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POLICY ISSUE
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SECY-94-012

FOR: The Commissioners
FROM: James M. Taylor
Executive Director for Operations
SUBJECT: IMPLEMENTATION STATUS OF ENHANCEMENTS DESCRIBED IN SECY-93-241,
"FINAL REPORT ON THE FISCAL YEAR 1993 ASSESSMENT OF THE
EFFECTIVENESS AND IMPLEMENTATION OF THE OPERATING REACTOR INSPECTION
PROGRAM"

PURPOSE:

To inform the Commission of the staff's progress in implementing enhancements to the operating reactor inspection program initiated in response to the inspection program assessment. In addition, this paper addresses questions raised by the Commission in the May 6, 1993 SRM (M930423D - "Briefing on Assessment of NRC Inspection Program").

BACKGROUND:

During fiscal year 1993 (FY 93), the staff performed an assessment of the operating reactor inspection program. The results of the assessment and the proposed major improvement actions were forwarded to the Commission in SECY-93-241. The staff committed to provide an update on its progress in implementing the proposed improvement actions. In addition, the staff committed to respond to several questions raised in the May 6, 1993 SRM. This paper addresses both areas.

NOTE: TO BE MADE PUBLICLY AVAILABLE
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DISCUSSION:Status of Proposed Improvements

As stated in SECY 93-241, the FY 93 assessment revealed that the inspection program meets its regulatory objectives, focuses on areas important to the NRC's safety mission, and identifies significant issues and adverse trends in the safety performance of licensees. The assessment also identified several areas where changes could improve program effectiveness. These areas were principally related to a need for improved safety-based inspection focus and planning, improved correlation between inspection effort and licensee performance, improved effectiveness of management's oversight of inspector activities. In addition, the assessment identified the need for increased inspection focus in the critical areas of engineering and evaluating the effectiveness of licensees' controls in identifying, resolving, and preventing problems by reviewing such areas as corrective action systems, root cause analysis, safety committees, and self assessment.

The staff has made progress in developing and implementing changes to resolve these issues while considering agency initiatives to reduce the overall size of the inspection program and to reduce the ratio of managers and supervisors to staff.

To address concerns regarding the effectiveness of management's oversight of inspector activities, the staff has modified previous guidance to place increased emphasis on managers observing inspectors in the field and to ensure that feedback is provided to inspectors, where appropriate. The revised guidance has been forwarded to the regions for comment and will be issued in early 1994. In the interim, senior regional managers have reemphasized to subordinate managers and supervisors the importance of their role in ensuring that expectations for program implementation and inspector performance are achieved.

The inspection program is being revised to place greater emphasis in the area of engineering. The current core engineering procedure (Inspection Procedure 37700, "Design Changes and Modifications") is being replaced by two new procedures. One procedure requires a routine, continuing evaluation of the adequacy of engineering and technical support activities in responding to events and emerging issues. The other procedure requires a broader evaluation of all significant engineering functions and the effectiveness of the engineering organization in providing support to other organizations. The total core inspection resources for engineering and technical support have been increased significantly. The new procedures will be issued in March 1994.

The staff is also modifying the core inspection program to place increased emphasis in the area of licensee's control systems. As part of routine inspection activities in the areas of engineering, maintenance, operations, and plant support, inspectors will gather information regarding the effectiveness of licensees' control systems. In addition, once each SALP cycle, the region will conduct a broad inspection to evaluate how well each licensee identifies, analyzes, and resolves issues that degrade quality plant

operations or safety. The staff will rely on evaluations of the effectiveness of licensees' controls along with other performance insights in determining whether a licensee will be permitted to conduct certain self inspections in lieu of NRC inspection. The new inspection procedures will be issued early in 1994.

Response to SRM M930423D

In April 1993, the Commission was briefed by the Office of Policy Planning (OPP) on the results of OPP's assessment of the NRC reactor inspection program. In response, the Commission requested that the staff consider several questions in evaluating actions to be taken to enhance the reactor inspection program. Specific questions and answers follow.

1. QUESTION: How can the Agency determine if inspections are shifting to focus more on safety than compliance?

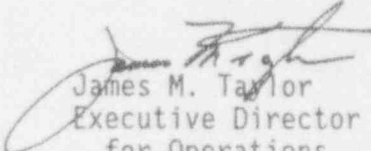
The purpose of the inspection program is to verify that licensees operate nuclear plants safely. The Agency can assure that the shift to focus more on safety continues through additional changes to the operating reactor inspection program to utilize a risk perspective gained from such efforts as licensee's IPEs, and make a determination with an analysis of operating events, review of enforcement trends, and analysis of inspection plans and results. In addition, the Agency will continue to eliminate or change requirements that are not safety significant through such initiatives as the Technical Specification Improvement Program and Cost Beneficial Licensing Action efforts.

2. QUESTION: Based on the proposed reduction of about 5 percent in the inspection hours planned for FY 94 as compared to FY 93, how is impact going to be measured, taking into account the program efficiencies which will also be incorporated?

QUESTION: How would the impact be measured if the resource levels were varied up to plus or minus 10 percent?

The staff believes that the impact of changes to the inspection program would be gradual and subtle and, therefore, would be difficult to detect. The results of the assessment, in light of favorable trends in industry performance, indicate that a reduction of 5 percent in direct inspection effort is possible without an unacceptably adverse impact. The overall program may not reflect a reduction equal to the change in direct effort due to the need for improved planning. However, as stated in SECY-93-241, the staff will continue to monitor existing performance measures to ensure that reductions in inspection resources do not result in a negative impact. This includes the review of plant specific performance measures and

evaluations such as performance indicators, LERs, enforcement trends, periodic performance reviews, semi-annual Senior Management Meetings, and SALP. In addition, NRR will continue to perform periodic assessments of the effectiveness of the inspection program.


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