

NUCLEAR REGULATORY COMMISSION

ORIGINAL

COMMISSION MEETING

In the Matter of: CLOSED MEETING

DISCUSSION OF CONGRESSIONAL TESTIMONY
BY STAFF RE PERFORMANCE APPRAISAL TEAMS

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

CLOSED MEETING

DISCUSSION OF CONGRESSIONAL TESTIMONY BY STAFF
RE PERFORMANCE APPRAISAL TEAMS

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Nuclear Regulatory Commission
Chairman's Conference Room
1717 H Street, N.W.
Washington, D.C.

Wednesday, May 21, 1980

The Commission met, pursuant to notice, at 4:15 p.m.

BEFORE:

- JOHN F. AHEARNE, CHAIRMAN OF THE COMMISSION
- PETER A. BRADFORD, COMMISSIONER
- JOSEPH M. HENDRIE, COMMISSIONER

PRESENT:

- M. AUERBACH
- H. BOWLDEN
- C. KAMMERER
- E. FAY
- H. THORNBURG
- J. TAYLOR
- E. GREHER
- E. BRUNNER
- D. SCHAEFER
- J. GAGLIARDO
- B. GRIER
- H. SHAPIRO
- V. STELLO
- J. MURRAY
- R. TWEED
- W. MAGEE
- C. BROWN
- S. CHILK

P R O C E E D I N G S

(4:15 p.m.)

CHAIRMAN AHEARNE: The NRC has a hearing coming up, and
I don't know --

COMMISSIONER HENDRIE: I feel cut to the quick. I've
not been invited.

CHAIRMAN AHEARNE: I'm sure that could be arranged.
Ed, what do you know about --

COMMISSIONER HENDRIE: Yes. What's going on?

MR. FAY: It's been an ongoing thing for quite some time.
The committee did have copies of the five PAT reports. I singled
out one, and I've been pursuing it for some time.

CHAIRMAN AHEARNE: And do you know anything about what
the purpose of the hearings are?

MR. FAY: The hearing is categorized as an investigative
hearing. They have no legislative role.

CHAIRMAN AHEARNE: But what is it that they're trying to
get at, do you know?

MR. FAY: They're trying to look at our system, look
at our feelings on our system, the performance of the management
at Oyster Creek, and the rest of the organization, and to find out
where do we go from here.

COMMISSIONER HENDRIE: It sounds like we're being sucked
up through the roof. That's where we go from here.

MR. STELLO: Well, for I don't recall how long we have

1 had members of Moffett's staff asking to talk to a variety of
2 our people and communicating directly with the PAT team members.
3 Harry, and Boyce and his people, looking specifically at the
4 PAT activity, performance appraisal team.

5 They got very, very interested in New Jersey Central
6 since that was the particular plant inspection that was ongoing
7 at the time. It has a number of interesting facets to it which
8 I think is probably also attractive.

9 The conversations that I've had with the staff lead
10 me to believe that first they were almost complimentary; they
11 think the PAT activity is an important activity, it's doing an
12 important job, and it's getting to some issues that are important,
13 and they didn't give me any indication that that was a problem.

14 They gave me the impression that they felt a little
15 sorrow at the fact that well, it's a licensee we'd have to use
16 as part of the process to go into this. It's unfortunate that
17 it is Jersey Central, and they aren't --

18 (Pause.)

19 They intend to, as you are aware -- let me tell you
20 what the order of witnesses, as I understand them, are. That
21 will maybe set the stage. They intend to have on the first day --
22 let me introduce Wayne Schaefer -- they're going to go on first.
23 Then Jersey Central management is going on next. Ivan Frinfrock's
24 name has been mentioned, so I don't know who else.

25 MR. FAY: They don't know. Somebody else from the site.

1 MR. STELLO: Yes. Then following those witnesses they're
2 going to have Grier and Bruner on that day. The next day the
3 committee -- I'll use the word "panel," which I pray to God is
4 wrong, that I'm supposed to be on the panel with Diekamp. I
5 just can't believe that they'll do that.

6 CHAIRMAN AHEARNE: With who?

7 MR. STELLO: Herman Diekamp. Which says to me that
8 what they're going to try to do is to understand what the PAT
9 team did and the problems they identified at Jersey in particular.
10 And you'll remember in a memo we sent down to you January 11th
11 there were seven particular areas where the management up there
12 was classified as poor, so they'll be getting into that. That's
13 going to be, I'm sure, an interesting and jazzy issue for them
14 to deal with.

15 Then they're going to get into the region, and part of
16 the PAT activity is that when we see something that PAT uncovers
17 that says there's a problem in the region that they need to look
18 at, we let them know it, and I wrote Boyce a memo which was a
19 memo that they were trying to get from me for about three or four
20 weeks, and I refused to give it to them until Boyce had an oppor-
21 tunity to look at it and respond, which I finally gave them, and
22 it identifies some things that the region needs to do. I'm sure
23 they're going to want to get into that.

24 And I have the feeling that the next day they're going
25 to kind of dump it on probably Diekamp and myself and say hey,

1 how about all that? You know, where do you go from here. That's
2 the impression that I have about the way they're structuring the
3 hearing.

4 CHAIRMAN AHEARNE: Wayne and Jim, were you on the PAT
5 team?

6 VOICE: : I was.

7 MR. MURRAY : I was the Acting Branch Chief at the
8 time that we were pulling together the inspection report, and Wayne
9 was the team leader.

10 MR. STELLO: Both of these gentlemen have been inter-
11 viewed by the staff, and you've had, I assume, numerous phone
12 calls from them, which they've been developing the information
13 over a period of months.

14 CHAIRMAN AHEARNE: What were the main conclusions that
15 you reached as a result of your PAT team exercise with regard
16 to whether the PAT team exercise was useful?

17 MR. MURRAY : Our conclusions or theirs?

18 CHAIRMAN AHEARNE: Yours.

19 MR. MURRAY : We -- I think I can speak for Wayne --
20 are very pro the management appraisal inspection methodology that
21 we use in PAT, and I have seen nothing that has come out of this
22 interchange with the committee and within I&E that makes me feel
23 different about it. I feel very strongly that it's a very viable
24 and necessary option in our inspection program.

25 CHAIRMAN AHEARNE: Then in retrospect you don't see any

1 major change that you would want to make in the approach that the
2 PAT team would take.

3 MR. MURRAY : The only major change that I would want
4 to see in the approach of the PAT team is for us to have, you
5 know, additional staffing to get on with the inspection program.
6 We are currently authorized at a staffing level of 17, but our
7 current staff level is 7 or 6. I have been appointed to a posi-
8 tion in Region IV, so I am no longer on the Performance Appraisal
9 Branch, and we have an additional member who has been pulled off
10 to work with the HP appraisal program. So in actuality the
11 existing staff size is six people.

12 COMMISSIONER HENDRIE: Put in a good word for breaking
13 loose on the freeze.

14 MR. MURRAY : I certainly will if given the oppor-
15 tunity.

16 CHAIRMAN AHEARNE: Now, what was it that you -- Vic,
17 you said that there are some very interesting things about Oyster
18 Creek and the GPU.

19 MR. STELLO: Well, the January 11th memo, there were
20 15 particular areas that were identified by the PAT team. Seven
21 of those are ranked poor. The obvious question is, you know, how
22 can you have 7 of 15 being poor and still be okay. I'm sure there's
23 going to be some of that discussion.

24 CHAIRMAN AHEARNE: And what is the answer to that?

25 MR. STELLO: Well, you have to address them one at a

1 time, and we're prepared to do that. It's not going to be that
2 there isn't a problem. There is a problem. And for your informa-
3 tion -- I don't want to get into downtown -- we're looking at
4 some escalated enforcement action in the region now in one of the
5 areas, health physics, which is still an area that we're looking
6 at pretty hard.

7 There are problems up there. Now, there's a lot of the
8 good side that I hope does come out of this, and that is that
9 the licensee has been aware that he has had a need to do something,
10 and he has three or four reports, I think four of them -- I have
11 four reports; they're internal reports that the company hired
12 people, consultants to come in and take a look at various activi-
13 ties, and those findings generally reach pretty much the same
14 general kinds of conclusions that the PAT team reached in terms
15 of recognizing problem areas. So that they're aware that there
16 is a need to do something and are in the process of correcting it.

17 You've got to recognize, too, that Oyster Creek is part
18 of GPU, and GPU has had a rather interesting experience in the
19 recent past that's placed fairly high demands on them. The same
20 in Region I, that a lot of demand was placed on them as a result
21 of the accident.

22 MR. MURRAY : There is one other point that ought to
23 be mentioned at this time. We did this inspection at the request
24 of Commissioner Gilinsky, I believe. He asked us to, you know,
25 take a look at Oyster Creek.

1 MR. STELLO: All the GPU, wasn't it? It was related to
2 the GPU.

3 MR. MURRAY : And the subsidiaries. So we were doing
4 this in response to a request from the Commissioner.

5 COMMISSIONER BRADFORD: Is Oyster Creek the only other
6 plant besides the two TMI plants?

7 MR. MURRAY : Yes.

8 MR. GRIER : The GPU is those three plants. They've
9 got Forked River under construction, but it's been terminated, at
10 least for the moment.

11 COMMISSIONER BRADFORD: Are there clearcut violations
12 of regulations involved?

13 MR: MURRAY : Yes, there are.

14 CHAIRMAN AHEARNE: How does the grading system run,
15 Vic? Is it excellent, good, fair, poor, failing?

16 MR. STELLO: Good, average, poor? Do you want to
17 explain --

18 MR. MURRAY : Good, average, and poor. The question
19 was raised earlier how can you say that a licensee in which we
20 have identified seven areas that were poor out of fifteen, how
21 can we justify continuing to let them operate?

22 Well, recognize in the management appraisal inspections
23 we're looking at the licensee's management control system. He
24 can have a poor management control system, and yet because of
25 the strength of his people, the people who have been there for a

1 long time, strong people, well-experienced, they're keeping him
2 out of trouble even though his control systems aren't there.

3 Our concern in PAT is that if the licensee does not
4 have a strong management control system, what happens down the
5 road when those strong individuals retire, leave the company, are
6 pulled out of that organization and sent to another plant, what
7 have you? You know that you're going to have turnover at some
8 stage down the road, and without a strong management control
9 system we question their ability to continue safe operation of
10 the plant.

11 So we can have a poor rating and yet not be immediately
12 concerned about the safety of their operation.

13 CHAIRMAN AHEARNE: Now, you say you're talking in sort
14 of a theoretical description. Is that the argument that I&E makes
15 with respect to Oyster Creek?

16 MR. MURRAY : Yes. Their management control system
17 for those seven areas were classed as being poor based on the
18 model that we used in our management appraisal inspections.

19 MR. STELLO: I think there is maybe a more fundamental
20 way to answer it, and that is, the appraisal team if they find
21 that there is a safety problem, and at one point it looked like
22 we might be getting close to that issue, then we take whatever
23 immediate action we have to take if we really see a safety problem.
24 So we're kind of keyed in that we see something for which we
25 really question safety. And it was in an area of maintenance, but

1 they have identified that particular area and are correcting it.
2 We're not very happy at the moment with the rate at which it's
3 being done; we still have some problems.

4 In each of these areas we need to get into the specifics,
5 and if you want to get into any one of them, that's what you need
6 to do, is find out what is going on.

7 CHAIRMAN AHEARNE: Well, why don't you walk through the
8 seven? We have fire protection, prevention and protection during
9 construction.

10 MR. STELLO: You recognize that we have the outstanding
11 position taken on fire protection which required an awful lot
12 of equipment to be installed in the plant, so there is an awful
13 lot of construction of fire protection stuff.

14 CHAIRMAN AHEARNE: Not construction requirements.

15 MR. STELLO: No. Of installing this additional equip-
16 ment which we've required to be retrofitted. And it's the
17 management controls of that activity, installing that equipment,
18 which is the issue.

19 COMMISSIONER BRADFORD: Is there a second unit going forward
20 at that site?

21 MR. STELLO: Forked River.

22 COMMISSIONER BRADFORD: It is now being moved to --

23 MR. STELLO: It is there under construction.

24 COMMISSIONER BRADFORD: Forked River is at Oyster Creek.

25 MR. STELLO: That is Oyster Creek.

1 CHAIRMAN AHEARNE: But is this a challenge --

2 MR. STELLO: At Oyster Creek.

3 COMMISSIONER BRADFORD : No. This is just Oyster Creek.

4 CHAIRMAN AHEARNE: What specifically was going wrong?

5 MR. MURRAY : I'll let Wayne address that.

6 MR. SCHAEFER: Generally, the inspector who covered
7 that area in his discussions, in his observations in the reports,
8 and he used that information plus the areas of non-compliance
9 to help him make a determination, a judgment or an opinion on his
10 part as to how those management control systems or that management
11 control system worked or did it exist.

12 His determination that there were poor management con-
13 trols was based not only on non-compliance but also on observation
14 and the work that he did on the site.

15 COMMISSIONER BRADFORD: What was the non-compliance?

16 MR. SCHAEFER: There were two or three non-compliances
17 in that particular area. I believe there was one related to the
18 type of work that was taking place on a U-bolt installation
19 specification which specifically required that there be a multiple
20 nut-locking mechanism on the U-bolt. The individual inspector
21 locked the particular pipe and identified indeed that there was
22 a single nut and there was a nut missing.

23 He identified this in fact that here is your installa-
24 tion specification. You were required to follow that. If you
25 deviate from it, then you must identify that deviation such that

1 you will have it accepted by management, or you will go back
2 and replace it.

3 CHAIRMAN AHEARNE: Now, are the seven of these items
4 similar to that one where the --

5 MR. STELLO: Why don't you take maintenance which you
6 personally did and walk through maintenance?

7 MR. SCHAEFER: Yes. I personally did the inspection
8 effort in the maintenance area. I found a considerable amount or
9 quite a few problems in that area regarding the program implementa-
10 tion. Again, the preventive maintenance program really did not
11 exist, and there was very poor work being done of what little
12 work was being done.

13 The way they determined whether or not a piece of equip-
14 ment was to fall under the umbrella of their quality program
15 was minimal. It was determined at first line supervisory, and
16 many of the pieces of equipment, even though it was not identified
17 as a quality piece of equipment, was still repaired in a rather
18 extravagant manner with very little documentation.

19 The programs for trending problem areas, equipment
20 failures, or the qualitative history of the equipment was virtually
21 non-existent. And the type of training effort conducted for
22 the people who actually performed the work was identified as
23 poor, which was put into another area.

24 In general, I found about 10 areas or 10 concerns that
25 I had, and I reported those to the management headquarters. The

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day before we left the site I was given a copy of a confidential report that New Jersey Central Power and Light had in their hands and was familiar with at the time. This report or audit identified essentially the same areas that I had identified.

I reviewed it with the team, and as a result of that report, I decided to make the whole area of maintenace an end result item, based on that report and the action that I saw taking place.

CHAIRMAN AHEARNE: You say that the day before you left it was put into your hands.

MR. SCHAEFER: To tell you the truth, I was in Mr. Finfrock's office, the Vice President of Power Generation, and I pointed out to him I had considerable problems with maintenance, at which time he opened his desk drawer and handed it to me. He said I can't let you have a copy of this, but I'll let you read it, and I asked him could I take it to the hotel with me, because it was at 6:00 at night, and he allowed me to do that, and the whole team read it at that time.

COMMISSIONER BRADFORD: I wonder what his reason was for the sensitivity was on the report.

MR. SCHAEFER: The sensitivity?

COMMISSIONER BRADFORD: Isn't that the one that identified a lot of people by name?

MR. SCHAEFER: No.

COMMISSIONER BRADFORD: What was the reason for the

1 confidentiality of it?

2 MR. SCHAEFER: The only point he made was that here
3 was the Performance Appraisal Branch coming in looking at his
4 maintenance department, and I think he wanted to compare what we
5 were going to find to what he already knew.

6 CHAIRMAN AHEARNE: Have they done anything about it?

7 MR. SCHAEFER: That was the problem I had. Yes, they
8 had started to take steps, and this was a judgment as to how
9 effectively they had proceeded in taking these steps.

10 COMMISSIONER HENDRIE: How much time had elapsed
11 between their private report and your visit?

12 MR. SCHAEFER: Approximately six months.

13 COMMISSIONER BRADFORD: Have you put out any notices
14 of violation on any of the violations that you see?

15 MR. SCHAEFER: I'm sorry.

16 COMMISSIONER BRADFORD: Have any notices of violation
17 gone out with respect to violations that have been detected up
18 to now?

19 MR. SCHAEFER: In just the maintenance area itself?

20 COMMISSIONER BRADFORD: Or any of these areas, the
21 total.

22 MR. SCHAEFER: Yes. The notice of violation went out on
23 February 20th to Jersey Central, and they responded on March 17th.

24 COMMISSIONER BRADFORD: And then we're now considering
25 whether or not escalated enforcement action is required in the way

1 of a civil penalty based on the response that has been submitted
2 by the company?

3 MR. SCHAEFER: Yes.

4 COMMISSIONER HENDRIE: Does any of this have any rela-
5 tionship to the transients they had two or three months after
6 TMI?

7 MR. SCHAEFER: Triple O level?

8 COMMISSIONER HENDRIE: Yes.

9 MR. SCHAEFER: No, sir. Only in when looking at the
10 assessment of the regional activities it was noted that a special
11 inspection took place, and a violation was issued to the licensee.
12 No, our report has nothing --

13 COMMISSIONER HENDRIE: But none of the shortcomings
14 that you identified would in any way have contributed to or been
15 relevant to the triple O level?

16 MR. SCHAEFER: No.

17 CHAIRMAN AHEARNE: Okay. Now, Vic, you mentioned that
18 you, as a result of this, also went to Boyce Grier with some set
19 of problems. What are those?

20 MR. STELLO: Before we get to there, I want to mention
21 the two areas we talked about thus far to make sure the Commission
22 is aware of what was done, which leads into this subject. There
23 is not complete agreement with the people in the region who have
24 looked at what the licensee now has said in their own knowledge
25 of what's going on into agreeing that all of these areas are now

1 would be classified as poor.

2 CHAIRMAN AHEARNE: Now would be classified as poor?

3 MR. STELLO: Now, today. Now, what we need to do is
4 to get together before we submit testimony.

5 CHAIRMAN AHEARNE: Well, but wait a minute.

6 MR. STELLO: Based on the licensee's response.

7 CHAIRMAN AHEARNE: Hold it a minute. The PAT team
8 review was done November, December?

9 MR. MURRAY : October and November.

10 CHAIRMAN AHEARNE: October. And then the PAT team
11 report was in January.

12 MR. STELLO: Based on the information they had.

13 CHAIRMAN AHEARNE: As of October.

14 MR. STELLO: Right.

15 CHAIRMAN AHEARNE: So are you saying that the region
16 now believes that as of last October it was wrong or it's wrong
17 as of now?

18 MR. STELLO: No. It would have been wrong at any time.
19 Based on the additional information that the licensee responded
20 in the notice of violation that went out.

21 CHAIRMAN AHEARNE: Okay.

22 MR. STELLO: Looking at that information do we now
23 want to continue to have the same rating in these areas at the
24 time this January 11th memo came down to the Commission.

25 CHAIRMAN AHEARNE: Well, the rating stood from the PAT

1 team. I mean, that's the PAT team's rating.

2 MR. STELLO: Yes. That's the PAT team's rating.

3 CHAIRMAN AHEARNE: Now, I guess I need to then evaluate
4 further to see whether or not your final conclusion is different,
5 but you can't change the PAT team's rating; the PAT team's rating
6 is what it was.

7 MR. STELLO: Well, yes, I can, by having the PAT team
8 look at the licensee's response and see how --

9 CHAIRMAN AHEARNE: They can come up with a new rating.

10 MR. STELLO: Well, based on the new information would
11 they continue to have the view that they had given the licensee's
12 articulation of these problems. For example, on the bolt question
13 that was mentioned before, the licensee said that piece of pipe
14 we weren't finished with it. The guy who built it hadn't written
15 off on it yet, neither did our QC program write off on it yet,
16 and now the question is did the guy that was putting the bolt in
17 there know that he had to put two bolts in it.

18 Clearly that becomes an established fact, and then
19 maybe the PAT team would say well, given that information which
20 it didn't know, maybe I would want to change my view. So part
21 of what we're going to try to get resolved between what the PAT
22 team's ratings were based on the information we now have, which
23 I would rather not do but I don't see an alternative at the
24 moment, is to now have to have the PAT team do something normally
25 the region should do alone. And that's follow up on all of these

1 issues and have an I&E position on them.

2 In response to that we sent a memo to Boyce that identi-
3 fied a number of areas where there appeared to be some problems
4 within the region.

5 CHAIRMAN AHEARNE: When did you send that?

6 MR. STELLO: I don't remember the date. What was the
7 date?

8 MR. GRIER : March 26th.

9 MR. STELLO: March 26th was the date.

10 CHAIRMAN AHEARNE: That was after the notice of
11 violation.

12 MR. STELLO: No. March 7th was the date of the --

13 CHAIRMAN AHEARNE: A while ago someone said it was in
14 February --

15 MR. GRIER : March 26th was your memo.

16 MR. STELLO: That was the memo based on that inspection
17 that was prepared and I sent up to Boyce saying look at some
18 of the programs that you have in the region and see if there are
19 some things that might be useful to do based on the lessons learned
20 from the PAT inspection.

21 CHAIRMAN AHEARNE: The basic thrust being that since
22 PAT found out things which you hadn't known about before, why
23 didn't the region know about it?

24 MR. STELLO: Yes. Why weren't you following up in some
25 of the areas as diligently as you should? There were some things

1 that were identified earlier. And if you want, maybe it would
2 be easiest to have Wayne articulate what those issues were and
3 then have Boyce respond.

4 MR. SCHAEFER: There were three basic areas that we
5 looked at with regard to the regional activities. The first one
6 was in fact could the inspection program as it stands today have
7 identified the problems. We found yes, as written, and fully
8 implemented it should have identified the problems.

9 We looked at the records as far as Region I is concerned
10 for 1977, '78, and '79 and found that the programs had been imple-
11 mented. We found that in '77 and '78 it had been implemented,
12 and in 1979, as we all know, TMI came, and the program was not
13 implemented.

14 CHAIRMAN AHEARNE: The program we talked about.

15 MR. SCHAEFER: The I&E module inspection program.

16 The last part of the assessment related particularly to
17 what was found by the regional office when they went out and
18 made inspections, if I recall correctly, the 18 or 19 inspections.
19 The bottom line there, I think, we found a concern relating to
20 the technique of identifying items of non-compliance or unresolved
21 items.

22 The assessment was passed on to Mr. Thornburg who then
23 forwarded it to Mr. Stello with his comments.

24 Mr. Thornburg?

25 MR. THORNBURG: Yes. I noted four items. While the

1 PAT inspection identified several matters not identified through
2 the Region I inspection program, basic indications of failure
3 of licensee management at Oyster Creek to effectively implement
4 management control systems were apparent in the results of Region
5 I inspections. These are my observations.

6 Two, Region I had initiated action in the health physics
7 areas via civil penalty but had not followed up in the health
8 physics or radiation protection area where significant management
9 control system implementation problems were identified by PAT.
10 The PAT team noted that control system problems existed in other
11 areas as well.

12 There appear to be a significant number of unresolved
13 open items in connection with this licensee that should be re-
14 solved, particularly as related to the outstanding violations in
15 those matters noted in enclosure three of this report, some of
16 the things Wayne had mentioned.

17 Region I policy regarding handling of unresolved versus
18 non-compliance should be reviewed. I indicated that PAT had
19 identified in the summary section of the enclosure several matters
20 related to content and frequency of inspection modules that
21 should be considered for correction. This was a program problem.
22 We had some timing problems or specification of time problems
23 within our module.

24 That's about it.

25 CHAIRMAN AHEARNE: Boyce?

1 MR. GRIER: Well, let me say first with regard
2 to my response one point that I felt needed to be made, there
3 was no communication between PAT and the region verbally on
4 their appraisal before I got the written report. Customarily,
5 at least in dealing with licensees, we have exit interviews
6 where we tell them what the problems are before we write them.
7 So I have asked or recommended to Vic that the program be changed
8 to as a routine procedure when Pat is going to appraise a region
9 that they communicate their findings and make sure that they have
10 the facts and that we understand the problems before the regional
11 director gets a written report.

12 Well, because that relates to one of the areas that
13 I think -- the lack of followup on the civil penalty in the
14 health physics area. PAT's appraisal was based on what they
15 found in headquarters files. We were deficient in not documenting
16 some of the things we had done and following up on the civil
17 penalty during the year 1971.

18 There were a number of management meetings, three at
19 monthly intervals in the regional office, following up on the
20 corrective action in response to the civil penalty. So that, in
21 my view, is a matter of correcting the record, documenting those
22 meetings and the followup that has been done and that will be
23 done.

24 The evaluation or the appraisal of the licensee and
25 his management controls in some of the areas we are not in

1 complete agreement with, although I'm not sure the disagreements
2 are really significant. Take the maintenance area or the fire
3 protection area which has been discussed, whether or not one
4 bolt or two bolts and when is a significant matter is something
5 that we disagree with in terms that the installation had not
6 been completed, the QC inspection had not been done and hence
7 I think it was work in progress, and the finding was based on
8 that and not on completed work.

9 MR. THORNBURG : I'd have to admit that if the guy
10 walked away from the job and thought he'd done the job at the
11 first level of quality assurance, that's one thing. If he
12 thought he'd done the whole job and left one bolt off, that
13 means one thing. If he'd only had enough bolts to put one on
14 each one, and knew he hadn't finished the job, and there was
15 some record of it, and the first line of QA would have done
16 the job right, that's a different issue.

17 MR. GRIER : The point that I'd like to make, too,
18 is that we're talking about one issue here, and that's the
19 installation specifications of the support system and the one
20 versus two bolts.

21 I am not sure in my mind that even if that issue went
22 away in the favor of the licensee, that we said that that was
23 not a problem, that that would necessarily change our finding
24 that the licensee's management control system was poor in that
25 area, because that's only one example of problems that we found

1 in that particular area.

2 MR. GRIER: In any event, we should have gotten together
3 and talked about some of these things beforehand, and we would
4 not have the disagreement on the appraisal.

5 The other two areas that I'll speak to as far as Region
6 I, one in terms of handling unresolved items or non-compliance
7 items, we are developing guidance to make clear through instruc-
8 tion to inspectors in that regard. I don't think that from what
9 I've learned that our inspectors treat unresolved items any
10 different from other regions, but nevertheless we will take
11 action to be sure that the guidance to inspectors is clear.

12 Another area that Ray has questioned is the interface
13 between project inspector and specialist inspector. We are taking
14 steps to assure that that regional instruction is clear.

15 I think, again, we have instructions covering this area,
16 but perhaps needs emphasis. So while we are not in complete
17 agreement on all of the PAT findings, we are responding and taking
18 steps appropriate to the operation.

19 CHAIRMAN AHEARNE: Vic, is this the first time that
20 a PAT team inspection has ended up with a letter from you to the
21 regional director essentially criticizing him?

22 MR. STELLO: Not in this category. I think this pretty
23 much stands alone. I guess that's kind of a result of my own
24 thinking. This is a good opportunity to use the results of these
25 inspections to also look at where the regional programs can be

1 improved. I do not anticipate that I'd have this result, but
2 nevertheless I'm still persuaded that that's the right think to
3 do. I think Boyce has made an extremely important point in coming
4 back the other way -- as part of the PAT activity, the courtesy
5 of an exit interview would extend to the licensee, but we could
6 always write a report and let him know what we found. So we have
7 the benefit of that thinking. That clearly is something we must
8 do.

9 CHAIRMAN AHEARNE: Sure. But you've got to be careful
10 because there's a distinction. When your guys are going, leaving
11 a licensee with an exit interview and the licensee is upset by
12 what they're saying, there is a good wall that exists. There
13 are two sides of something.

14 When the PAT team goes to the regional director for
15 an exit interview, if they are critical it is harder to maintain
16 that wall. It's a lot easier if they just write a letter. So I
17 have no problem with that exit interview in that sense, but it --

18 MR. STELLO: Well, you don't know the PAT team's
19 very well.

20 CHAIRMAN AHEARNE: Okay.

21 MR. MURRAY : I am responsible for not having Dave
22 take responsibility for that sort of --

23 MR. STELLO: You have the other side of the issue,
24 and that is, did the PAT team have all of the information, which
25 I think is extremely important.

1 CHAIRMAN AHEARNE: Sure.

2 MR: GRIER : That's the other side.

3 MR. STELLO: I don't see any reason that this inde-
4 pendence that we are trying to achieve using the PAT in the
5 regions and the -- that there's no reason to compromise that
6 and still have the benefit.

7 You know, the PAT function by itself sets up an
8 adversary relationship between the regional activities and the
9 PAT functions. I mean, it's great. There's nothing wrong with
10 it. In order to be critical of one's self you're going to have
11 that problem. And the response back from Boyce has indicated that
12 there are some things that we can do. I felt that Leonard for
13 the most part has taken the comments as constructive, and we need
14 to learn from those experiences.

15 CHAIRMAN AHEARNE: Now, what are your, at the moment,
16 conclusions as far as PAT teams go? Do you think it's a good
17 idea, bad idea?

18 MR. STELLO: I'm still persuaded that it's a very good
19 idea. The problem that I see with PAT is we have people split
20 up and trying to get staffed up we're competing now for the
21 exact same resources all the time. In fact, they've got four
22 or five people that we're ready to move with, and guess what
23 the four or five are? They're resident inspectors who've been
24 assigned to go to sites. If they go to the PAT team, they don't
25 have to go to the site, and they can stay in the regions at the

1 present time. And trying to get around that issue of a decision
2 to pull the PAT team into headquarters in my judgment means we
3 stand a fairly high risk of most people deciding that they're not
4 going to go.

5 So staffing the PAT activity and where to put it and
6 how to get it, moving it and becoming even more effective than
7 it is is not going to be easy.

8 CHAIRMAN AHEARNE: What is your conclusion at the
9 moment as far as GPU and Jersey Central? Obviously, one of the
10 questions I would think you would be asked is what is your -- one
11 of the purposes of the PAT team is to try to get an assessment
12 of this utility. The reason in fact that the PAT team was sent
13 to this utility, as Terry mentioned, is because there was some
14 concern about GPU in general. And as I recall vaguely, there were
15 some discussions last fall about in a cross spectrum of utilities,
16 where does GPU fit, New Jersey Central, say, and that was one
17 of the reasons for sending the PAT team.

18 Now you've had the PAT team, you've had the review.
19 You've examined the licensee's responses to that. What's your
20 assessment, Mr. Stello, as to that utility?

21 MR. STELLO: I don't know. I'll let the PAT team --

22 CHAIRMAN AHEARNE: No, no. This is you as head of --

23 MR. STELLO: I understand that. Recognizing the need
24 to try to make assessment of licensee performance has been some-
25 thing that's been with us now for quite a while. We've had a

1 couple of attempts at trying to do this in the past, but I don't
2 think they've been very useful or fruitful.

3 I do recognize the need to try to make this assessment,
4 and we have developed a program which the Commission has approved
5 of a systematic assessment of licensee performance which will
6 include the results of these performance appraisal teams plus
7 a regional evaluation of each licensee, including input at the
8 licensing end of the business. And we're going to get together,
9 hopefully by the end of this year, and make that assessment in
10 terms of a national scale or a national perspective of licensee
11 performance.

12 I do not see anything that's come out of this inspection
13 which causes me to believe that this licensee is deficient in any
14 way which gives me the kind of concern where I'm concerned over
15 the safety of the plant. There are a number of things that we
16 clearly want him to improve and will be assured that they are
17 improved.

18 CHAIRMAN AHEARNE: If you had to put them on a scale --

19 MR. STELLO: I can't.

20 COMMISSIONER BRADFORD: There's an obvious followup
21 question. Are they in the middle of the range, at one end, or
22 are they at the bottom?

23 MR. STELLO: They're average. If you make me go beyond
24 that, I can't. I just honestly can't. It's okay. They're
25 adequate. I don't know whether I'm going to put them on the high

1 side of it, the low side of it. I just can't. Until we have
2 had the benefit of some attempt at getting all of these licensees
3 and having the systematic appraisal done for all of them, I don't
4 see how you can answer the question.

5 COMMISSIONER BRADFORD: How many have we done?

6 MR. STELLO: Five? Six. How many are finished?
7 How many reports? There are five.

8 MR. MURRAY : Six reports are finished.

9 MR. STELLO: Okay. I have five.

10 MR. MURRAY : Oyster Creek was number six.

11 MR. STELLO: I have that one.

12 COMMISSIONER BRADFORD: And do they all have the same
13 15 categories?

14 MR. MURRAY : No. The Oyster Creek one included
15 specific areas in radiation protection, radwaste management,
16 and environmental monitoring. The other facilities looked at
17 those areas to a much lesser extent.

18 MR. STELLO: Can I ask Jim the same question you asked
19 me? How would you answer the Chairman's question?

20 MR. MURRAY: The way I would answer it is that in
21 comparing where the licensee is, we can only do that based on
22 the six inspections, or now we've done seven but we haven't
23 completed the inspection report on that. With regard to those
24 six licensees, I think we would classify that licensee certainly
25 as adequate but on the lower range. His program would be weaker

1 than most of the other licensees that we've seen.

2 COMMISSIONER BRADFORD: Well, did anyone else have five,
3 or six, or seven items rated poor?

4 MR. MURRAY : The first five inspections that took
5 place did not have accident inclusion aspect identified.

6 CHAIRMAN AHEARNE: Pardon me. Didn't include the four?

7 MR. MURRAY: No. We felt that in the first five inspec-
8 tions that we did not have a "national perspective" from which
9 we could make a -- draw a conclusion as to whether the licensee's
10 management controls were good, average, or poor. When we got
11 to the Oyster Creek inspection, which was our sixth one, we
12 felt that we had to start doing --

13 CHAIRMAN AHEARNE: Oyster Creek was the first one where
14 you actually went through that rating scale.

15 MR. MURRAY: That's correct. That's correct.

16 CHAIRMAN AHEARNE: And the one's that now being written
17 is the next one.

18 MR. MURRAY: Right.

19 MR. STELLO: Would you say that this is the worst, in
20 your opinion, the worst management performance you've seen of all
21 of the PAT inspections, or would you say it's on the low side
22 of average, or --

23 MR. SCHAEFER: That was my fourth or fifth inspection,
24 and I'd have to say it was the worst. It had the worst management
25 controls that I've seen.

1 MR. STELLO: That you've seen. And is that your answer?

2 MR. MURRAY : I would concur. I was not on the team,
3 but I was involved in the detailed development of the inspection
4 report, so I had input from all the inspectors at that time. I'd
5 say yes, it appeared to be.

6 MR. STELLO: Now, can you take it and put it on the
7 perspective of all licensees?

8 MR. MURRAY : No. I don't feel that we can do that.

9 CHAIRMAN AHEARNE: Boyce, what can you say about with
10 respect to the licensees that you've seen?

11 MR. GRIER: I think we have rated Oyster Creek as
12 average with respect to Region I. I think, however -- and I'm
13 talking about several years' experience -- that in the last
14 year or so that their performance has not been as good. Clearly
15 we have problems in the health physics and radiation protection
16 area. It's been a continuing problem since the civil penalty of
17 over a year ago, and it continues to be a problem. That is the
18 principal area, I guess.

19 CHAIRMAN AHEARNE: What was the civil penalty of over
20 a year ago?

21 MR. GRIER: In the health physics area.

22 CHAIRMAN AHEARNE: What was it for?

23 MR. GRIER: The area of management controls, qualification
24 of people, procedures, that sort of thing.

25 CHAIRMAN AHEARNE: The same kinds of things that we're

1 hearing now.

2 MR. GRIER: Yes, that's correct. Typical of the things
3 we've seen in the other areas here, but to a greater degree.

4 CHAIRMAN AHEARNE: How about the systematic assessment
5 program, Vic? How is that coming? That's one of the things that
6 you're listed as being involved in.

7 MR. STELLO: We issued a manual chapter in April out
8 to the regions to start the first phase of this which is to get
9 the licensees in their region to have these management meetings,
10 and I'm aware of at least a number of them have occurred. As
11 they recall, they were going up to Richland, and they had too
12 much volcanic ash on the runway and cancelled that one. But
13 that part of it is under way.

14 We've been meeting with NRR and are setting up a board
15 to review the work when it comes in as well as have NRR take the
16 input as they see it from each of the licensees. And what's
17 our target to have the first report?

18 MR. MURRAY : The first assessment report is due in
19 December from the review group. The appraisals from the regions
20 are due six months after April.

21 CHAIRMAN AHEARNE: The main thing that is holding up
22 further progress on the PAT effort, is that right? We have the
23 slots, but we don't have the people to put in the slots.

24 MR. STELLO: Right. We're coming way down as a result
25 of the resident program, and in the budget process we go to

1 24. And it's been difficult. I'm going to try to make that
2 point in my testimony that it's not going to be an easy thing to
3 do.

4 COMMISSIONER BRADFORD: Would we have a hearing in
5 a situation where we're going to impose a civil penalty, having
6 to go and explain the situation to a congressional committee?

7 MR. STELLO: We're not going to explain or bring up
8 civil penalties.

9 COMMISSIONER BRADFORD: But it's bound to come up or
10 likely to come up.

11 MR. STELLO: Then I'm going to just refuse to answer it.
12 I am not going to discuss a pending enforcement action before a
13 committee.

14 CHAIRMAN AHEARNE: Do they know that?

15 MR. STELLO: No.

16 CHAIRMAN AHEARNE: Do they know there is a pending
17 enforcement action?

18 MR. STELLO: I don't think so.

19 CHAIRMAN AHEARNE: Do they know there's a pending
20 enforcement action?

21 MR. STELLO: I don't think so. Did anybody mention it
22 to them yet?

23 CHAIRMAN AHEARNE: I'm not saying it would dissuade
24 them. I mean, I think that it would probably be -- I'm sure
25 Moffett would want to at least understand there are some grounds.

1 MR. MURRAY : This would imply that we would consider
2 it --

3 MR. STELLO: Oh, yes. Well, that's standard language.

4 MR. MURRAY : See, the difficulty would be if he
5 just looks at you and says on the basis of this record I can't
6 believe you're not contemplating an enforcement on this, and then
7 you have to either sit there --

8 MR. STELLO: Then I'll read him the standard language
9 we give on our letter that based on your response we will consider
10 it.

11 CHAIRMAN AHEARNE: Yes, but rather than trying to get
12 into one of those kind of things, I would think that it would
13 just be good to let him know in advance.

14 MR. STELLO: Unless I am somehow directed to have to
15 get into that, my position going into it is I'm just not going
16 to discuss it.

17 MR. MURRAY : The pending escalated enforcement action
18 is not based on this PAT inspection. It's based on more recent
19 inspections and the followup.

20 MR. STELLO: And the followup of that specific area.
21 To argue it's not related is going to be very, very difficult.

22 CHAIRMAN AHEARNE: I guess Len would probably be the
23 best to take care of that.

24 Any other questions of what they might say that you'd
25 like to explore or positions we ought to have for them?

1 MR. STELLO: I can think of one they'll ask me: what
2 does the Commission think of that?

3 CHAIRMAN AHEARNE: I think at the moment we have
4 endorsed the concept. The Commission has presentations on it
5 last year. We are at the moment waiting to see what is the
6 result of the inspections. And if I were asked, I'd say well,
7 I'm waiting to call on Mr. Stello to reach a conclusion after
8 about a year of experience on it.

9 We thought enough of it to increase the number of people
10 in the '81 budget.

11 MR. STELLO: Well, we know that I guess OMB has been
12 very negative on it.

13 CHAIRMAN AHEARNE: Oh, I did not know that. I mean,
14 they are very negative on any increase.

15 MR. STELLO: They have the inspector inspecting
16 inspector problem.

17 CHAIRMAN AHEARNE: Well, their level of negativeness
18 on it didn't rise to an issue when I've discussed it at the
19 lower level of OMB, so it is a negative in that sense.

20 MR. STELLO: And I have no feeling for congressional
21 sympathy. The impression I got from their staff was I think they
22 think it's great.

23 MR. MURRAY : They like the concept. They don't have
24 any argument with the concept.

25 COMMISSIONER BRADFORD: Boyce, you indicated that your

1 impression was that things had gone downhill at Oyster Creek in
2 the last year, is that fair?

3 MR. GRIER: Yes. And particularly in the responsiveness
4 on the health physics problem.

5 COMMISSIONER BRADFORD: Do you have a sense of why that
6 would be?

7 MR. GRIER: No. They have been slow in meeting their
8 commitments and in making the changes.

9 COMMISSIONER BRADFORD: Well, aside from the financial
10 constraints the company's under, almost the last candidate I
11 would have expected to have become less responsive in the last year
12 would be a GPU-run plant.

13 COMMISSIONER HENDRIE: Potential hirees, for instance,
14 to strengthen the health physics program, it's not inconceivable
15 to me that those people are getting siphoned off to Harrisburg
16 rather than settling in at Oyster Creek. I wouldn't be surprised
17 with what just having the corporate support group and the whole
18 range just down there, maybe TMI doesn't create an atmosphere
19 in which Frinfrock is -- you know, in effect, his instruction
20 is to, you know, make do somehow. We can't -- there isn't any --

21 CHAIRMAN AHEARNE: Well, I can see that as a rationale,
22 Joe, but I don't know whether that's the right one.

23 Boyce, you have no sense of why that is so?

24 MR. GRIER: No.

25 COMMISSIONER BRADFORD: Have they diverted personnel to

1 TMI?

2 MR. GRIER: They did during the first few months and
3 at the time of the accident, but I think they're back at Oyster
4 Creek.

5 MR. STELLO: Boyce, is it also fair, though, to say
6 that probably at least one other contributing factor is that
7 health physics programs are now worse as we look at them this
8 year versus having looked at it before TMI, and it's that we've
9 learned a hell of a lot and put a lot more emphasis on it?

10 MR. GRIER: No question.

11 MR. STELLO: And there's a ell of a different attitude
12 in the staff now toward health physics than there had been before
13 TMI-2, and there's a lot more tension now. We have a team out
14 there inspecting the health physics program.

15 MR. MURRAY : They're there now.

16 MR. GRIER : They finish this week. This is their
17 second week.

18 MR. STELLO: Here Boyce said that it is worse, but
19 I also know that have attitudes have changed in terms of how
20 people react to health physics, too, and that's been significant.
21 And my own perception is quite a bit different now, and that's
22 why we have these teams going out.

23 COMMISSIONER BRADFORD: But the other PAT inspections
24 have for the most part been since TMI as well.

25 MR. MURRAY : No, that's not correct. The first three

1 PAT inspections were prior to TMI. There had been an inspection
2 at Palisades, Brunswick, and Peachbottom before TMI.

3 MR. STELLO: But all the reports were held up because
4 of TMI, and they're dated post-TMI. Aren't all of them dated
5 post-TMI?

6 MR. MURRAY : Yes.

7 MR. STELLO: And that might be the confusion.

8 MR. MURRAY : All except the Palisades one. The
9 Palisades report went out before TMI.

10 MR. MURRAY : And we didn't have a health physics
11 specialist join our staff before TMI, and then when they got
12 into the appraisal inspections, I felt that it was best to main-
13 tain that effort, and we can use that stuff in some of our evalua-
14 tions.

15 MR. GRIER : One thing I might mention further
16 about the GPU, you're probably aware of their plans to establish
17 GPU Nuclear which is to be a separate operating organization.
18 They are taking steps to implement that, and the announcements
19 were made just this week. But they are reorganizing at the
20 management level.

21 MR. MURRAY : I doubt if it will sell stock
22 separately.

23 CHAIRMAN AHEARNE: Anybody else have anything?

24 Okay. Thank you.

25 (Whereupon, at 5:10 p.m., the meeting was adjourned.)

NUCLEAR REGULATORY COMMISSION

This is to certify that the attached proceedings before the
Commission Meeting

in the matter of: CLOSED MEETING - Discussion of Congressional Testimony
by Staff re Performance Appraisal Teams

Date of Proceeding: May 21, 1980

Docket Number: _____

Place of Proceeding: Washington, D. C.

were held as herein appears, and that this is the original transcript
thereof for the file of the Commission.

David S. Parker

Official Reporter (Typed)



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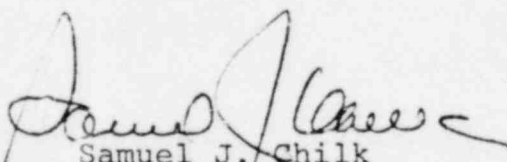
UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

September 23, 1980

COMMISSION DETERMINATION REGARDING PUBLIC
DISCLOSURE UNDER THE GOVERNMENT IN THE
SUNSHINE ACT OF:

Transcript of Discussion of Congressional
Testimony by Staff re Performance
Appraisal Teams, May 21, 1980

Pursuant to 10 CFR 9.108(c), the Commission, upon the
advice of the General Counsel has determined that the
subject transcript should be released to the public.


Samuel J. Chilk
Secretary of the Commission