. Attempt to systematically plan and manage major NRC activities so that the individual efforts of NRC offices are coordinated and promote the agency mission.

3. Establish -- through legislative change if necessary -- an organization structure that can handle the significant day-to-day work of the Commission and also deal effectively with emergency situations.
4. Provide for close control and personal accountability for major agency programs.
5. Reaffirm its support for the Presidential mandate on improving government regulation by requiring careful consideration of the benefits and costs of alternative ways of achieving specific regulatory objectives.
6. Recognize that the effective coordination of agency activities is important to public protection and take immediate steps to obtain a single site in which all NRC Headquarters employees can work.

III. PROGRAM GUIDANCE

Note:

- A. This section will be provided in phases, tied principally to the schedule of program presentations by lead office directors to the EDO.
- B. For each of a number of program areas, this section will provide:
 - Background information
 - Long-term program goals
 - Specific objectives and planned accomplishments (Current, FY 82-86)
 - Planning assumptions
- C. The program areas described in this section will also be tracked in the Decision Unit Tracking System (DUTS). Although the preceding policy and planning guidance may eventually require changes in NRC's current list of major program areas, the programs currently being tracked by DUTS in FY 80 are:

| | |
|--|--|
| <ul style="list-style-type: none"> o Waste Management o Spent Fuel Storage o Unresolved Safety Issues o Operating Reactor Amendments o Systematic Evaluation Program o Revised Inspection Program o Emergency Planning o Fuel Cycle and Material Safety o Transportation o Domestic Safeguards | <ul style="list-style-type: none"> o Decommissioning o Qualification of Safety-Related Equipment o Health Effects From Low Level Radiat o Fire Protection o Power Reactor Casework o Risk Assessment o Long-Range Research Plan o International Efforts o Operational Data Analysis |
|--|--|

DRAFT