



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

October 20, 1981

OFFICE OF THE
SECRETARY

COMNP-81-5

MEMORANDUM FOR: William J. Dircks, Executive Director
for Operations

FROM: Samuel J. Chilk, Secretary

SUBJECT: SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE

The Commission has approved the attached guidance for future conduct of the licensee assessment process.

Please implement and advise the Commission of your progress.

Attachment:
As Stated

cc: Chairman Palladino
Commissioner Gilinsky
Commissioner Bradford
Commissioner Ahearne
Commissioner Roberts
OGC
OPE

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(5)

COMMISSION GUIDANCE FOR FUTURE CONDUCT OF
THE LICENSEE ASSESSMENT PROCESS

On September 22, 1981, the Commission was briefed on the results of the staff's evaluation of licensee performance conducted under the program entitled Systematic Assessment of Licensee Performance (SALP). The Commission also was briefed on the objectives underlying the program.

The Commission believes that those elements of the program directed toward fulfilling the objectives--especially the objective of improving allocation of inspection resources--should continue in the future. However, other aspects of the program should be changed along the lines of modifications suggested below:

- While it is understandable that the first assessment of licensee performance reached back to two years ago, the timeliness must improve. The staff should set as a target that assessments for each operating and construction facility will be completed annually. The individual facility assessments should take place at a uniform rate throughout the year.
- The assessments should be made at a regional level. Involvement of NRC offices other than the Office of Inspection and Enforcement should continue as part of the assessments. The headquarters activity should be redirected to evaluating the policy, criteria, and methodology for these assessments.
- Assessment criteria should be established that do not depend on looking at all plants to determine relative performance (e.g., an average and levels around that average). The staff should be sure that the new assessment criteria are widely published and well understood. We and the licensees must know what it takes to fall under the criteria and rise out from under them. Also, those doing the assessments should have recognized expertise in applying the criteria.
- The staff should ensure the existence of a process for taking licensee responses into account. Specifically, a licensee must have the opportunity to comment on assessment results before they are made final and the licensee is characterized, e.g., as needing to improve performance.

- The adverse implications of ranking utilities can be avoided by adopting three categories for the assessment. The first category should identify those facilities for which more licensee and hence more NRC attention is needed. The second category should identify those facilities for which proper balance of licensee and NRC attention has been achieved. The last category should identify those facilities for which more than adequate attention by the licensee is apparent and hence a reduction in NRC resources for those facilities can be realized.
- Actions identified as needed are expected to be initiated immediately following completion of the appraisal for a particular licensee. Where these actions include changes in the amount of NRC inspection resources devoted to a facility, criteria should be established to govern such changes (e.g., how many and what type of inspections should be added or subtracted).

The Commission understands that a draft Manual Chapter is currently in use for the program. This Manual Chapter should be rewritten to reflect this Commission guidance. Within the next month the revised Manual Chapter should be issued by the EDO. In the meantime, the licensee assessments that are underway should continue with the old guidance until the new Manual Chapter is issued. New assessments should be started under the new guidance as soon as possible.

Without holding up issuance of the new Manual Chapter, but within the near future, the public should be given an opportunity to evaluate and comment on the assessment process that will ultimately be used. In addition, as future NRC assessment techniques are developed, the staff should devise ways to work with the Institute for Power Plant Operations (INPO). By doing so, NRC could gain confidence in our own techniques and perhaps make use of NRC resources more efficient.

Concerning the current summary report prepared by the staff, the Commission authorizes release of the report subject to the following conditions:

- this Commission guidance is displayed prominently on top of the report.
- the statement below is printed boldly on the cover of the report.

COMMISSION STATEMENT

The Commission endorses the staff's factual findings in this report concerning individual licensee operations. The Commission also encourages licensees to make improvements in the areas of weakness identified by the staff. However, in view of the long time span during which individual plant evaluations were made, the Commission does not believe that the relative rankings necessarily represent current conditions. The Commission has prepared guidance for the staff to govern the conduct of future assessments.