

MAY 5 1980

Docket Nos.: 50-334
50-412

Mr. Stanley G. Schaffer, President
Duquesne Light
435 Sixth Avenue
Pittsburgh, Pennsylvania 15219

Dear Mr. Schaffer:

Thank you for your letter of February 5, 1980, in response to my letter of December 4, 1979.

You expressed in your letter a concern with the number of inspections or audits which are being performed and the "extensive demands imposed by inspections and/or audits" on the time of your key people. It is true that the Performance Appraisal Branch (PAB) management inspections may have a significant short term impact on the licensee's management. These inspections, however, are intended to occur infrequently and will involve minimal duplication of inspection effort. Our regional based and resident inspections are directed at the verification of the licensee's compliance with regulatory requirements. The PAB management inspections are not compliance oriented, but are designed to determine how the licensee manages licensed activities to assure compliance. The program appraisal inspections will very likely involve some duplication of the regional inspection effort but are very narrow in scope and will have even less of an impact on licensees than that of the management inspections.

You stated that "some study should be directed toward an overall assessment of the potential for negative impact which may result from what could be viewed as a proliferation of inspections or audits. The key people, who have the expertise and responsibility for maintaining or achieving a satisfactory program, may find themselves so pressed with demands on their time dedicated to the auditing efforts, that insufficient attention on their part can be directed toward improving overall programs."

We do not perceive the need for such a study at this time. The Revised Inspection Program, including regional based, resident, and performance appraisal inspections, is designed to identify the kind of program weakness or management control situation which you describe.

You indicated that more information regarding management appraisal inspections in several specific areas should be provided by the NRC. I hope that the following discussion provides either the requested information or a source document which contains the information on each specific area.

The areas covered in a PAB management appraisal inspection and the scope of these inspections are outlined in the PAB Annual Report for FY 1979 which will be issued in the near future. Persons to be interviewed at the corporate

MAY 5 1980

Mr. Stanley G. Schaffer

- 2 -

level are generally those persons who have direct responsibility in each of the inspection areas. Persons interviewed are listed by title along with the areas in which they were interviewed in the inspection reports. Previously completed inspection reports (50-219/79-18, 50-313/79-16, 50-206/79-01, and others) are available for your reference in the Public Document Room.

Administration of the management appraisal inspection program, including methodology and general guidance for the performance and documentation of the inspections, is described in Manual Chapter 2911 to the NRC Inspection and Enforcement Manual. This manual chapter will be issued in the near future. Specific criteria for the management appraisal observations are contained in PAB procedures which are at this time exempt from public disclosure under Section 9.5(a)(2) of 10 CFR Part 9.

We cannot accept your recommendation to keep observations on nonregulatory aspects on an oral basis. It has always been our practice to provide the licensee with our findings in writing. These observations are the perceived strengths and weaknesses of the licensee's management control system. Each inspection report advises the licensee that he is not obligated to act on the observations. The licensee is requested, however, to review the observations to determine if their application to his management controls and quality assurance programs would enhance the safety of his operation. If we find that certain observations are generic to licensees having regulatory problems in an area (or generic to licensees having success in a particular area), we will initiate action to modify the appropriate requirements or guidance accordingly.

Our experience has clearly shown that a substantial percentage of the significant problems and incidents at licensed facilities have been the result of management weaknesses. If the PAB management inspections are successful in identifying management weaknesses which are subsequently corrected and thereby prevent an incident or significant noncompliance, these inspections will have made a major contribution to the NRC mission of protecting the health and safety of the public.

If you have any additional questions or comments on the above issues, I would be pleased to discuss them with you.

Sincerely,

Original signed by
Victor Stello

Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

SEE PREVIOUS YELLOW FOR CONCURRENCE

WPU:SM	RCI:IE	D:RCI/IE	XOOS:IE	DD:IE	D:IE	ELD
4/24/80	JEGagliardo	HDThompson	DThompson	RCDeYoung	VStello	Sp. Burns by Phone
Job J	4/24/80	4/25/80	4/24/80	4/ /80	4/ /80	4/25/80

Handwritten initials and dates:
5/2/80