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

OFFICE OF THE
EXECUTIVE DIRECTOR
FOR OPERATIONS

February 16, 1990

TO: Lief Norrholm, OCM/KC
Charles Ador, OCM/TR
~~Jack Scarborough, OCM/KR~~
David Trimble, OCM/JC
Jack Guttman, OCM/FR

FROM: James L. Blaha, AO/OEDO

The attached guidelines were discussed at the Commission meeting on February 15, 1990. They were used by the senior managers in making decisions on removing plants from the problem list and seerr to be reasonable based on that experience. By definition, guidelines are not hard and fast rules but general guidance to be considered.

PDR

James L. Blaha, AO/OEDO

cc: SECY
J. Taylor, EDO
H. Thompson, DECS
T. Murley, NRR

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

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MEMORANDUM FOR: James M. Taylor
Acting Executive Director for Operations

FROM: Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

SUBJECT: PROPOSED GUIDELINES FOR REMOVAL OF PLANTS FROM THE NRC
WATCH LIST

Enclosed is a discussion paper concerning proposed guidelines for removal of plants from the NRC watch list. The proposed guidelines have been reviewed and commented on by the regional offices. I recommend that the guidelines be discussed as a formal agenda item at the Senior Management Meeting in January 1990, or with the Regional Administrators the evening prior to the meeting.

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Enclosure:
Proposed Guidelines for
Removal from NRC Watch List

- cc: S. Varga
- G. Holahan
- W. Russell
- S. Ebner
- A. Davis
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PROPOSED GUIDELINES FOR REMOVAL OF PLANTS FROM THE NRC WATCH LIST

This paper proposes the framework for the removal of plants from the NRC watch list. The guidelines are intended to be general, because the reasons for placing a plant on the NRC watch list vary widely. A plant may be of concern due to hardware and technical issues, operational problems, or licensee management weaknesses.

Following the June 1985 loss of feedwater event at Davis-Besse, senior NRC managers decided to meet periodically to discuss the plants of most concern to the agency and to plan a coordinated course of action. The first Senior Management Meeting (SMM) was held in April 1986, and six subsequent semi-annual meetings have been conducted. The last meeting was conducted in May 1989.

During the evaluation process to determine which plants are of most concern, each plant in the region is discussed to determine the performance level of management and station personnel, hardware issues, significant design information, and risk perspective from a PRA standpoint. The NRC managers also use summaries of the most recent SALP, SALP history, current operating experience, current NRC and licensee activities, and performance indicator data.

In reviewing the plants that have experienced significant performance problems, the senior NRC managers have established three levels or categories of performance based upon plant actions to correct the problems and to achieve improved operations. Other than the definitions listed below, there are currently no specific criteria for placing plants on the watch list. The current categories are defined as:

1. Plants removed from the list of problem facilities

Plants in this category have 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 to ensure improvement continues.

2. Plants authorized to operate that the NRC will monitor closely

Plants in this category are having or have had weaknesses that warrant increased NRC attention from both headquarters and the regional office. A plant will remain in this category until a licensee demonstrates a period of improved performance.

3. Shutdown plants requiring NRC authorization to operate and which the NRC will monitor closely

Plants in this category are having or have had significant weaknesses that warrant maintaining the plant in a shutdown condition until the

licensee can demonstrate to the NRC that adequate programs have both been established and implemented to ensure substantial improvement.

Attachment 1 lists the 10 sites (14 plants) that have been removed from the watch list since 1986. The meeting results from the previous SMM's were reviewed to determine what reasons were given for removal of these plants from the watch list. The bases for removal of these plants has varied because of the different reasons for being placed on the list. A compilation of these bases was sent to each region for comment, in order to develop the proposed guidelines for removal of plants from the list. These historical bases are summarized on Attachment 2. The comments from the regions were incorporated into the general guidelines listed below.

On November 23, 1988, staff guidelines concerning restart approval were issued by the EDO. These guidelines provide general criteria on the issues to be considered during the staff's evaluation of plant restart approval. In other words, these guidelines cover the plants moving from a Category 3 to a Category 2. The enclosed proposed guidelines will cover the plants moving from Category 2 to Category 1. There was an effort to ensure that the applicable restart criteria were enveloped into these guidelines, since a plant which is originally placed in Category 3 must meet each set of guidelines prior to removal from the watch list.

The proposed guidelines have been organized into four general areas: (1) root cause identified and corrected, (2) improved self-assessment and problem resolution, (3) licensee management organization and oversight, and (4) NRC assessment complete.

The general guidelines for removal of plants from the NRC watch list are as follows:

1. Root Cause Identified and Corrected

a. The licensee has thoroughly assessed weak performance areas and developed a comprehensive and clearly defined program to correct the root cause(s). The corrective action program includes a schedule for implementation and a verification program.

b. The NRC is satisfied, through demonstrated and sustained successful plant performance, that the licensee's corrective action program is sufficiently implemented such that performance has sufficiently improved to justify returning the plant to normal NRC oversight. The licensee's corrective actions include sufficient measures to prevent recurrence of problems.

c. For those long-term corrective measures that remain to be completed, the NRC has reviewed the licensee's schedule for completion, found the schedule acceptable, and the licensee is generally adhering to the schedule. The licensee management has allocated sufficient resources to carry out long range corrective action programs, assuring continued satisfactory progress.

2. Improved Self-Assessment and Problem Resolution

a. The licensee has demonstrated an improved approach to self-identification and resolution of safety problems, and has instituted program elements which monitor and evaluate the effectiveness of corrective actions. The requisite internal communications and coordination are established to assure that safety issues are being identified to the appropriate level of management and corrected in a timely manner.

b. The licensee's quality assurance and safety oversight groups are demonstrating improved capabilities in providing timely and effective self-assessments of performance to site and corporate management.

3. Licensee Management Organization and Oversight

a. The licensee's corporate and plant management team is stable and competent, has accepted and implemented the corrective actions, and is fully committed to achieving improved performance. There is reasonable assurance that the management team will remain in place for a period of time commensurate with the long-range corrective action plan.

b. The licensee has effective corporate management oversight and involvement in plant operations and problem resolution. The management team provides strong direction and is fostering a nuclear safety work ethic which is understood at all levels in the organization.

4. NRC Assessment Complete

a. The NRC senior management has assessed licensee performance and improvement programs such that it no longer considers the plant as having weaknesses that warrant increased NRC-wide attention.

b. Significant NRC inspection and licensing activities are complete and findings are properly resolved or understood to support removal from the watch list.

Attachment 1

PLANTS REMOVED FROM NRC WATCH LIST

<u>SMM MEETING DATE</u>	<u>PLANT</u>
05/18/89	Sequoyah 1,2 Fermi 2 Fort Calhoun
12/07/88	Dresden 2,3 Rancho Seco
06/29/88	Fort St. Vrain
11/18/87	Palisades
10/23/86	Turkey Point 3,4* Davis-Besse LaSalle 1,2

*Later returned to the watch list

Attachment 2

HISTORICAL BASES FOR REMOVAL FROM NRC WATCH LIST

1. The licensee has performed a thorough self-assessment of the weak performance areas and developed a comprehensive program to correct the root causes.
2. The NRC is satisfied that the licensee's corrective action program is substantially complete and that the areas of weak performance have been successfully improved.
3. The licensee has demonstrated through a sustained period of successful plant operation that the corrective action programs have been effectively implemented.
4. The licensee has established a stable and competent management team that has accepted and implemented the corrective actions and is fully committed to achieving improved performance.
5. The licensee has extensive corporate management oversight and involvement in plant operations and problem resolution. The management team provides strong direction and imparts a nuclear ethic.
6. The licensee consistently demonstrates an improved approach to resolution of problems. The requisite internal communications and coordination are established to assure that safety issues are being identified to the appropriate level of management and corrected in a timely manner.
7. The NRC no longer considers the plant as having weaknesses that warrant increased NRC-wide attention.