



# POLICY ISSUE (Notation Vote)

October 29, 1986

SECY-86-322

For: The Commissioners

From: Victor Stello, Jr.  
Executive Director for Operations

Subject: OPERATING POWER REACTORS REQUIRING INCREASED NRC ATTENTION AND RESOURCES

Purpose: To inform the Commission of the staff's list of operating power reactors requiring increased NRC attention and to obtain Commission approval for the Chairman to issue letters, that the Chairman has advised me he wishes to sign, to those licensees identifying NRC concerns regarding their operations and performance.

Background: Following the June 1985 loss of feedwater event at Davis-Besse, one of the recommendations that evolved, was that senior NRC managers need to periodically meet to discuss the problem plants of greatest concern to the agency and to plan a coordinated course of action. Such meetings of the senior management were held in April and October 1986. This initiative represents a new strategy on the part of the NRC to take early and effective regulatory actions in response to emerging trends in operational performance. This effort represents a concerted effort by the NRC to focus NRC resources on those plants and issues of greatest safety and regulatory concern.

Discussion: On October 21-22, 1986, the EDO held a meeting with Office Directors and Regional Administrators and the Director, OI, to review the operations and performance of all operating power reactors. The purpose of this meeting was to integrate the observations and findings of the investigation, inspection, licensing, research, and data analysis offices and to focus the attention of the senior managers on those plants of greatest safety and regulatory concern to the NRC. The discussion on plant performance was augmented by senior management review of performance indicator data, operational experience data, PRA insights, regional inspection findings

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and SALP results. This was the second such meeting; the first meeting was held in April 1980. During the April management meeting, six plants were identified by the managers as requiring increased NRC inspection and review. These plants were Pilgrim, Peach Bottom, Turkey Point, LaSalle, Fermi and Rancho Seco. The TVA facilities and Davis-Besse were already receiving increased NRC attention because of previously identified problems. A summary of the April meeting was forwarded to the Commission on May 13, 1980.

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During the October meeting, the current status and performance of the plants identified during the April meeting were reviewed. Additionally, performance data for all operating power reactors were reviewed. A summary of the meeting discussions on problem plants and licensee performance is enclosed (Enclosure 1). It was the consensus of the senior managers that some changes should be made to the list of plants requiring increased NRC attention. Three plants were removed from the List of Problem Plants and two plants (Fort St. Vrain and Palisades) were added to the list.

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Eight plants were identified as requiring increased NRC attention and resources:

Plants Which the NRC Continues to Monitor Closely

Plants where the licensee has taken action or has committed to take action which should correct identified problems but the effectiveness of this action has yet to be fully demonstrated. The NRC has and will continue to have an increased level of Headquarters and Regional attention devoted to closely monitoring the licensee's performance.

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- Peach Bottom
- Pilgrim
- Fermi

*Non-Response*

Recommendation:

The headquarters and regional office managers and staff are proceeding to augment their inspection and review of the plants which require increased NRC oversight. To highlight to the licensees our concern over their performance, programs and status to date, it is recommended that the Chairman send letters to the Chief Executive Officers of each of the plants identified as requiring increased NRC attention. Likewise, we believe it is appropriate to send letters to the licensees of the plants which have been removed from the list of Problem Plants. Proposed letters are included in Enclosure 3. These letters highlight the concern of the Commission on the operational performance of the licensee's plant and the concern NRC has for the safety of their operations. I believe it is important that these letters be promptly transmitted from the Chairman to denote the seriousness of the Commission's concern over the plant's performance. The letters to the three plants taken off the list convey the NRC's recognition of improved performance and of the commitment of licensee management to

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improved programs and operations. A draft press release is included as Enclosure A to announce the revised list of problem plants requiring increased NRC attention. The press release also discusses the new initiative by the NRC to integrate the perspectives of the senior NRC managers to give the NRC a more coordinated focus in identifying those plants of highest concern to NRC and to put programs and plans in place to address and resolve the problems.

Victor Stello, Jr.  
Executive Director  
for Operations

Enclosures:

1. NRC Management Meeting  
Summary
2. Plant-Specific Background  
Data
3. Proposed Letters to Licensees
4. Proposed Press Release

Commissioners' comments or consent should be provided directly to the Office of the Secretary ASAP.

Commission Staff Office comments, if any, should be submitted to the Commissioners ASAP, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional time for analytical review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

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Enclosure 1

NRC Management Meeting Summary

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NPC Management Meeting Summary  
October 21-22, 1986  
Region V

The EDO opened the meeting, welcomed the Chairman, and expressed the EDO's and the staff's appreciation that the Chairman could be present to participate in the discussions. The Chairman conveyed his appreciation for the performance of the senior staff and indicated his interest in the discussion to be held on problem plants, problem issues and management decisions to address these problems. The Chairman commented that as the senior managers discuss the problem plants and issues, the following three principle regulatory goals be foremost in our deliberations.

- (1) Continue to safely operate facilities,
- (2) Achieve quality construction of facilities, and
- (3) Standardize the process for the future.

The Chairman stated that these goals are complimented by the conclusions he has observed from visits to many domestic plants and plants abroad where he found that good plant design is a must, that plants must be constructed properly, and that plants must be operated safely. Further, the Chairman commented that the plants and issues to be discussed during this meeting tend to typify these goals and conclusions; namely, problem plants have symptoms of bad design, poor construction and/or poor operational performance.

Focus on Licensee Performance

Following the June 1985 loss of feedwater event at Davis-Besse, one of the recommendations that evolved was that senior NRC managers need to periodically meet to discuss the problem plants of greatest concern to the agency and to plan a coordinated course of action. The first such senior management meeting was held in Region III in April 1985. From that meeting, six plants were identified as requiring an augmented NRC review and inspection (Pilgrim, Peach Bottom, Turkey Point, Fermi, LaSalle, Rancho Seco). The TVA facilities and Davis-Besse were already receiving increased NRC attention because of previously identified problems. The meeting in Region V on October 21-22, 1986 was the second such meeting of senior NRC managers and was structured to review the status of the plants discussed at the April 1986 meeting and to review the performance of other plants to determine if there should be any changes, additions or deletions to the list of problem plants.

In preparation for the meeting, IE, in coordination with the five regional offices, NRR, AEOD and RES prepared background documents on the plants to be discussed at the meeting. Further, IE expanded the pilot program on trending performance data to include summary analyses for all operating power reactors. These documents were distributed to all meeting attendees prior to the meeting and provided the benchmark for review and discussion of each plant's performance and for the senior management identification of those plants warranting increased NRC attention.

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## Categorizing NRC Concerns

In reviewing the plants that have experienced significant performance problems, it was clear that there were various levels or categories of performance for these plants based upon their actions to date to correct the problems and to achieve improved operations. Some licensees have implemented corrective actions and programs and have demonstrated improved performance while in other cases some licensees are still trying to define and understand the problems. In these latter cases, substantial improvement in performance is yet to be demonstrated. For purposes of aiding the senior managers in identifying the class or category of these plants, the following three plant categories were established:

### Plants Which Have Been Removed From the List of Problem Facilities

Plants where the licensee has taken effective action to correct identified problems and to implement programs for improved performance. No further NRC special attention is necessary beyond the Regional Office's current level of monitoring the improved situation to ensure the improvement continues.

### Plants Which the NRC Continues to Monitor Closely

Plants where the licensee has taken action or has committed to take action which should correct identified problems but the effectiveness of this action has yet to be fully demonstrated. The NRC has and will continue to have an increased level of Headquarters and Regional attention devoted to closely monitoring the licensee's performance.

### Plants that Require Substantial Improvement

Plants that have experienced degradation in performance and where the licensee has yet to fully establish a viable program for correcting the problems. These plants are shutdown and will require NRC review and approval for startup. Prior to approval for startup, the licensee will have to establish an acceptable program to ensure substantial improvement in plant performance.

### Summary of Plant Discussions

A brief summary of the plants discussed at the April 1986 management meeting and new plants identified by the senior managers which require increased NRC management attention is provided below. The plants are listed according to the category to which they were assigned by the senior management at the meeting.

*Don't  
Reserve*

*Reliance*

*non-responsive*

*delete*

Peach Bottom

Status: The most recent SALP report noted declining performance in operation and maintenance and Category 3 ratings were assigned in security and assurance of quality. In particular, poor work practices, procedure noncompliance and inattention to detail have been observed. During June-July 1986, a diagnostic team inspection including resident inspectors from various Region 1 sites, concluded that while the plant appeared to be operating safely (personnel and programs were sound) certain underlying factors, such as the licensee's dependency on third parties to identify problems and the licensee's failure to aggressively followup on corrective actions, inhibit improved performance. On August 1, 1986, the EDO met with senior licensee management to discuss NRC concerns on operations and performance at Peach Bottom.

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While licensee management appears to be committed to improving overall performance, that improvement has not yet been detected. The region and headquarters will continue to closely monitor the licensee's performance and the region plans to assign a third resident to the site.

*non-responsive*

*[Handwritten mark]*



Non  
Expansive

Plant Summary and Review

Retain

Three plants (Fermi, Pilgrim, and Peach Bottom) require a continued increased level of headquarters and regional monitoring of licensees' performance. These plants have taken action or committed to take action to correct identified problems, but improved performance has not yet been fully demonstrated. The NPC will continue to closely monitor the performance of these three licensees.

Non Expansive

Enclosure 2  
Plant-Specific Background Data

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Plants Which the NPC Continues  
to Monitor Closely

Peach Bottom  
Pilgrim  
Fermi

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Peach Bottom Units 2 and 3

In early 1986 the NRC staff conducted a Systematic Assessment of Licensee Performance (SALP) for the Peach Bottom Units 2 and 3 for the ten month period from April 1, 1985 through January 31, 1986. The SALP report noted declining performance trends in plant operations, maintenance and licensing activities and continued poor performance in the security area. Subsequent to the SALP evaluation period, on March 18, 1986, an incident occurred at Unit 3 in which the control room operators withdrew a control rod out of sequence, thereby violating the plant Technical Specifications. In investigating this incident the NRC staff concluded that, "These personnel errors by four licensed individuals indicate that a problem of inattention to detail, failure to adhere to procedural requirements, and a generally complacent attitude of staff toward performance of their duties continues to exist at Peach Bottom."

The NRC staff held an enforcement conference and a SALP meeting with Philadelphia Electric Company (PECO) to discuss the problems with the operations at Peach Bottom. On August 1, 1986, the Executive Director for Operations met with the Chairman of the Board, the President and other senior PECO executives to stress the NRC's concern about the apparent management deficiencies at the Peach Bottom site.

PECO management has been responsive to NRC concerns and has implemented a performance enhancement program to improve operational performance at the site. Although recent NRC inspections have noted some improvements in performance, it is too early to tell whether these PECO actions will be fully effective in improving the management deficiencies that have been observed at Peach Bottom in recent years.

The NRC Region I staff is augmenting the inspection coverage at Peach Bottom, will add a third resident inspector at the site, and will hold periodic management review meetings with PECO to continue to monitor the performance enhancement program. Both Peach Bottom Units are currently in operation.

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Plants Which the NRC Continues  
to Monitor Closely

Peach Bottom  
Pilgrim  
Fermi

Release

Enclosure 4  
Proposed Press Release

*Release*

NEW NRC SAFETY INITIATIVE IDENTIFIES NUCLEAR PLANTS  
REQUIRING INCREASED LEVEL OF REGULATORY ATTENTION

Chairman Lando W. Zech, Jr. of the Nuclear Regulatory Commission announced today that the NRC has launched a new initiative aimed at the early identification of problems at nuclear power plants which require an increased level of NRC attention. This new effort is based on information and data on plant performance from the NRC's inspection, licensing, investigation, research and safety analysis programs. The goal is to focus regulatory attention on the resolution of problems at an early stage through the use of these performance indicators developed by the NRC staff.

"We want to detect deterioration in performance at a nuclear power plant as soon as possible so that we can call it to the attention of the top management of the utility promptly, and, at the same time bring in additional NRC resources to oversee the utility's resolution of the problems. Our goal is to improve safety and contribute to sustained and reliable service from nuclear facilities," Chairman Zech said.

Trends in performance at nuclear power plants are reviewed by senior NRC headquarters managers and officials from the Commission's five regional offices. Nuclear plants and safety issues are identified where additional NRC inspection and review should be focused.

In April of 1986 NRC senior managers held their first meeting to review the overall operating performance of operating nuclear power plants. At that time, plants at six sites were singled out for augmented review and inspection

by the NRC. Those plants were Pilgrim, operated by Boston Edison at Plymouth, Mass.; Peach Bottom, operated by Philadelphia Electric Company at Peach Bottom, Pa.; Turkey Point, operated by Florida Power and Light Company in Dade County, Fla.; Enrico Fermi, operated by Detroit Edison at Monroe, Mich.; LaSalle, operated by Commonwealth Edison Company at LaSalle, Ill.; and Rancho Seco, operated by the Sacramento Municipal Utility District at Sacramento, Calif. Plants operated by the Tennessee Valley Authority at Browns Ferry in Alabama and Sequoyah in Tennessee and the Davis-Besse plant of the Toledo Edison Company in Ohio were not included on the April 1986 list in view of the high level of NRC attention already in place to oversee those facilities.

In October 1986, the second such meeting of the senior managers took place. The following changes were made to the list of plants requiring increased NRC attention and resources.

Three plants (Turkey Point, LaSalle, and Davis-Besse) have been removed from the list of problem facilities because the licensees have taken effective action to correct identified problems and to implement programs for improved performance. No further NRC special attention is necessary at these three facilities beyond the current level of monitoring by NRC regional offices to assure that the improvement continues. It should be noted, however, that the Commission still has to authorize the restart of Davis Besse.

Two plants (Palisades and Fort St. Vrain) were added to the list of plants requiring increased NRC attention. There are now eight plants on this list.



They will receive augmented inspection oversight by resident, regional and headquarters inspectors and review teams and by regional and headquarters management. Three of those plants -- Fermi, Pilgrim and Peach Bottom -- have taken actions or committed to take actions which should correct the identified problems, but the effectiveness of their actions has yet to be fully demonstrated. The remaining five plants -- Browns Ferry; Sequoyah; Rancho Seco; Fort St. Vrain, operated by Public Service Company of Colorado at Platteville, Colorado; and Palisades, operated by Consumers Power Company of Michigan at South Haven, Michigan -- have experienced degradation in performance and the licensees have yet to fully establish a viable program for correcting the identified problems. All five of these plants are shut down and NRC approval is required for startup.

While these eight plants will receive special NRC attention, all operating plants will continue to be reviewed by NRC for indications of declining performance. The NRC will act promptly to take appropriate action when declining performance is detected.

As part of this new initiative by the NRC, the senior managers plan to meet at approximately 6-month intervals to review the operational performance of all operating plants. At these meetings, the senior managers will determine what changes, additions or deletions should be made to the list of NRC plants requiring increased NRC attention and resources.