



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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January 27, 1995

MEMORANDUM TO: The Chairman
Commissioner Rogers
Commissioner de Planque

FROM: James M. Taylor *James Taylor*
Executive Director for Operations

SUBJECT: RESULTS OF THE NRC SENIOR MANAGEMENT MEETING
HELD JANUARY 18-19, 1995

The purpose of this memorandum is to provide the Commission with (1) a summary of discussions held at the January 18-19, 1995, NRC Senior Management Meeting, (2) copies of letters to be sent to the licensees of plants on the problem plant list that will be discussed at the February 3, 1995, Commission Meeting, (3) copies of followup letters to be sent to plants whose performance was trending downward, and (4) copies of letters to be sent to plants to recognize superior performance in accordance with the program described in SECY-94-291.

As the Commission is aware, NRC senior managers meet approximately biannually to review the performance of operating nuclear power plants licensed by the NRC. These meetings are conducted to assure NRC is focusing its resources on plants and related issues of greatest safety significance.

Nuclear power plant performance was a major topic of discussion at this latest NRC Management Meeting. A summary of the results of this discussion is presented in Attachment 1.

On February 1, 1995, the Regional Administrators will place a telephone call to the licensee of each plant in Category 1, 2, and 3, and each licensee whose performance was trending downward informing them of the staff's assessment of their plants, the basis for the conclusions made by the NRC Senior Managers, and of the February 3, 1995, Commission meeting. On February 1, 1995, the staff will transmit by facsimile the letters in Attachment 2 to the Chief Executive Officer of each Category 1, 2, and 3 plant. The time of these notifications is provided to give licensee management an opportunity to attend the Commission Meeting if they should so choose. Also, on February 1, the letters in Attachment 3 will be sent to the licensees of those plants identified as trending performers. You will note that a single letter has been prepared to summarize NRC discussions related to the Commonwealth Edison Company plant in Category 2 and those plants whose performance was trending downward. The letters, which recognize those plants who have exhibited

Information in this record was derived from _____

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-2-

superior safety performance, will be forwarded to the Commission in a separate memo. Attachment 4 is a draft management meeting summary of the January 18-19, 1995, NRC Senior Management Meeting, and Attachment 5 is a list of attendees at that meeting.

NRC senior managers reviewed the events and performance problems at Millstone Nuclear Power Station, Unit 2, and Salem Nuclear Generating Station. While it is clear that the licensees of these plants have directed resources and management attention to address their concerns, I intend to request a meeting with the Board of Trustees of Northeast Utilities and a meeting with the Board of Directors of Public Service Electric and Gas Company to discuss the need for further improvement in performance at Millstone and Salem, respectively.

Please note that the information contained with this memorandum is sensitive and will be first discussed publicly at the February 3, 1995, Commission Meeting.

Following the meeting, letters to licensees will be placed in the Public Document Room.

Attachments:

1. Summary of Senior Management Meeting Results
2. Problem Plant List Letters to Licensees
3. Trending Letters to Licensees
4. Draft Management Meeting Summary
5. List of Attendees

cc w/attachments:

SECY
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OPA

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Pro Decision
~~CONFIDENTIAL~~

ATTACHMENT 1

Summary of Senior Management Meeting Results

Pro Decision
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The following chart lists conclusions reached by the senior managers at this meeting and from the previous meeting for nuclear power plants:

<u>Meeting Dates</u>	<u>Category 3</u>	<u>Category 2</u>	<u>Category 1</u>
Jan. 18-19, 1995	Browns Ferry 1&3	Dresden 2&3 Indian Point 3	South Texas 1&2
June 7-8, 1994	Browns Ferry 1&3	Dresden 2&3 Indian Point 3 South Texas 1&2	Brunswick 1&2

The following chart lists conclusions from this meeting and from the previous meeting for materials licensees:

<u>Meeting Dates</u>	<u>Facilities for Priority Attention</u>
Jan. 18-19, 1995	None
June 7-8, 1994	None

NRC senior management plans to continue to review the status of all reactor and other licensees on an approximate six-month frequency. Determinations will then be made to add or delete licensees from this list based on demonstrated performance. This program represents a concerted effort by the NRC senior management to focus NRC resources on those plants and issues of greatest safety significance and risk.

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ATTACHMENT 2: Problem Plant
List Letters to Licensees



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

Mr. Donald D. Jordan
Chairman of the Board
and Chief Executive Officer
Houston Lighting & Power Company
P.O. Box 1700
Houston, Texas 77251

Dear Mr. Jordan:

On January 18-19, 1995, the NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting semiannually to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires that steps be taken to communicate concerns to the utility's president or board of directors. At the January 1995 Senior Management Meeting, the South Texas Project was discussed.

Based on our discussions, it was concluded that the South Texas Project has demonstrated sustained improvement sufficient to warrant removal from the problem plant category that requires increased attention from both NRC headquarters and Region IV. Plants removed from the problem plant category have taken effective actions to correct identified problems and to implement programs for improved performance. A summary of NRC discussions related to the South Texas Project follows:

The NRC's inspection program and overview activities have determined that licensee management has substantially corrected the weaknesses and underlying root causes that led to previous performance problems at the South Texas Project. Management has established high standards of performance, implemented improved self-assessment and corrective action programs, and upgraded the material condition of the two units to enhance equipment reliability.

The relatively trouble-free operation of both units over a sustained period reflects the effectiveness of licensee management actions and improved teamwork among plant staff. In particular, plant operation has been enhanced by more effective maintenance and engineering support that has resulted in reduced backlogs and improved equipment reliability.

Recent management actions to ensure an open, positive climate for employees to raise safety concerns were noted and the restructured employee concerns program appears to be well-received by the plant staff. The NRC staff will continue to monitor the effectiveness of these actions.

In summary, licensee actions have been effective in improving the safety performance of the South Texas Project. Therefore, the NRC has

D. Jordan

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determined that an enhanced level of regulatory monitoring is no longer warranted.

An NRC Commission meeting, open to the public, has been scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on February 3, 1995, to review the results of the latest meeting of NRC senior managers. Mr. Leonard J. Callan, the Region IV Administrator, has discussed the bases for our conclusions with regard to South Texas Project with members of your staff.

If you have questions regarding this matter, do not hesitate to call me.

Sincerely,

James M. Taylor
Executive Director
for Operations

Docket Nos. 50-498, 50-499

cc: See next page

D. Jordan

-3-

cc:

Houston Lighting & Power Company
ATTN: William T. Cottle, Group
Vice President, Nuclear
P.O. Box 289
Wadsworth, Texas 77483

Houston Lighting & Power Company
ATTN: James J. Sheppard, General
Manager
Nuclear Licensing
P.O. Box 289
Wadsworth, Texas 77483

City of Austin
Electric Utility Department
ATTN: J. C. Lanier/M. B. Lee
721 Barton Springs Road
Austin, Texas 78704

City Public Service Board
ATTN: K. J. Fiedler/M. T. Hardt
P.O. Box 1771
San Antonio, Texas 78296

Newman, Bouknight, Elgar, P.C.
ATTN: Jack R. Newman, Esq.
1615 L Street, NW
Washington, D.C. 20036

Central Power and Light Company
ATTN: G. E. Vaughn/T. M. Puckett
P.O. Box 2121
Corpus Christi, Texas 78403

INPO
Records Center
700 Galleria Parkway
Atlanta, Georgia 30339-5957

Mr. Joseph M. Hendrie
50 Bellport Lane
Bellport, New York 11713

Bureau of Radiation Control
State of Texas
1100 West 49th Street
Austin, Texas 78756

Office of the Governor
ATTN: Susan Rieff, Director
Environmental Policy
P.O. Box 12428
Austin, Texas 78711

Judge, Matagorda County
Matagorda County Courthouse
1700 Seventh Street
Bay City, Texas 77414

Licensing Representative
Houston Lighting & Power Company
Suite 610
Three Metro Center
Bethesda, Maryland 20814

Houston Lighting & Power Company
ATTN: Rufus S. Scott, Associate
General Counsel
P.O. Box 61867
Houston, Texas 77208

Egan & Associates, P.C.
ATTN: Joseph R. Egan, Esq.
2300 N Street, N.W.
Washington, D.C. 20037

U.S. Nuclear Regulatory Commission
ATTN: David P. Loveless, Senior
Resident Inspector
P.O. Box 910
Bay City, Texas 77414

Central Power & Light Company
ATTN: C. A. Johnson
P.O. Box 289
Mail Code N5001
Wadsworth, Texas 77483



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555-0001

Mr. S. David Freeman, President & CEO
New York Power Authority
1633 Broadway
New York, NY 10019

Dear Mr. Freeman:

On January 18-19, 1995, the NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting semiannually to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires that steps be taken to communicate concerns to the utility's president or board of directors. At the January 1995 Senior Management Meeting, the Indian Point 3 Nuclear Power Plant was discussed.

Indian Point 3 continues to be categorized as requiring close NRC monitoring. Plants in this category have been identified as having weaknesses that warrant increased NRC attention until the licensee demonstrates a period of improved performance. A summary of NRC discussions related to Indian Point 3 is provided below:

Since the last Senior Management Meeting, performance at the facility has improved and substantial progress has been made towards restart of the unit. Paramount to improvement and progress at Indian Point 3 has been the establishment of your full management team, and their significant effort to instill an attitude fostering attention to detail and a questioning approach in conducting activities.

However, necessary performance improvements have not been fully achieved as evidenced by additional examples of personnel errors and weaknesses in your corrective action process. Continued strong management attention is warranted to maintain the improving performance trend at the facility. Based on these considerations, the NRC will continue to closely monitor the programs and performance at Indian Point 3.

Indian Point 3 expects to be ready for NRC's Restart Assessment Team Inspection (RATI) in the near future. Once the NRC receives the Startup Evaluation for Readiness Team report and a letter outlining the plant's plans and schedule for heatup and system certification, the RATI entrance meeting, which will be open for public observation, can be scheduled. Following completion of our inspection, our findings will be presented in an exit meeting open for public observation, prior to any decision on plant restart.

An NRC Commission meeting, open to the public, has been scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on February 3, 1995, to review the results of the latest meeting of the NRC senior managers.

S. Freeman

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Mr. Thomas T. Martin, Region I Administrator, has discussed the basis for our conclusions with regard to Indian Point 3 with members of your staff.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

James M. Taylor
Executive Director
for Operations

Docket No. 50-286

cc: See next page

cc:

Mr. Gerald C. Goldstein
Assistant General Counsel
Power Authority of the State
of New York
1633 Broadway
New York, NY 10019

Mr. Robert G. Schoenberger
First Executive Vice President
and Chief Operating Officer
Power Authority of the State
of New York
123 Main Street
White Plains, NY 10601

Mr. William J. Cahill, Jr.
Executive Vice President
Nuclear Generation and
Chief Nuclear Officer
Power Authority of the State
of New York
123 Main Street
White Plains, NY 10601

Mr. Leslie M. Hill
Resident Manager
Indian Point 3 Nuclear Power Plant
P.O. Box 215
Buchanan, NY 10511

Ms. Charlene D. Faison
Director Nuclear Licensing
Power Authority of the State
of New York
123 Main Street
White Plains, NY 10601

Ms. Donna Ross
New York State Energy Office
2 Empire State Plaza
16th Floor
Albany, NY 12223

Charles Donaldson, Esquire
Assistant Attorney General
New York Department of Law
120 Broadway
New York, NY 10271

Resident Inspector
Indian Point 3 Nuclear Power Plant
U.S. Nuclear Regulatory Commission
P.O. Box 337
Buchanan, NY 10511

Mr. Charles W. Jackson
Manager, Nuclear Safety and
Licensing
Consolidated Edison Company
of New York, Inc.
Broadway and Bleakley Avenues
Buchanan, NY 10511

Mayor, Village of Buchanan
236 Tate Avenue
Buchanan, NY 10511

Mr. Richard L. Patch, Director
Quality Assurance
Power Authority of the State
of New York
123 Main Street
White Plains, NY 10601

Union of Concerned Scientists
Attn: Mr. Robert D. Pollard
1616 P Street, NW, Suite 310
Washington, DC 20036



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

Mr. James J. O'Connor
Chairman and Chief Executive Officer
Commonwealth Edison Company
P.O. Box 767
Chicago, IL 60690

Dear Mr. O'Connor:

On January 18-19, 1995, NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting semiannually to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires that steps be taken to communicate concerns to the utility's chairman or board of directors. At the January 1995 Senior Management Meeting, the Dresden, Quad Cities, and LaSalle County Nuclear Power Stations were discussed.

Dresden Station was placed on the NRC watch list for the second time in January 1992 as a Category 2 plant. Plants in this category have been identified as having weaknesses that warrant increased NRC attention until the licensee demonstrates a period of improved performance. A summary of NRC discussions related to Dresden follows:

Through the first half of 1994, performance at Dresden improved in most areas, but the improvements were uneven and overall progress was slow. In August 1994, Unit 3 tripped during restart from an outage. The cause of the trip was operator inattention resulting in low water level in the reactor vessel. At about the same time, Unit 2 was shutdown due to multiple equipment problems with the High Pressure Safety Injection (HPSI) system that rendered it inoperable. Commonwealth Edison Company (ComEd) management decided to keep both units shut down for a period of retraining for the operating crews, selected material condition improvements, and radiological condition improvements. Both units were restarted during the month of November. Operator performance during the restart and since have been good.

Plant material condition continues to be a significant problem. Although progress has been made with the large rotating components, an extensive backlog of items remains. The large backlog together with an inefficient work control system is hampering progress. Radiological conditions at Dresden also need continuing attention. Specific plans are being drawn up by ComEd managers to address these and will be available for NRC review in the near future.

In summary, a sense of progress is now evident at Dresden; however, much remains to be done. The NRC senior managers consider that more time is needed to determine if this improving trend can be maintained. Accordingly, Dresden will continue as a Category 2 plant.

Adverse trends at Quad Cities Station were discussed at the January 1994, the June 1994, and again at the January 1995 Senior Management Meeting. A summary of the discussion follows:

During the last six months, Quad Cities followed a pattern similar to Dresden. Due to operational errors and plant material condition problems, both Quad Cities units were shut down by ComEd management in October 1994. An intensive retraining program for the plant operators was undertaken and selected operator work-arounds, plant material condition items, and radiological protection improvements were addressed. Both units were restarted in December; however, the restart was somewhat marred by operator mistakes.

Plant material condition remains a major problem and is complicated by inefficient work control and uneven technical support. Plans are being finalized for improvements of the most significant items over the next few months.

While recent visits by senior NRC managers have observed positive developments at Quad Cities, the senior managers concluded that it was too early to conclude that the actions to date have been effective in arresting the adverse trends. I urge that you continue with your corrective actions.

Adverse trends at LaSalle County Station were also discussed at the January 1994 and June 1994 Senior Management Meetings. The major issues were declining plant material condition, poor radiological conditions, and poor radiological work practices by employees. A summary of the NRC discussions related to LaSalle follows:

Plant material condition is still a major concern at LaSalle. Some progress has been made, but plans for further improvements lack clarity and focus. Plant material condition problems continue to present operational challenges to the operators in the form of unexpected equipment failures and operator work-arounds.

However, in the last few months, performance improvement initiatives have been effective in arresting the adverse trends in most areas. Operator performance has been satisfactory, and the operators have dealt well with several plant challenges. Plans have been outlined for reducing the large radiological source term, and the adverse trends in personnel contamination and contaminated areas have been reversed. Self-assessment has improved as evidenced by the number and threshold of problems being identified by plant staff.

Considering all of the factors, the senior managers concluded that the declining trends at LaSalle have been arrested in most areas. Although the picture is still uncertain in the plant material condition area, the NRC senior managers decided that, on balance, LaSalle should be returned to normal status.

James J. O'Connor

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I urge you to continue to deal with plant material condition problems with particular emphasis on reducing plant challenges and operator work-arounds at LaSalle.

An NRC Commission meeting, open to the public, has been scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on February 3, 1995, to review the results of the latest meeting of NRC senior managers. Mr. John B. Martin, the Region III Administrator, has discussed the bases for our conclusions with members of your staff.

If you have any questions regarding this matter, please do not hesitate to call me.

Sincerely,

James M. Taylor
Executive Director
for Operations

Docket Nos. 50-10, 50-237, 50-249
50-254, 50-265
50-373, 50-374

cc: See next page

James J. O'Connor

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cc:

Michael I. Miller, Esquire
Sidley and Austin
One First National Plaza
Chicago, Illinois 60690

Mr. Thomas P. Joyce
Site Vice President
Dresden Nuclear Power Station
6500 North Dresden Road
Morris, Illinois 60450-9765

Mr. J. Eenigenburg
Station Manager, Unit 2
Dresden Nuclear Power Station
6500 North Dresden Road
Morris, Illinois 60450-9765

Mr. D. Bax
Station Manager, Unit 3
Dresden Nuclear Power Station
6500 North Dresden Road
Morris, Illinois 60450-9765

U.S. Nuclear Regulatory Commission
Resident Inspectors Office
Dresden Station
6500 North Dresden Road
Morris, Illinois 60450-9766

Illinois Department of Nuclear
Safety
Office of Nuclear Facility Safety
1035 Outer Park Drive
Springfield, Illinois 62704

Chairman
Grundy County Board
Administration Building
1320 Union Street
Morris, Illinois 60450

Phillip P. Steptoe, Esquire
Sidley and Austin
One First National Plaza
Chicago, Illinois 60603

Assistant Attorney General
100 West Randolph Street
Suite 12
Chicago, Illinois 60601

U.S. Nuclear Regulatory Commission
Resident Inspectors Office LaSalle
Station
2605 N. 21st Road
Marseilles, Illinois 61341-9756

Chairman
LaSalle County Board of Supervisors
LaSalle County Courthouse
Ottawa, Illinois 61350

Attorney General
500 South Second Street
Springfield, Illinois 62701

Chairman
Illinois Commerce Commission
Leland Building
527 East Capitol Avenue
Springfield, Illinois 62706

LaSalle Station Manager
LaSalle County Station
Rural Route 1
P.O. Box 220
Marseilles, Illinois 61341

Robert Cushing
Chief, Public Utilities Division
Illinois Attorney General's Office
100 West Randolph Street
Chicago, Illinois 60601

Mr. Stephen E. Shelton
Vice President
Iowa-Illinois Gas and
Electric Company
P.O. Box 4350
Davenport, Iowa 52808

James J. O'Connor

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Mr. L. William Pearce
Station Manager
Quad Cities Nuclear Power Station
22710 206th Avenue North
Cordova, Illinois 61242

U.S. Nuclear Regulatory Commission
Quad Cities Resident Inspectors
Office
22712 206th Avenue North
Cordova, Illinois 61242

Chairman
Rock Island County Board
of Supervisors
1504 3rd Avenue
Rock Island County Office Bldg.
Rock Island, Illinois 61201

Jean Allard
Director
P.O. Box 767
Chicago, IL 60690-0767

James W. Compton
Director
P.O. Box 767
Chicago, IL 60690-0767

Sue L. Gin
Director
P.O. Box 767
Chicago, IL 60690-0767

Donald Jacobs
Director
P.O. Box 767
Chicago, IL 60690-0767

George E. Johnson
Director
P.O. Box 767
Chicago, IL 60690-0767

Harvey Kapnick
Director
P.O. Box 767
Chicago, IL 60690-0767

Byron Lee, Jr.
Director
P.O. Box 767
Chicago, IL 60690-0767

Edward A. Mason
Director
P.O. Box 767
Chicago, IL 60690-0767

Frank A. Olson
Director
P.O. Box 767
Chicago, IL 60690-0767

Samuel K. Skinner
Director
P.O. Box 767
Chicago, IL 60690-0767



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

Mr. Oliver D. Kingsley, Jr.
President, TVA Nuclear and Chief Nuclear Officer
Tennessee Valley Authority
3B Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

Dear Mr. Kingsley:

On January 18-19, 1995, the NRC senior managers met to evaluate the nuclear safety performance of operating reactors, fuel facilities, and other materials licensees. The NRC conducts this meeting semiannually to determine if the safety performance of various licensees exhibits sufficient weaknesses to warrant increased NRC attention or if it is trending adversely and requires that steps be taken to communicate concerns to the utility's president or board of directors. At the January 1995 Senior Management Meeting, Browns Ferry Units 3 and 1 were discussed.

Browns Ferry Units 3 and 1 remain in the category of plants that requires NRC authorization to operate and warrants close monitoring by the NRC. Plants in this category have, or have had, significant weaknesses and warrant maintaining the units in a shutdown condition until the licensee can demonstrate that adequate programs have been established and implemented to correct the weaknesses. A summary of NRC discussions related to Browns Ferry Units 3 and 1 follows:

Recovery of Unit 3 is progressing in accordance with licensee commitments and schedules. Most of the modification activities are entering the final phase of construction with primary emphasis on cable pulling, raceway supports, and pipe supports. The quality of the work appears to be high which reflects good work practices and an effective quality assurance program. Interfaces between the operating unit and units in recovery are well controlled and there have been no unit interactions. TVA Project Management has been effective in controlling the recovery and has focussed on maintaining excellent communications internally to Browns Ferry and externally with the regulator. Licensing actions, such as technical specifications, have been submitted in a timely fashion in parallel with the construction activities. Preoperational test and startup activities are in the initial phase and will proceed in conjunction with completion of the modifications. Unit 1 recovery has a lower priority than Unit 3 and will be pursued in the future as defined by the overall TVA nuclear plan.

Based on these considerations, the NRC will continue to closely monitor the programs and performance at Browns Ferry Units 3 and 1.

An NRC Commission meeting, open to the public, has been scheduled to be held in the Commissioners' Conference Room in Rockville, Maryland, on February 3,

D. Kingsley

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1995, to review the results of the latest meeting of NRC senior managers. Mr. Stewart D. Ebnetter, the Region II Administrator, has discussed the bases for our conclusions with regard to Browns Ferry Units 3 and 1 with members of your staff.

If you have any questions regarding this matter, do not hesitate to call me.

Sincerely,

James M. Taylor
Executive Director
for Operations

Docket Nos. 50-259, 50-296

cc: See next page

D. Kingsley

-3-

cc:

Mr. O. J. Zeringue, Sr. Vice
President
Nuclear Operations
Tennessee Valley Authority
3B Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

Dr. Mark O. Medford, Vice President
Engineering & Technical Services
Tennessee Valley Authority
3B Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

Mr. D. E. Nunn, Vice President
New Plant Completion
Tennessee Valley Authority
3B Lookout Place
1101 Market Street
Chattanooga, TN 37402-2801

Mr. R. D. Machon, Site Vice
President
Browns Ferry Nuclear Plant
Tennessee Valley Authority
P.O. Box 2000
Decatur, AL 35602

General Counsel
Tennessee Valley Authority
ET 11H
400 West Summit Hill Drive
Knoxville, TN 37902

Mr. P. P. Carrier, Manager
Corporate Licensing
Tennessee Valley Authority
4G Blue Ridge
1101 Market Street
Chattanooga, TN 37402-2801

Mr. T. D. Shriver
Nuclear Assurance and Licensing
Browns Ferry Nuclear Plant
Tennessee Valley Authority
P.O. Box 2000
Decatur, AL 35602

Mr. Pedro Salas
Site Licensing Manager
Browns Ferry Nuclear Plant
Tennessee Valley Authority
P.O. Box 2000
Decatur, AL 35602

TVA Representative
Tennessee Valley Authority
11921 Rockville Pike, Suite 402
Rockville, MD 20852

Mr. Leonard D. Wert
Senior Resident Inspector
Browns Ferry Nuclear Plant
U.S. Nuclear Regulatory Commission
10833 Shaw Road
Athens, AL 35611

Chairman
Limestone County Commission
310 West Washington Street
Athens, AL 35611

State Health Officer
Alabama Department of Public Health
434 Monroe Street
Montgomery, AL 36130-1701

ATTACHMENT 3: Trending Letters
to Licensees



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

Mr. Ronald W. Watkins, President
and Chief Executive Officer
Nebraska Public Power District
P.O. Box 499
Columbus, Nebraska 68602

Dear Mr. Watkins:

In my letters of January 25 and June 21, 1994, that followed the last two semiannual Senior Management Meetings (SMMs), I advised you of our concerns regarding recent trends in performance at Cooper Nuclear Station. In my June 21 letter, I noted that additional time was needed for the NRC to assess the effectiveness of the actions you had taken to address these concerns following the January 1994 SMM. I further noted that you should review the adequacy of your planned actions in view of the plant hardware problems and personnel performance issues that were identified at Cooper Nuclear Station shortly before the June SMM.

On January 18-19, 1995, an SMM was held at which NRC managers once again reviewed and evaluated the safety performance of operating reactors. The discussions regarding Cooper Nuclear Station considered the additional insights gained from your Diagnostic Self-Assessment conducted between July 25 and August 19, 1994, and the NRC Special Evaluation Team assessment conducted between August 15 and October 7, 1994. Based on these discussions it was concluded that the corrective actions you are taking are responsive to the areas of concern raised by the NRC and by your own self-assessments. However, as we noted in our earlier letter of June 21, 1994, additional time is necessary to assess the effectiveness of these actions, as many of them are ongoing or just recently completed. An area of emphasis for NRC's assessments of Cooper Nuclear Station will be plant hardware and personnel performance during plant restart and power ascension activities.

If you have any questions regarding this matter, please do not hesitate to call me.

Sincerely,

James M. Taylor
Executive Director
for Operations

Docket No: 50-298

cc: See next page

R. Watkins

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cc:

Nebraska Public Power District
ATTN: Guy R. Horn, Vice President —
Nuclear
P.O. Box 499
Columbus, Nebraska 68602-0499

Nebraska Public Power District
ATTN: G. D. Watson, General Counsel
P.O. Box 499
Columbus, Nebraska 68602-0499

Nebraska Public Power District
ATTN: John Mueller, Site Manager
P.O. Box 98
Brownville, Nebraska 68321

Nebraska Public Power District
ATTN: Robert C. Goodley, Nuclear
Licensing & Safety Manager
P.O. Box 98
Brownville, Nebraska 68321

Midwest Power
ATTN: James C. Parker, Sr. Engineer
907 Walnut Street
P.O. Box 657
Des Moines, Iowa 50303

Lincoln Electric System
ATTN: Mr. Ron Stoddard
11th and O Streets
Lincoln, Nebraska 68508

Nebraska Department of Environmental
Quality
ATTN: Randolph Wood, Director
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Nemaha County Board of Commissioners
ATTN: Larry Bohlken, Chairman
Nemaha County Courthouse
1824 N Street
Auburn, Nebraska 68305

Nebraska Department of Health
ATTN: Harold Borchert, Director
Division of Radiological Health
301 Centennial Mall, South
P.O. Box 95007
Lincoln, Nebraska 68509-5007

Nebraska Department of Health
ATTN: Dr. Mark B. Horton, M.S.P.H.
Director
P.O. Box 950070
Lincoln, Nebraska 68509-5007

Department of Natural Resources
ATTN: R. A. Kucera, Department
Director
of Intergovernmental Cooperation
P.O. Box 176
Jefferson City, Missouri 65102

Senior Resident Inspector
U.S. Nuclear Regulatory Commission
P.O. Box 218
Brownville, Nebraska 68321

G. G. Thompson
Director
Nebraska Public Power District
Columbus, NE 68601

Wayne Boyd
Director
Nebraska Public Power District
Columbus, NE 68601

Warren R. Cook
Director
Nebraska Public Power District
Columbus, NE 68601

David L. Duren
Director
Nebraska Public Power District
Columbus, NE 68601

R. Watkins

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Bruce W. Gustafson
Director
Nebraska Public Power District
Columbus, NE 68601

J. D. Hamilton
Director
Nebraska Public Power District
Columbus, NE 68601

R. E. Holzfaster
Director
Nebraska Public Power District
Columbus, NE 68601

R. D. Johnson
Director
Nebraska Public Power District
Columbus, NE 68601

Doralene Weed
Director
Nebraska Public Power District
Columbus, NE 68601

D. J. Nelson
Director
Nebraska Public Power District
Columbus, NE 68601

L. S. Taylor
Director
Nebraska Public Power District
Columbus, NE 68601

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Attachment 2

Senior Management Meeting Summary
January 1995

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NRC SENIOR MANAGEMENT (SMM) SUMMARY
January 18-19, 1995
Region IV

Following the June 1985 loss of feedwater event at Davis-Besse, one resulting NRC action was that senior NRC managers periodically meet to discuss the plants of greatest concern to the agency and to plan a coordinated course of action. On January 18-19, 1995, the NRC senior managers held their eighteenth such meeting in Region IV. The last meeting was held in Region III in June 1994. The meeting in Region IV was structured to review the status of the problem plants identified at the last meeting and to review the performance of other plants to determine if any changes should be made to the list of problem facilities which require close monitoring by NRC.

In preparation for the meeting, NRR and NMSS, in conjunction with the four regional offices, AEOD, OE, and RES, prepared background documents on the plants and licensees to be discussed. Inputs for each operating reactor plant included a summary of the most recent SALP and SALP history, a discussion of current operating experience, current NRC and licensee activities, and performance indicator data. Data pertaining to safety significant hardware issues at the plants were also provided. This information was distributed to meeting attendees prior to the meeting. It provided the basis for review and discussion of each plant's performance and for senior management identification of those plants warranting increased NRC attention.

In reviewing the reactor plants that have experienced significant performance problems, the NRC managers have set the following categories of performance based upon plant actions to date to correct the problems and to achieve improved operations.

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 have been identified as having weaknesses that warrant increased NRC attention from both headquarters and the regional office. A plant will remain in this category until the 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 have been identified as having significant weaknesses that warrant maintaining the plant in a shutdown condition until the licensee can demonstrate to the NRC that adequate programs have been established and implemented to ensure substantial improvement.

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The following chart lists conclusions reached by the senior managers at this meeting and from the previous meeting for nuclear power plants:

<u>Meeting Dates</u>	<u>Category 3</u>	<u>Category 2</u>	<u>Category 1</u>
Jan. 18-19, 1995	Browns Ferry 1&3	Dresden 2&3 Indian Point 3	South Texas 1&2
June 7-8, 1994	Browns Ferry 1&3	Dresden 2&3 Indian Point 3 South Texas 1&2	Brunswick 1&2

The following chart lists conclusions from this meeting and from the previous meeting for materials licensees:

<u>Meeting Dates</u>	<u>Facilities for Priority Attention</u>
Jan. 18-19, 1995	None
June 7-8, 1994	None

NRC senior management plans to continue to review the status of all reactor and other licensees on an approximate six-month frequency. Determinations will then be made to add or delete licensees from this list based on demonstrated performance. This program represents a concerted effort by the NRC senior management to focus NRC resources on those plants and issues of greatest safety significance and risk.

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Specific Discussion of Problem Facilities

Category 1: Plants That Have Been Removed from the List of Problem Facilities

SOUTH TEXAS PROJECT

[REDACTED]

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Both units were shut down in February 1993 under a Confirmatory Action Letter (CAL) and a Diagnostic Evaluation Team inspection was conducted in April 1993. STP was placed on the Watch List in Category 2 at the June 1993 SMM.

After verifying that STP had adequately addressed all restart issues and following lifting of the respective CALs, Unit 1 restarted on February 18, 1994, and Unit 2 restarted on May 17, 1994. In August 1994 a 10-member team, with little or no previous experience with STP, performed a pilot Customized Inspection Planning Process team inspection. The team found that performance at STP had improved in virtually all functional areas. The commitment and support of STP managers to resolve problems was evident and an atmosphere had been established to encourage the identification of problems. The self-assessment activities to ensure readiness for restart of the units was also noteworthy.

The NRC issued its Systematic Assessment of Licensee Performance (SALP) report on October 21, 1994. The extended assessment period resulted from suspension of the normal SALP process during the plant shutdown. As usual, the assessment focused on the last 6 months of plant operation, which included the startup of unit 2 and the more recent dual unit operation. Although the SALP board noted several continuing challenges, performance in all functional areas was evaluated as good (category 2).

In November 1994, the NRC evaluated the licensee's annual Emergency Preparedness exercise. No weaknesses were identified and the overall performance was excellent. This represented a significant improvement over prior graded exercises.

Based on an overall improvement in site performance and confidence that the improvements will continue, STP was removed from the problem plant category that requires increased attention from both NRC headquarters and Region IV.

Category 2: Plants Authorized to Operate that the NRC Will Monitor Closely

DRESDEN 1, 2, & 3

Dresden was first placed on the NRC Watch List in June 1987 (removed December 1988) and then again in January 1992. Significant contributors to Dresden being placed on the Watch List a second time included weaknesses in: procedure quality and adherence, communications, execution of management expectations, plant material condition, supervision and control of work activities, work performance, and engineering and licensing support.

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In the first three months following the last Senior Management Meeting (SMM), performance improvement stagnated. The Unit 3 refueling outage was extended because of a large amount of rework and an inefficient work process; however, the licensee did complete the planned outage work. In August 1994 Unit 3 scrambled during startup due to operator inattention which resulted in a loss of control over reactor vessel water level, and Unit 2 was shut down because of equipment problems with HPCI. Based on the causal factors of the Unit 3 scram and other plant deficiencies associated with procedure quality and adherence, equipment reliability, and operator training and standards, the licensee elected to maintain both units shut down while improvement initiatives were initiated. These two events also triggered substantial changes in the station's management and organizational alignment.

During the unit shutdowns, improvement initiatives were identified in several focus areas including operator standards, operator work-arounds, HPCI system performance, foreign material exclusion practices, and plant decontamination. Over the 3 month shutdown period, the station achieved some success in addressing these issues. However, personnel errors associated with procedural adherence, corrective actions, and engineering support activities continued. In November 1994 both units were restarted. Operator performance during restart of the units was good with conservative decisions made when problems arose.

Significant material condition problems continue to adversely affect operating performance. Some improvement has been made, particularly with respect to large rotating equipment. However, a large and growing backlog of maintenance work exists, and the plant is nearly 100 percent reactive in responding to material condition issues. This is compounded by significant problems in the work control process.

Dresden was continued on the Watch List as a Category 2 plant.

INDIAN POINT 3

[REDACTED] Many of the problems identified during the Diagnostic Evaluation Team (DET) inspection at FitzPatrick in the Fall of 1991 were found to exist at IP3, particularly in the quality of management oversight and the effectiveness of its corrective action programs.

In January 1993, the licensee (NYPA) submitted a Performance Improvement Plan to address weaknesses at IP3. In February 1993, the NRC questioned the operability of the anticipated transient without scram mitigation system (AMSAC). In March 1993, NYPA responded to this concern as well as other performance issues by taking the plant to cold shutdown. A special inspection in May 1993 confirmed the existence of significant fundamental weaknesses at IP3, and it was placed on the Watch List in June 1993.

In 1993 and 1994 there were a number of changes in site and corporate management. On January 25, 1994, the Governor of New York announced the appointment of S. David Freeman as President and CEO of NYPA, effective March 1, 1994. Freeman then announced that Les Hill would become the

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Resident Manager of IP3, effective March 18, 1994. On June 16, 1994, NYPA named Robert Deasy as the Vice President of Appraisal and Compliance Services and Thomas Dougherty as the Vice President of Nuclear Engineering. On July 26, 1994, former Syracuse Mayor Thomas Young was elected the new NYPA Chairman of the Board, replacing Richard Flynn, who had resigned effective February 1, 1994. William Cahill, Jr., former Vice President of Nuclear Production for Texas Utilities, now NYPA Executive Vice President and Chief Nuclear Officer, assumed his duties full-time beginning September 1, 1994. Mr. Cahill formed a new department, Regulatory Affairs and Special Projects, reporting directly to him, and named John Kelly its Vice President. The Resident Managers at both FitzPatrick and IP3 report directly to Mr. Cahill as well. In late August 1994 Les Hill announced that James Zach, formerly a Point Beach Plant Manager and a Vice President with Wisconsin Power, was selected as the General Manager of Operations and James Comiotes was named the General Manager of Support Services. By September 1, 1994, the full management team was in place.

Management has made a significant effort to instill an attitude fostering attention to detail and a questioning approach in conducting activities. However, NYPA continues to experience personnel performance problems at IP3. Recent examples include: (1) failure to identify leaking joints in the auxiliary feedwater system; (2) failure to identify inoperable EDG room cooling fans; (3) failure to question dual indication of PORV position; (4) improper installation of a solenoid operated valve; and (5) performing maintenance on the wrong diesel generator.

In October 1994, NYPA performed an independent assessment of its activities and determined that there had been significant improvement in areas such as plant operations, problem identification and resolution, work control, and physical plant readiness. The assessment team also noted that a number of areas still needed improvement, especially procedural adherence and human performance.

In early December 1994, NYPA conducted their Startup Evaluation for Readiness Team (SERT) assessment. The SERT concluded that the plant was not currently ready for startup, but would be ready in mid-February pending completion of several restart action plans and other planned activities. Some of the major areas that were not yet complete were physical readiness, plant status control, operations procedures and documents, work control process and work rate, and control room deficiencies. NYPA will present the results of the SERT to the NRC in a public meeting prior to commencement of the RATI. NYPA estimates that plant heatup and readiness for the RATI will be February 20, 1995.

Based on discussions at the January 1995 SMM, Indian Point 3 remained on the NRC Watch List as a Category 2 facility. The NRC will continue to closely monitor activities at the Indian Point 3 Nuclear Power Plant.

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Category 3: Shutdown Plants Requiring NRC Authorization to Operate and which the NRC will Monitor Closely

BROWNS FERRY 1 AND 3

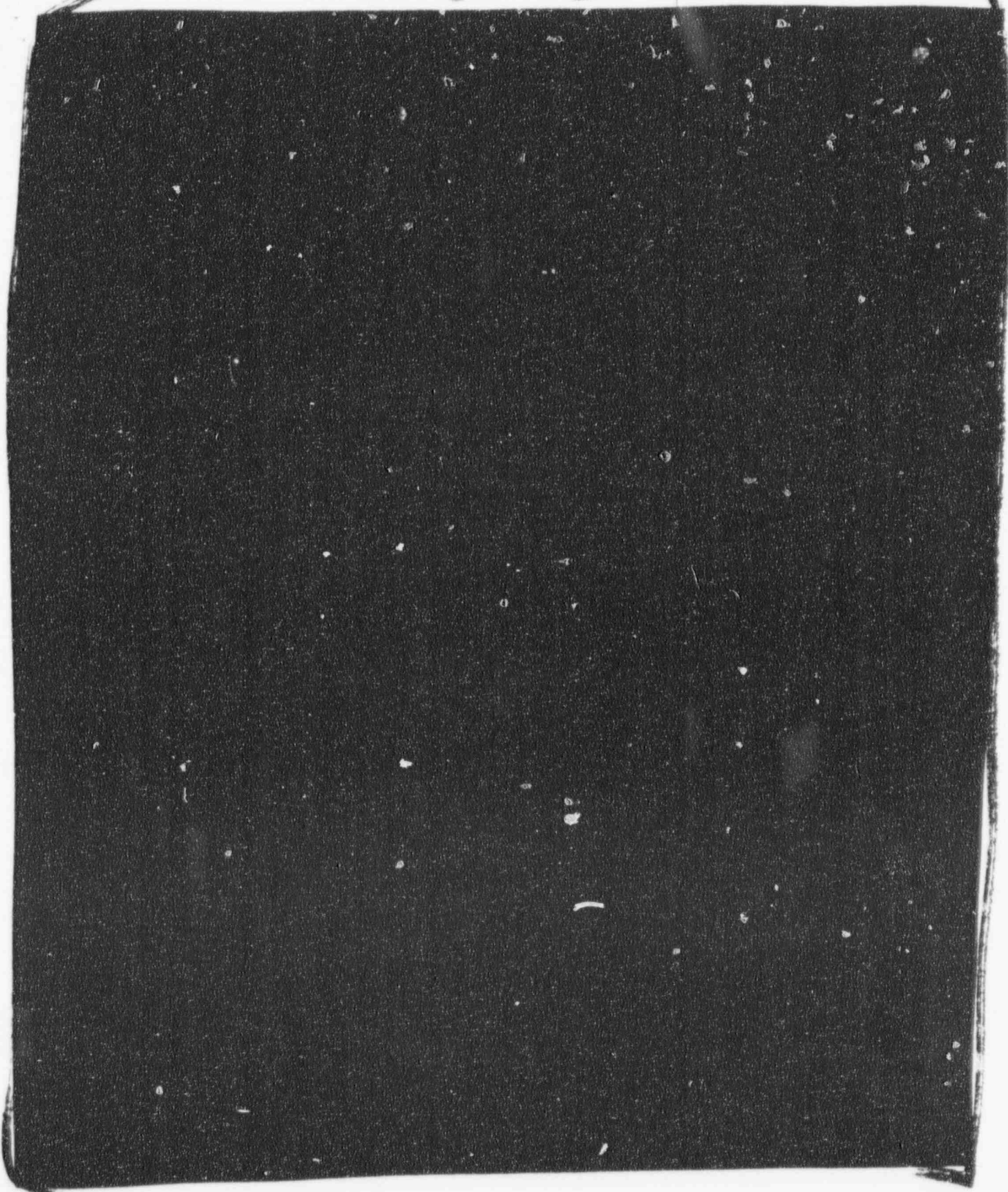
All three Browns Ferry units were placed on the NRC Watch List as Category 3 plants during the October 1986 SMM because of a history of poor performance, significant enforcement actions, several operational events, equipment failures, and the inability of management to identify and correct problems. TVA implemented an improvement program to address the corporate weaknesses identified in TVA's nuclear program. Browns Ferry Unit 2 restarted in May 1991 and was removed from the NRC's Watch List in June 1992, while Units 1 and 3 remain defueled and continue to require NRC authorization to operate (Category 3). The SALP process remains suspended for Units 1 and 3.

In 1991 TVA submitted to the NRC its corrective action plan for returning Browns Ferry Units 1 and 3 to service, and in April 1992 NRR determined TVA's plan was acceptable. TVA began implementing this plan almost immediately for Unit 3. Construction activities continue to increase on Unit 3. Major activities include conduit installation and support, cable pulling, large and small bore support hangers, and control room design review. In general, TVA adopted for Unit 3 the same methods, criteria, and technical positions that were approved by previous SERs for Unit 2 restart. Only a small number of individual TVA programs deviated from the Unit 2 precedents and have required additional NRC review.

On September 15, 1994 the main turbine was placed on the turning gear, well in advance of the scheduled completion date. In addition, the licensee has completed decontamination efforts on the Unit 3 drywell. Unit 3 has a current fuel load date of October 1995. Criticality is scheduled for December 1995, with power ascension expected to be complete in February 1996. The licensee has committed to the TVA Board to begin Unit 3 operation according to this schedule.

Browns Ferry Units 1 and 3 will remain on the Watch List as Category 3 plants.

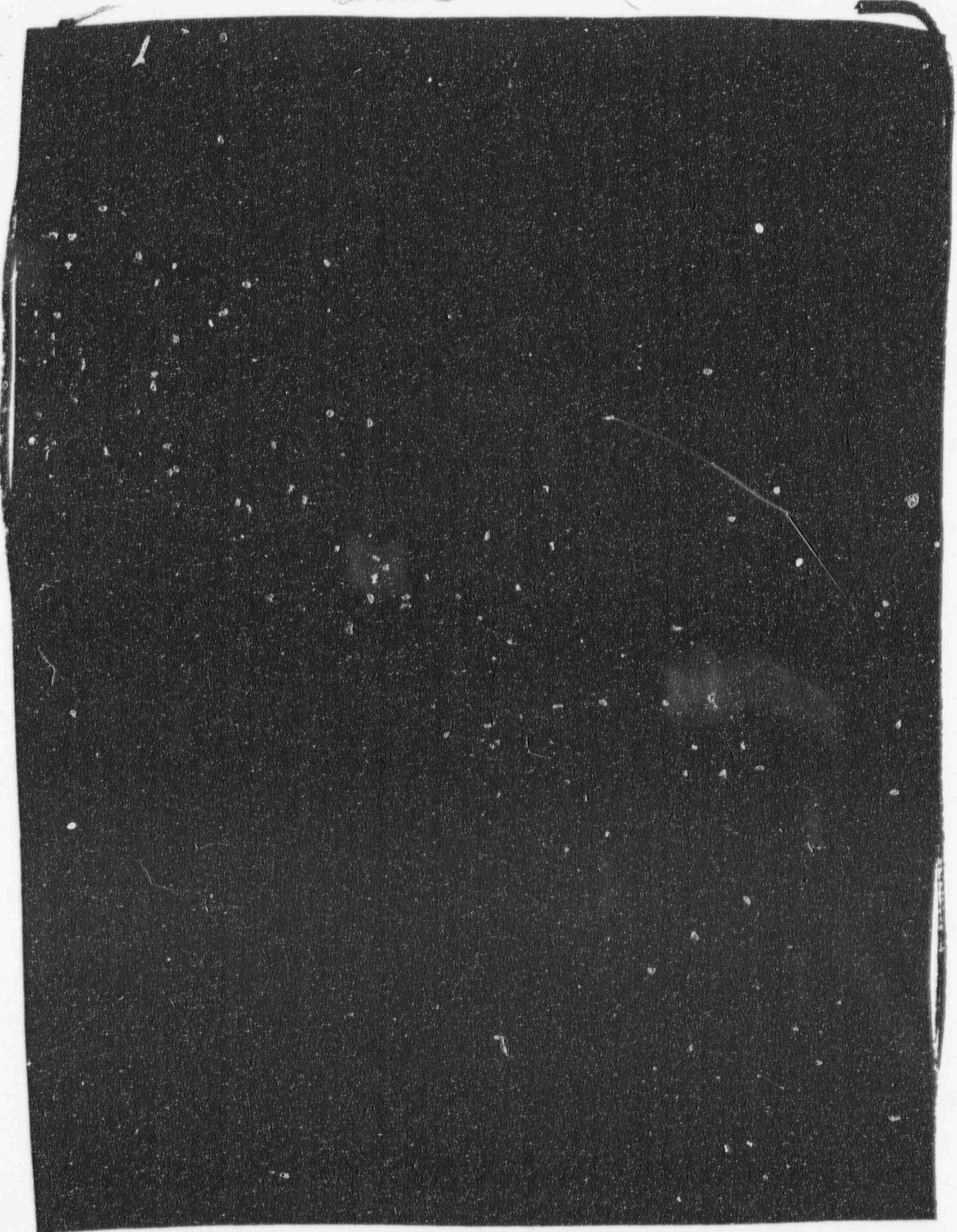
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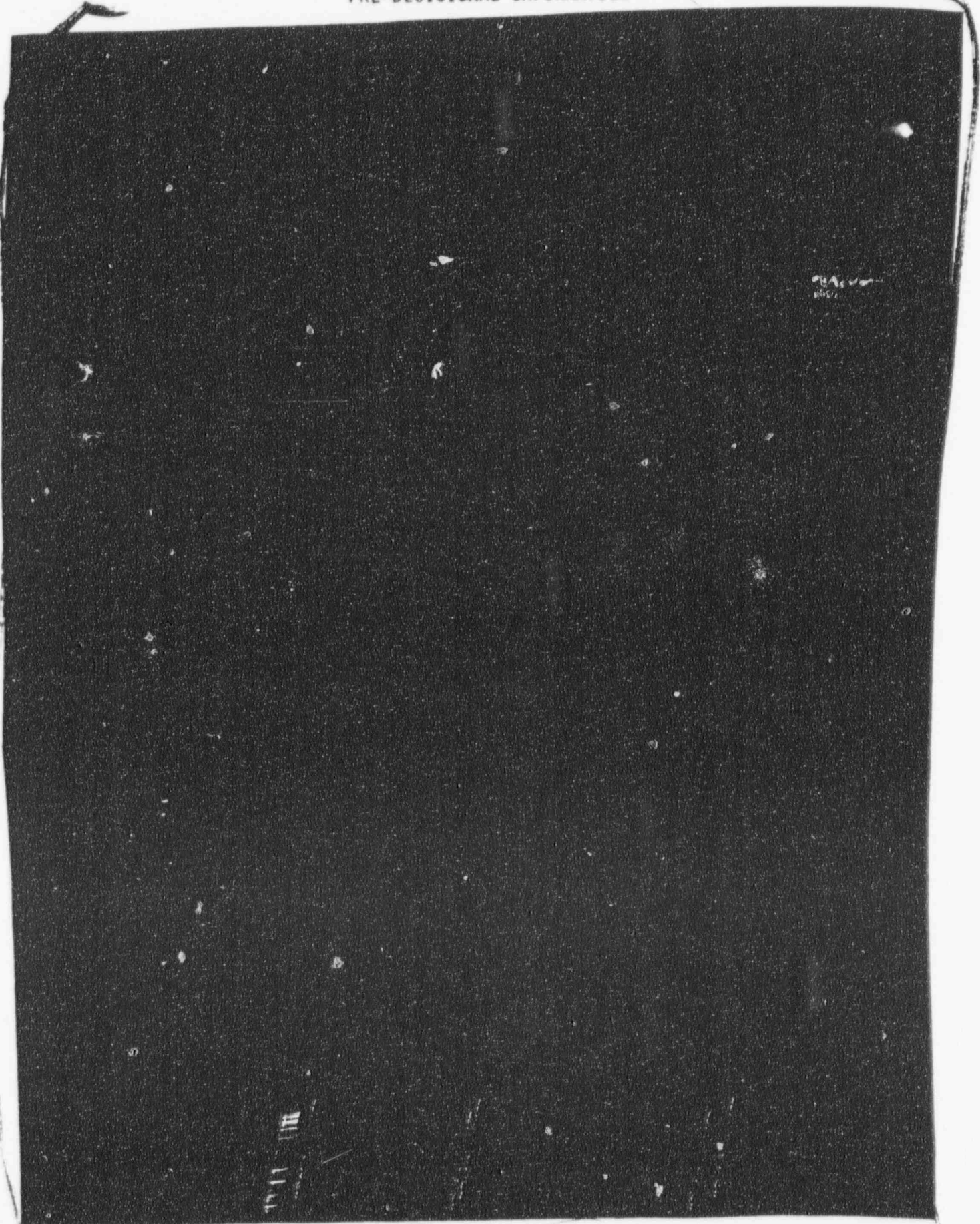
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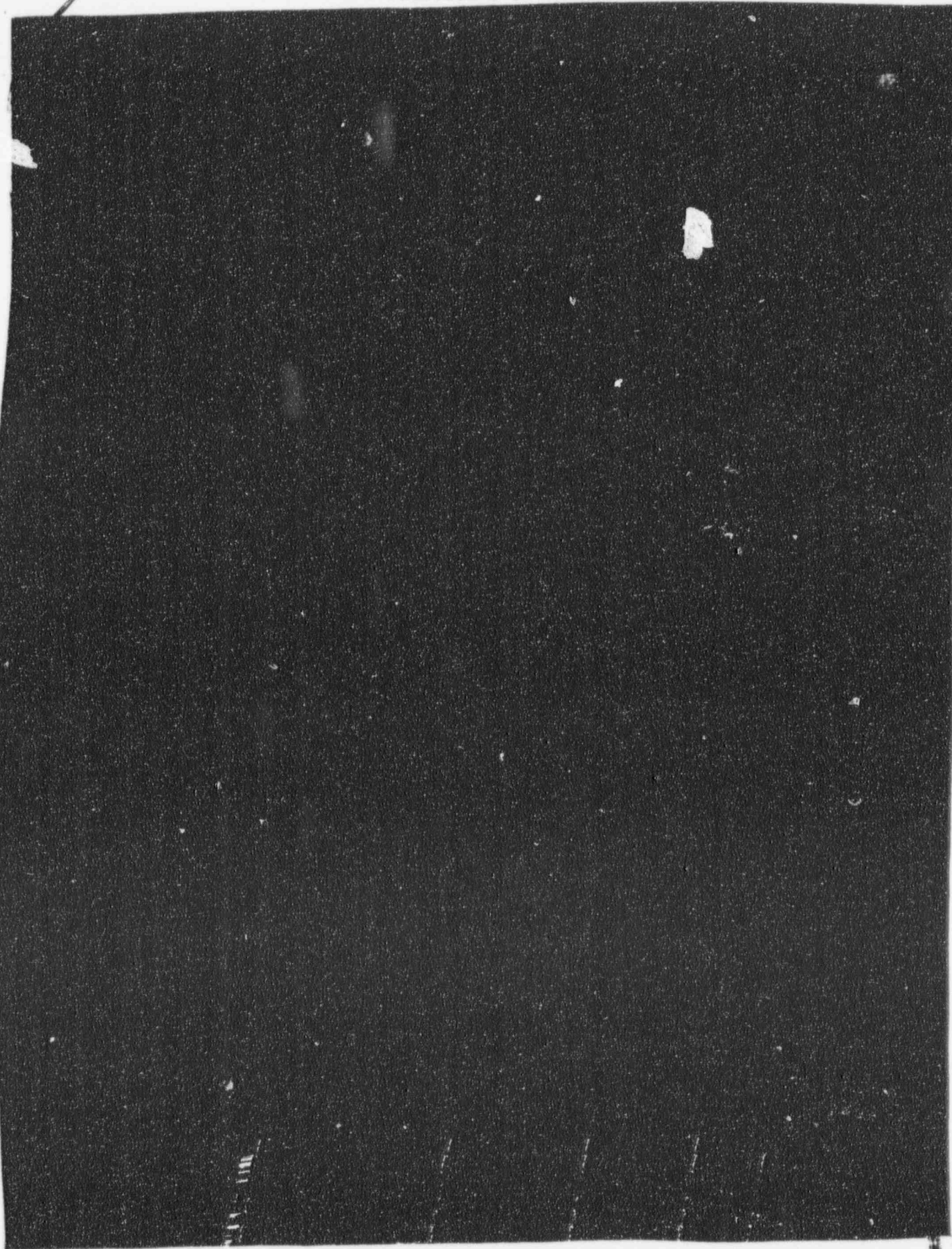


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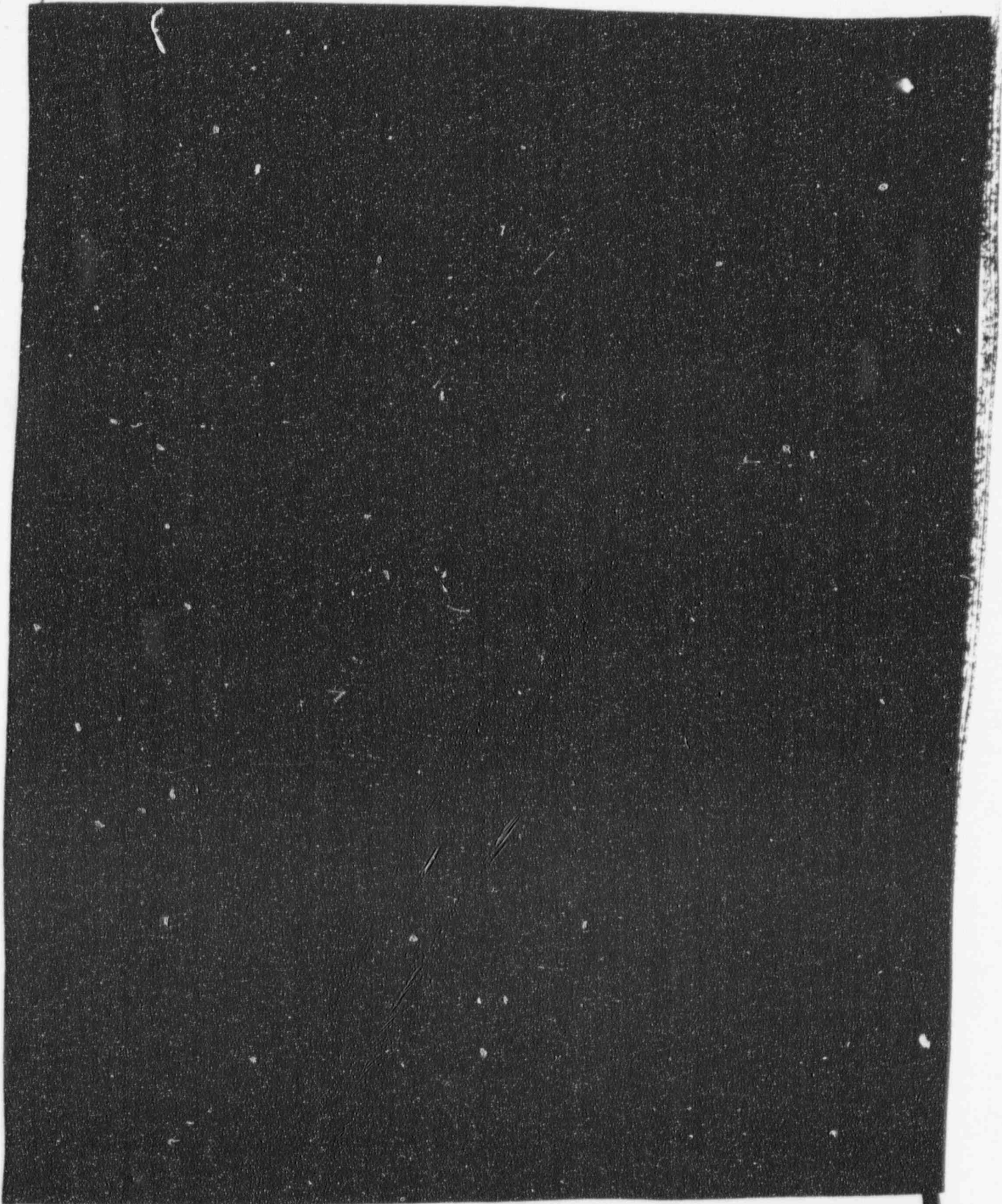
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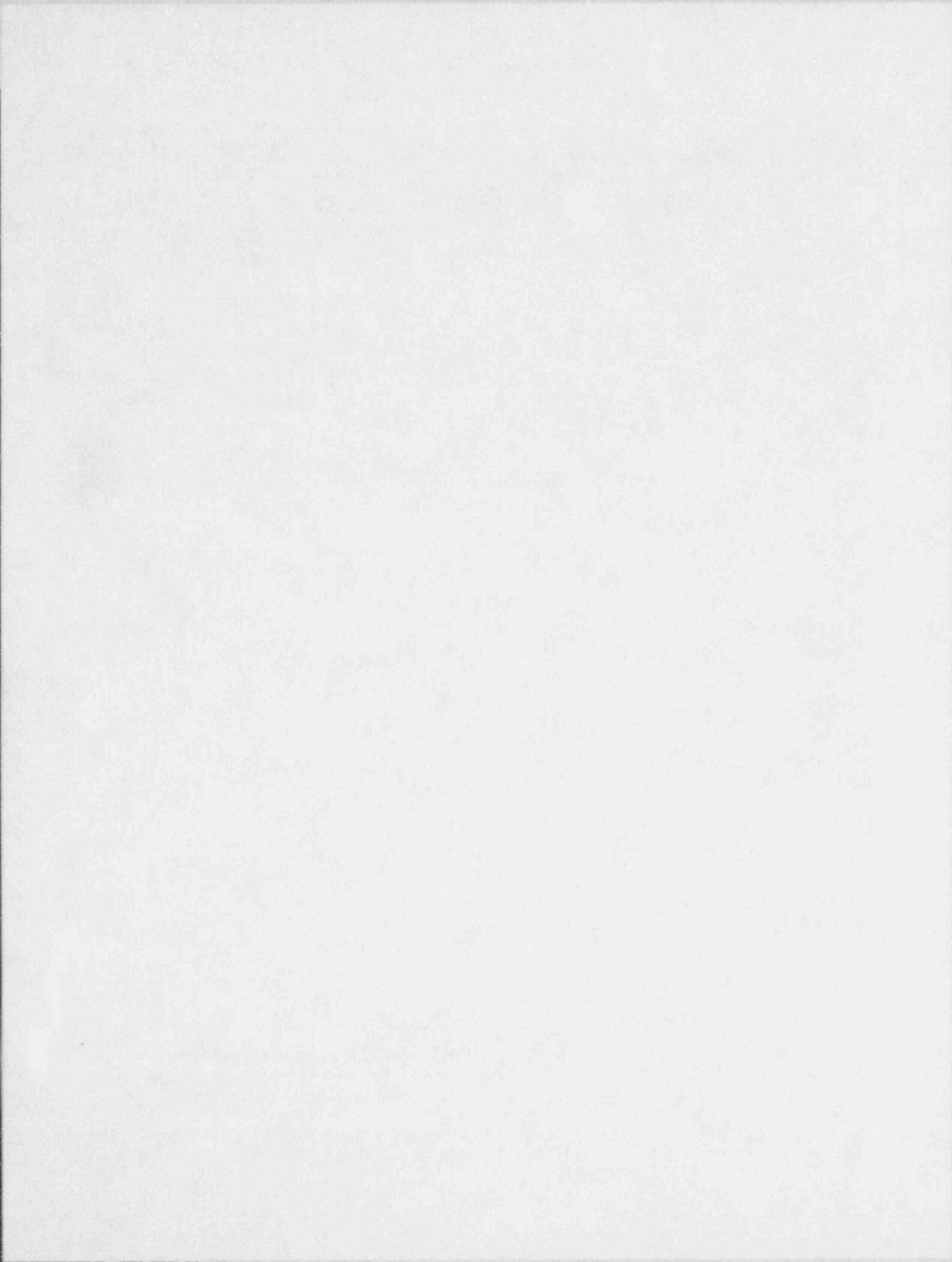
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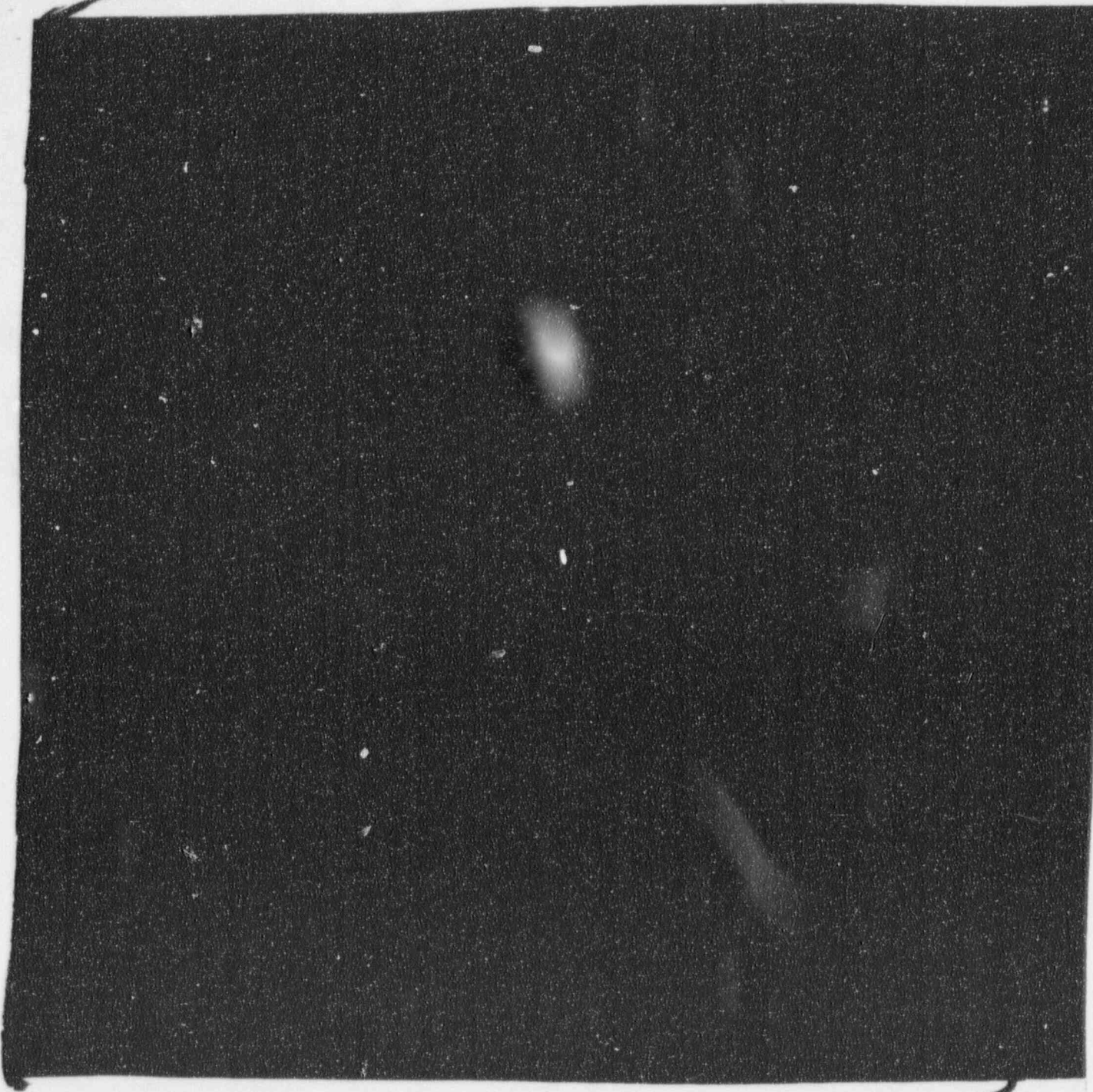


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Additional Topics Discussed

1. EDO's Opening Remarks

The EDO briefly reviewed the history of the Senior Management Meeting (SMM) and discussed the benefits of SMM discussions. He discussed the potential impact of proposed federal budget cuts and cautioned that, if levied, the cuts would have a significant impact on NRC programs beginning as early as FY97. The EDO commented on the recent bill introduced by Senator Johnson, indicating that it may prompt major staff activity in the area of high level waste. He

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also observed that work with EPA will continue in the area of risk harmonization. Regarding the Towers Perrin Regulatory Review Study (Towers Perrin report), the EDO discussed an initiative to respond to the reported concerns involving inappropriate conduct by members of the NRC staff. He stated that a letter will be sent to licensee officials encouraging them to inform the NRC when such concerns are perceived to exist. The letter will also inform them that a Management Issues Group has been formed within the Office of the EDO to receive, act on and resolve concerns involving inappropriate staff conduct.

2. Chairman's Opening Remarks

The Chairman discussed the current and future status of agency programs and shared his thoughts on the transformation of the NRC from a licensing organization to an efficient regulatory organization. His specific comments were as follows:

Reactor Programs:

- The staff should be commended for identifying areas in which reactor regulation can be improved. We should continue to look for ways to reduce the cost of regulation.
- The Commission has scheduled a meeting in March 1995 on our progress in the area of regulatory reform. We need to ensure that regulatory reform is institutionalized and continued.
- Given what we know on reactor vessel embrittlement, core shroud cracking, steam generator tube cracking, it is apparent that plant aging continues to be a significant issue; it also impacts our efforts in the area of decommissioning and license renewal. The challenge is to find ways to get out ahead of other possible aging issues before they arise.
- With regard to the NEI report we need to look at the big picture. There is room for improvement in how we handle our day to day with licensees. Nuclear safety must be the reason for our actions and we should find ways to ensure that risk significance is used more to focus and change our activities.
- Although it is important to continue our focus on the weak performers, the staff should integrate information and data to address issues at other sites to prevent large scale problems before they occur. Also, as we continue to move toward more systematic evaluation of licensee performance through the SALP process, we need to develop a more objective feedback mechanism, including how enforcement can provide feedback on performance and the effectiveness of SALP evaluations.
- It is important that the superior performers be recognized and receive some benefit from their efforts. The Chairman submitted a proposal to the Commission that would recognize superior performers through the SALP process.

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Materials:

- The materials program should be evaluated to ensure that the focus is on factors that are significant to health and safety. We should identify and disengage from those activities that have little to no value-added in terms of providing adequate protection of the public and workers. In addition, the uniformity of NRC standards for radiation protection (e.g., design basis accident dose limits) across different regulations and various applications should be systematically assessed to ensure equal levels of protection.
- Comparable programs for materials safety exist in Agreement States and NMSS. Significant benefit to both programs can be derived from the cross-pollination resulting from a closer working relationship.
- When considering the NMSS management structure, focus should be on three programmatic areas: Materials Safety (Agreement State and non-Agreement State Programs), HLW, and all other nuclear materials applications (e.g. gaseous diffusion plants).

The New Congress:

- Although the activities of the new Congress may result in additional external pressure, our job is to focus on doing the right thing; to continue to be technically correct in dealings with licensees, the public, allegers, and Congress.
- A number of bills could affect us (e.g. Job Creation and Wage Enhancement, High Level Waste). Our challenge will be to identify points of contact and sponsors due to the significant turnover that has occurred. The staff should be prepared for a more difficult financial environment. We must practice sound financial management and make decisions that assure the health and safety of the public, and that are consistent with established agency priorities.

3. Continuation of Pilot Program for Recognition of Good Performance by Nuclear Power Plants:

The senior managers discussed the Pilot Program for Recognition of Good Performance by Nuclear Power Plants and reviewed the changes to the program currently being considered by the Commission. It was observed that, as directed by the Commission, in the Fall of 1994 the staff solicited comments from the industry and public on the program. Although some licensees commented that being removed from the good performer list had adverse effects, the overall comments received by the staff indicated uncertainty in industry and public support for the program. A Commission paper was developed based on this information, including alternatives to improve the program.

The senior managers reviewed a recent proposal developed by the Chairman that offers a different approach to recognizing licensees who attain superior (as opposed to the term "good") levels of safety performance. The Chairman's

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proposal, which is under review by the Commission, would more closely align the recognition of superior performance with the SALP program. The proposal would continue the staff's use of SALP information and current plant performance to address the evaluation factors for recognizing superior safety performance. The proposal would also retain existing provisions for extending the SALP cycle and reducing planned inspection resources based on demonstrated superior performance.

The senior managers concluded that the staff would evaluate and implement, as appropriate, the changes to the program as directed by the forthcoming Commission SRM on this subject.

4. NRR Evaluation of Towers Perrin Study

The senior managers discussed NRR's evaluation of the Towers Perrin report. As requested, the NRR staff evaluated the numerous examples of NRC/Licensee regulatory interaction contained in the study and, based upon comments provided by the Regions and other offices, identified underlying themes (problem statements). The senior managers reviewed and discussed the problems statements, identified issues where minor changes were needed and considered actions for several problem areas. It was agreed that NRR will develop proposed actions, where appropriate, to address the problem statements and incorporate the Evaluation of the Towers Perrin Study and recommendations in a paper to the Commission.

The senior managers also reviewed and discussed draft guidance that would establish an additional mechanism (the Management Issues Group) within the Office of the EDO to respond to senior licensee officials who observe, what they perceive to be, inappropriate conduct by members of the NRC staff. The senior managers agreed that, in addition to the internal guidance and correspondence needed to implement this initiative, a proposed Commission policy statement would also be developed. It is envisioned that a policy statement would serve to encourage and emphasize the importance of open and frank discussions between the NRC and licensee officials. It would also complement the Management Issues Group initiative and enhance the credibility of the existing processes within headquarters and the Regions for receiving and managing such concerns.

5. Inspection Planning

NRR reported on the Integrated Performance Assessment Process (IPAP) (formerly the Customized Inspection Program). The process aims to improve the evaluation of licensee performance by enhancing the NRC's assessment of plants in the middle range of performance and by placing additional emphasis on risk significant activities. It is also envisioned that the process will be used to evaluate regional implementation of the inspection program.

Recent trial (pilot) assessments of this program have been completed at Point Beach, McGuire, Salem and South Texas involving staff from headquarters and the regions. A pilot assessment at Beaver Valley incorporated a risk profile process to evaluate how well the licensee managed risk. Several additional

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trials of the risk profile process will be performed to further evaluate this concept.

NRR has evaluated the insights gained from the IPAP pilot assessments and is incorporating them in a paper to the Commission. A public workshop on IPAP has been proposed for March 1995 and a final paper requesting Commission approval is scheduled for May 1995.

The senior managers also discussed concerns involving the consistency and effectiveness of regional implementation of the inspection program. The Regional Administrators agreed to reflect on this issue and develop recommendations to improve the process for inspection planning and scheduling and integration of inspection findings.

6. Security

The senior managers discussed the Physical Security Program and agreed that NRR would lead an examination of the program with a focus on improving efficiency and effectiveness.

7. Management and Personnel Issues

The following topics were briefly discussed:

- Resident Inspector Study

Senior management reviewed the initiatives proposed by the Resident Inspector Review Team to enhance the reactor resident inspector program. The major program changes include the Resident and Senior Resident Inspector Development programs, group relocation bonuses for residents, saved pay if laterally reassigned to headquarters or a Regional office, career development and advancement initiatives, and the establishment of a resident oversight panel. The pay savings and relocation bonus provisions received the Commission's endorsement and have already been implemented.

The senior managers reiterated their support for the initiatives. The staff will develop a paper to inform the Commission of the remaining program initiatives. If there are no objections from the Commission, the initiatives will be implemented.

- Status of Regional Streamlining Study

Senior management reviewed the regional restructuring plans. The major features of the plan include achieving a supervisory-to-employee ratio of 1:8, the retention of four divisions, the elimination of one layer of management (i.e., section chiefs), and the phase out of regional Teal Leader positions. The schedule supports implementation of the plans by October 1, 1995.

- Use of VSIP Authority

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The senior managers discussed the use of Voluntary Separation Incentive Payments (VSIP) to facilitate reductions in supervisory/managerial ratios and provide hiring opportunities to improve the skills balance and EEO profile in the agency.

8. NMSS Selected Topics

- Babcock and Wilcox (B&W), Naval Nuclear Fuel Division - two recent events related to nuclear criticality safety were discussed. The events occurred in June and July 1994 and involved the low-level and high-level dissolvers, respectively. Based on these events and the licensee's response, the staff determined that increased onsite inspection effort should be maintained.
- Gaseous Diffusion Plants - the NRC's role is to focus on operational safety. The significant milestones required for certification of these plants were reviewed. Areas that require management attention include configuration control, focus on safety vs production, management controls, shared site safety and safeguards interaction, integration of multiple regulators, enforcement without civil penalty authority, and optimism regarding the certification review schedule. Difficult technical issues under consideration include the existence of an adequate safety basis, UF₆ cylinder safety, and enrichment upgrade modifications.
- Transition of Responsibility for Permanently Shutdown Reactors - senior managers recommended that NRR retain regulatory project management and oversight of the reactor licensee until all spent fuel is transferred from the spent fuel pool either to an ISFSI or to DOE. NMSS would then assume the regulatory responsibilities. NRR/NMSS will develop a paper to propose this recommendation to the Commission.
- Disposal of Radioactive Material from Licensees Who Have Ceased Operation - about half of the licensees no longer have access to low-level waste (LLW) disposal facilities. This results in an increasing number of cases where license termination is precluded by the lack of acceptable transfer or disposal options. This issue has the potential for high level state congressional or public interest and could evolve into a waste confidence question for LLW.

9. AEOD SELECTED TOPICS

The senior managers discussed the lessons learned from the Cooper Special Evaluation (SE). This evaluation provided information on Cooper's safety performance and evaluated the effectiveness of the license's Diagnostic Self Assessment (DSA). AEOD indicated that for an SE to be performed in lieu of a diagnostic evaluation (DE), the DSA must be scrutable, independent, and include provisions for a public exit meeting and a publicly available report. AEOD discussed several advantages and limitations of the SE/DSA process. Advantages include a more efficient use of resources, earlier results and

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rapid "buy-in" by the licensee, reduced NRC resources and decreased regulatory impact on licensees. Limitations of the SE/DSA process include the added importance of the qualifications and leadership of the DSA team, the potential for SE and DSA conflicts, and the public perception of NRC's partial reliance on the licensee's DSA. AEOD indicated that the SE/DSA approach will be programmatically established as an alternative to a DE.

AEOD discussed an event that occurred at Wolf Creek in September 1994 involving the accidental loss of 9200 gal from the reactor coolant system to the refueling water storage tank. The event, which has been given a preliminary accident sequence precursor CCDP on the order of 10^{-6} , was caused by a failure to maintain configuration control during multiple parallel activities while transitioning to shutdown (mode changing). The safety importance of the event is the potential common mode disabling of RHR and all ECCS due to the same act that caused the loss of RCS inventory. AEOD has prepared a report and will continue to evaluate the generic implications of the event in coordination with NRR. NRR has transmitted an information notice summarizing the event.

10. Date and Location of Next Senior Management Meeting

The next SMM will be held June 6-7, 1995 in Region I.

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