



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

FEB 9 1981



MEMORANDUM FOR: Chairman Ahearne  
 THRU: William J. Dircks  
 Executive Director for Operations  
 (Signed) William J. Dircks  
 FROM: Victor Stello, Jr., Director  
 Office of Inspection and Enforcement  
 SUBJECT: SYSTEMATIC ASSESSMENT OF 10 CFR 50 LICENSEE PERFORMANCE -  
 METHOD BEING UTILIZED BY NRC TO RANK LICENSEES

You recently requested that I provide you information concerning the method being utilized to rank licensees under the NRC's program entitled "Systematic Assessment of Licensee Performance (SALP)." The program itself is described in SECY 80-83 dated February 12, 1980, IE Manual Chapter 2955 "Regional Evaluation of Licensee Performance," and the SALP Review Group Charter approved by the EDO on August 25, 1980. For convenience, copies of these documents are enclosed.

The responsibility for ranking licensees as either good, average, or poor is vested in the SALP Review Group. As explained in the enclosed Charter, this Group is composed of four senior NRC managers; currently they are D. G. Eisenhut, NRR, C. Michelson, AEOD, J. H. Sniezek, IE, and N. C. Moseley, IE, who also serves as Chairman. The ranking is taken very seriously by the Review Group because of its implications to the licensee and the public. It represents the best collective judgment of the Group and is based upon the following inputs for the respective licensee:

1. The annual evaluation of licensee performance by the regional office SALP Board with the personal participation of the Regional Director.
2. An information summary concerning licensee performance prepared by the Headquarters SALP Review Group staff.

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3. Comments concerning licensee performance from the Division of Licensing, which provides NRR overall comments.
4. Reports of special inspections such as those performed by the Performance Appraisal Section and the Health Physics Appraisal Teams.
5. Consideration of: number and nature of Licensee Event Reports, number and seriousness of noncompliances, and number or severity of enforcement actions.
6. Information concerning licensee attitude.
7. Any other information relating to licensee performance including, in certain cases, interviews of the Regional Director or other responsible regional personnel and participation in Regional SALP Review Boards by one or more members of the Headquarters Review Group or its staff.

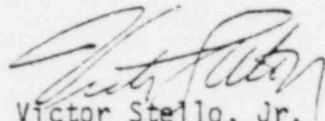
In evaluating all of the above information, the Group gives greatest weight to those matters affecting reactor safety. For example, a rating of "poor" would probably be assigned to a licensee who has been inconsistent in its ability to meet requirements significant to safety. This could be indicated by a record of multiple noncompliances of Severity Level IV or above, as defined in NRC's Proposed General Statement of Policy and Procedure for Enforcement; or by events showing a significant breakdown in licensee management controls. To achieve a rating of "good" a licensee must not only have a record relatively free of safety-related events or errors but must also have a compliance record with very few Severity Level IV or above items of noncompliance and no significant breakdown in management controls.

The rating of individual licensees will not be made final until the Review Group completes its first assessment of all licensees--currently scheduled for June 1981. This is in line with one of the SALP program objectives to "achieve regional consistency by evaluating licensee performance from a national perspective." We further anticipate that identification of those regarded as "poor" performers will support a second objective of the SALP program, which is to provide a basis for management's allocation of NRC resources.

Chairman Ahearne

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In summary, the rating assigned to a licensee will represent the best collective qualitative judgment, based on available information, of four senior NRC line managers. This is consistent with the NRC Action Plan resulting from TMI-2 (NUREG-0660, Task I.B.2.)



Victor Stello, Jr.  
Director  
Office of Inspection  
and Enforcement

Enclosures:

1. SECY 80-83
2. IE Manual Chapter 2955
3. SALP Review Group Charter

cc: Commissioner Gilinsky  
Commissioner Hendrie  
Commissioner Bradford  
SECY  
OGC  
OPE  
PDR ✓

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

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INFORMATION REPORT

POOR ORIGINAL

For: The Commissioners  
From: Victor Stello, Jr., Director  
Office of Inspection and Enforcement  
Thru: Executive Director for Operations *W. J. Stello*  
Subject: SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE

Purpose: The purpose of this paper is to inform the Commission regarding the status of efforts by the Office of Inspection and Enforcement in the evaluation of licensee performance.

Discussion: In October 1978, IE submitted SECY 78-554 "Licensee Regulatory Performance Evaluation," which requested, and subsequently obtained, Commission approval for a two-year trial program for evaluating licensee regulatory performance. "Regulatory performance" was defined as the licensee's ability to meet regulatory requirements and to avoid reportable events.

SECY 78-554 indicated that an "integrated methodology" would be developed that incorporated selected aspects of the three previously considered methods (Statistical, Trend Analysis, and Regional Survey) that were described in the paper. The objectives of this methodology were defined as:

- . Identification of factors that lead to different levels of regulatory performance;
- . Effective and efficient use of NRC inspection resources; and
- . Evaluation of various aspects of the NRC inspection program.

The trial program was developed, but was never implemented because of the Three Mile Island (TMI) Accident.

A program for the comprehensive overview of licensee performance has been included as Task 3.3.2 in the "Action Plans for Implementing Recommendations of the President's Commission and

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U. S. NUCLEAR REGULATORY COMMISSION  
OFFICE OF INSPECTION AND ENFORCEMENT

INSPECTION AND ENFORCEMENT MANUAL

CHAPTER 2955

MC 2955 REGIONAL EVALUATION OF LICENSEE PERFORMANCE

2955-01 PURPOSE

The purpose of this manual chapter is to describe the regional evaluation portion of the IE program for the systematic appraisal of licensee performance.

2955-02 APPLICABILITY

This chapter applies to the performance evaluation of all power reactors with operating licenses and construction permits and to those major fuel facilities and major by-product licensees so designated by the applicable IE Division Directors.

2955-03 OBJECTIVES

The objectives of the Systematic Assessment of Licensee Performance (SALP) are to:

- a. Identify exceptional or unacceptable licensee performance,
- b. Improve licensee performance,
- c. Improve the IE Inspection Program,
- d. Provide a basis for management's allocation of NRC resources, and
- e. Achieve regional consistency by evaluating licensee performance from a national perspective.

2955-04 DISCUSSION

A formal licensee appraisal program for the Regional Offices is an integral part of the Systematic Assessment of Licensee Performance (SALP) Program which is to be implemented in accordance with the commitments of Task I.B.2 of the "Action Plan for Implementing Recommendations of the President's Commission and Other Studies of TMI-2 Accident." This program will provide NRC management (regional and headquarters) with a basis for determining the adequacy of the inspection and enforcement programs and for effectively utilizing IE resources to cause improvement in licensee performance.

The implementation of this program will provide IE with a formal and consistent appraisal program. This appraisal program will identify those licensees to

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