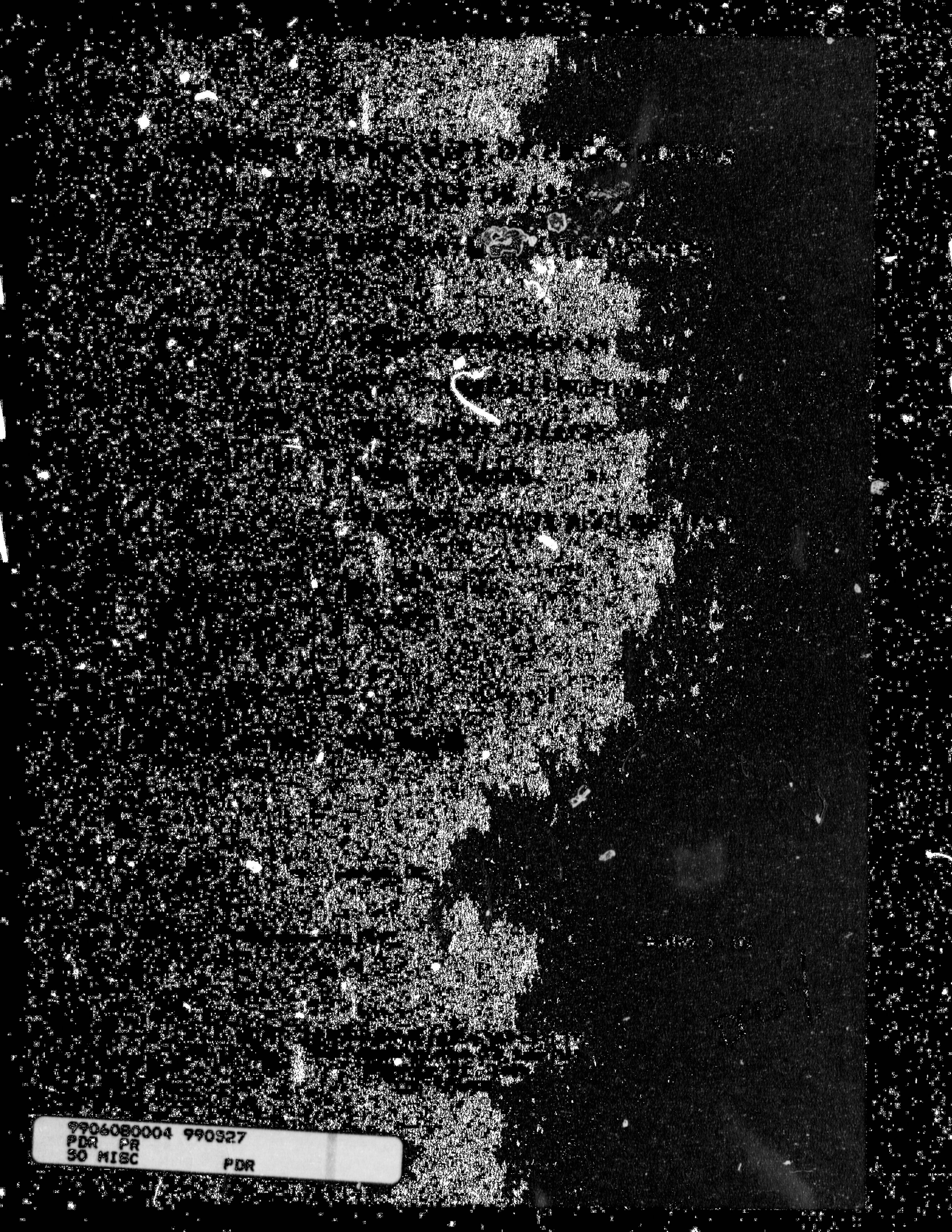

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: PUBLIC WORKSHOP ON
SUPPLEMENT TO PROPOSED
AMENDMENT TO 10 CFR
50.55A ON ISI/IST
PROGRAM UPDATE REQUIREMENT

Case No.:

Work Order No.: ASB-300-800

LOCATION: Rockville, MD

DATE: Thursday, May 27, 1999

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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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PUBLIC WORKSHOP ON SUPPLEMENT TO PROPOSED AMENDMENT TO 10 CFR 50.55A ON ISI/IST PROGRAM UPDATE REQUIREMENT

USNRC

Auditorium, TWFN Building

11545 Rockville Pike

Rockville, MD

Thursday, May 27, 1999

The above-entitled workshop commenced, pursuant to notice, at 9:04 a.m.

ANN RILEY & ASSOCIATES, LTD.
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P R O C E E D I N G S

[9:04 a.m.]

MR. WESSMAN: Good morning. My name is Dick Wessman. I'm the deputy director of the division of engineering in the Office of Nuclear Reactor Regulation, and I want to welcome you all to this public workshop to discuss the proposal to eliminate code update requirements for ISI and IST.

Before I make a couple of comments, I would point out as you all came in and signed up, there was quite a pile of paper and handouts available for you on the table. We discovered one of the handouts, namely a letter from the ACRS, deals with steam generator issues. That's not the subject of this meeting. If you want to talk about steam generators, you have to come back another time.

That letter actually -- the ACRS letter that we want you to have is a document that actually deals with this 120-month update proposed rule activity. We're getting copies made, and we'll get them circulated to you in the next few minutes.

We're here today to discuss this proposed rulemaking that deals with the elimination of the requirement for licensees to update ISI and IST programs every 10 years to the latest edition of the ASME code. This proposal also establishes the 1989 edition of the ASME code

as a baseline. I'd like to introduce a few people to you here before I make a couple of remarks, and many of them, I think, are people that you know. Sort of in a center chair in front of me here is Tom Scarborough. He is an engineer -- a senior engineer with the mechanical branch in NRR, and he will actually sort of chair our meeting today.

Also, other staff members that are near the front of the room here is Gene Imbro, his branch chief and Dave Terao, his section chief. I see Joe Colochino; I see Bob Hermann; I see Gil Millman and other individuals whom many of you may know, and many of these individuals have had a very active participation in the code and standards activities.

Elizabeth, if you'd bring those copies down and just put a few on each side of the front row, they'll gradually get passed around. This is the ACRS letter that I referred to. I would also recognize a couple of other individuals, because they will be involved in some of the -- what I'll call invited prepared presentations that will be in the early part of our agenda. At the far end of the room is Jim Ferguson. He is the new -- John, I apologize, John -- incoming chairman of the board of the Nuclear Codes and Standards and vice president in ASME. With him is Jerry Eisenberg, also of ASME. Over here on my right, representing NEI, is Alex Marion, and I think he has several

other NEI individuals with him. I see Kurt Cozens right beside him.

A little bit of background to refresh our memory and get ourselves started, if I may. You all recall that in December of 1997 -- it seems like a long time ago -- after a number of years of staff work, we published a proposed supplement to 10 CFR 50.55(a). It was published for comment and was put out for a 90-day public comment. This was a major update to the 50.55(a) provisions of the rule. It dealt with a number of rather challenging issues, ranging from things like a mandatory imposition of the appendix 8 ISI requirements; it dealt with, for the first time, an endorsement of the O&M code. It dealt with a contentious issue, somewhat known as engineering judgment. It endorsed the 1995 code through the 1996 addenda and dealt with a number of other issues.

We had extensive public comments as a result of that Federal Register notice and proposed rulemaking. Many of them have been addressed, and I think some of the potentially contentious issues have been satisfactorily dealt with.

Late in 1998, the staff recognized that the approach we were headed on with a package that was nearly complete needed a pause and a little bit of reconsideration, and this reconsideration was with a focus on the potential

for unnecessary burden on the industry or licensees and on the staff of the existing provisions of the rule, and it revolved around the concept of requiring, every 10 years, the 120 month update to the latest endorsed versions of the code.

As a consequence, we prepared a policy paper to our commissioners, copies of which you have. It's this 99-017, dated January 13, 1999, and provided a proposed policy issue and an approach to the commissioners and identified the potential impact on the schedule. After receiving direction from the commission to go forward and publish a proposed supplement and seek public comments, we did publish this proposed rule in April of this year and announced the plans for today's workshop and pointed out our desire for written public comments by June 28 of the year.

The next steps, of course, will involve hearing and working with you all today regarding comments on the proposed rulemaking; then, working on -- receiving and working on the public comments that we would receive in writing. We then have to develop a final rulemaking package that would incorporate the decisions that come from our work and discussion today as well as the decisions that come from the work on that 1997 package and take that complete package forward to the commission for their final approval, following our normal regulatory processes of interaction

with the CRGR, the Committee for Review of Generic Requirements and the ACRS with a general time line that would lead us to hopefully publishing a final rule about the end of the year.

Let me very briefly overview the agenda. Marge, if you would put it up; again, I think you have copies of that. Our intent is to do some initial presentation by the staff. Actually, it will be Tom and some presentations by several of our invited guests, who are principal stakeholders in this issue, and then, if there are others who have identified themselves as part of the registration process that want to make some remarks at the front end of our discussions, we want to allow that opportunity.

We then expect to kind of take a break and hopefully work ourselves more in what I'll call a roundtable format. It was hard to decide whether to set up the room in a big U-shape for starters or in the format that you see here, because you don't know whether you're going to have 25 people or 200 people. I'm glad we have a good crows, and we have a good crowd of interested people.

We are here to hear your views today on the April 27 proposal on that Federal Register notice. We're not here to discuss the proposed rulemaking package that was published in December of 1997. That process has gone its way, and the public comments have been received, and the

staff has worked the disposition on them, but we want to maintain our focus on the activity that we're working on today, namely, this discussion of the proposal to eliminate the 120-month update.

Again, I want to remind you: we want the written comments by that June 28 date. We need a clear statement of your concerns and issues, and we do not want to just rely on the transcript of this meeting. We will prepare a summary of the meeting, and we'll make it available to all of the participants. If you've given your name and address as part of registering this morning, we'll be sure that you get a copy.

A couple observations on logistics, if I may. We are being transcribed. I think you see the reporter in the corner over there. So I ask that when you come to make remarks or raise your hand to speak, it's a nuisance, but please speak to the microphone and identify yourself and your organization. It makes life easier for all of us.

There are a lot of copies of the printed material that's been in the back, and I think you've captured copies of those as you came in. A reminder: please observe the NRC security requirements. If you need to go elsewhere into the building or whatever, get one of the staff members to escort you. And finally, of course, we will take breaks as identified in the agenda. You can see it as far as lunch,

and you can flash up the second page, if you would, Marge. There are restrooms in the lobby, and many of you have been here before and know about the delicious hamburgers across the street or the opportunity to walk down to White Flint.

Again, thanks for coming. It's an important issue, and there are some strong views on it, both, you know, among members of the staff, members of the public or various stakeholders and even on the ACRS or the commissioners themselves. There are pros and cons out there, and we need to hear them, and that's what we want to do.

At this point, let me introduce Tom Scarborough from the mechanical branch, and he will summarize a little bit of the history on current regulations and the details of the rulemaking.

MR. SCARBOROUGH: Thanks, Dick. Good morning.

I would like to spend the next few minutes going over briefly some of the background so we all are talking about the same issue and starting off on the same page.

What I'd hoped to do is this is sort of a table of contents, what I'd like to go over this morning briefly: the introduction, sort of what the current 50.55(a) requirements say; what was proposed in December 1997; what came out as to the proposed rule supplement; examples of the implementation of the supplement; how it would sort of work

if it was implemented; discussion topics that were outlined in the Federal Register notice, as we're going to go through in the roundtable discussion and conclusion.

First, 50.55(a) references the ASME boiler and pressure vessel code with certain conditions and limitations for construction, inspection and testing of nuclear power plant components. In the past, the NRC has revised 50.55(a) periodically to incorporate by reference the latest addition of the ASME code, and if you look back at the statement considerations back in 1971, they indicated -- the commission indicated the improvement expected in the code over time, so that was part of the basis of that.

50.55(a) requires in-service inspection, in-service testing programs to be updated every 120 months, every 10 years. Then, the latest proposed amendment to that was in December 1997, which referenced more recent additions of the ASME boiler and pressure vessel and operation and maintenance codes. Basically, it was a 1995 edition and also retained the ISI/IST update requirement.

But based on public comments and the maturity of the code, and that is that the safety benefit of each revision does not seem as significant as it was in the past, it is being considered to eliminate that requirement to update the ISI and IST programs every 10 years. So with that, we issued a supplement to the proposed rule in April

1999 requesting public comment on the elimination of that update requirement, and as Dick mentioned, the public comment period ends on June 28, and we're currently reviewing all the other public comments we received on the December 1997 proposed rule, and we may revise that proposed rule based on those comments, and as Dick mentioned, we're not going to talk about that today.

Okay; this is currently what's in 50.55(a): class one, two and three components are to be constructed according to the 1989 edition of the boiler and pressure vessel code, section three, with certain limitations and modifications. Now, section three will not be affected by the proposal to eliminate the 10-year update for ISI and IST programs. The class one, two and three components are to be inspected according to the 1989 boiler and pressure vessel code, section 11, to the extent practical within the limitations of design, geometry and materials construction. I didn't repeat that on each item, but that goes along with each of these bullets.

Class MC, which is metal containments, and CC, concrete containments, are to be inspected in accordance with the 1992 edition, 1992 addenda, of the ASME boiler and pressure vessel code, section 11, and then, class one, two and three pumps and valves are to be tested according to the 1989 edition of the boiler and pressure vessel code, section

11. The ASME O&M code is cross-referenced but not formally incorporated by reference. Essentially, it says that O&M parts 4, 6 and 10 are meant to refer to OM A-1988 addenda to the OM 1987 edition.

So, that's the current requirements. In 1997, we proposed modifying those requirements, essentially to incorporate the 1995 edition, 1996 addenda, of section 11 of the boiler and pressure vessel code for ISI requirements for class one, two and three components with certain limitations and modifications; require pressurized water reactor licensees to perform volumetric weld examinations of class one portions of the high pressure safety injection systems; also to expedite the implementation of appendix 8 of the 1996 addenda of the boiler and pressure vessel code for performance demonstration of ultrasonic examinations.

Also to incorporate the 1995 edition; 1996 addenda of the ASME O&M code for in-service testing requirements for class one, two and three pumps and valves; there were a couple of also additions into that proposed rule. One was to require licensees to supplement their IST stroke time testing of motor-operated valves with their design basis verification programs, and also, there was permission for implementation of specific ASME code cases and portions of code editions for ISI and IST requirements.

So that's a summary. There are other parts to it,

too, but I tried to summarize the major parts that were in that 1997 proposed rule. Now, the supplement: the supplements would establish a baseline edition of the ASME boiler and pressure vessel code, section 11, for ISI and IST requirements for operating plants as follows: the 1989 edition for ISI and IST requirements for class one, two and three components with certain limitations and modifications; the 1992 edition with 1992 addenda for subsections IWE and IWL for the class MC and CC components and the 1995 edition with the 1996 addenda of appendix 8 for the ultrasound examination performance demonstration.

Currently, there are about 15 to 20 licensees implementing the older versions of the ASME code before the description of the baseline, and the supplement would allow 5 years for those licensees to update to this baseline. Now, the current schedule for updating is about 3 years for the licensees that aren't up to the 1989 edition yet. It's about 3 years. But we did not feel that there was a safety impact for that slight extension for the update, so that's where the 5 years came from.

Now, after the baseline code is achieved, then, that would eliminate the requirement to update periodically the ISI and IST programs; okay. And there's a little on the next page for the supplement. With the supplement, the NRC would continue to review later code editions for

incorporation by reference in 50.55(a) to allow voluntary implementation subject to limitations and modifications that would appear when those later code editions were referenced in the rule.

The NRC would continue to evaluate provisions of later code editions and determine whether implementation, as a backfit, is required in accordance with 10 CFR 50.109, and as you know, that includes things such as cost-benefit. That's a test of 50.109. There's also compliance with the regulations, adequate protection and the redefinition of adequacy. So there are several tests that are part of 109.

For future licensees, they would meet the latest ASME code reference in the regulations when they were licensed, but they would not be required to update their ISI and IST programs except as specified according to 50.109 provisions. Also in the rule, the proposed rule, we grouped -- you probably noticed we grouped several of the code cases in portions of recent ASME code editions for voluntary use without prior NRC approval. We tried to group those together for easier reading as you went through the rule, so we did that as more of a housekeeping measure with the rule.

Okay; I have two examples that we've tried to set up to kind of explain how this proposed rule would be implemented. The first example involves a licensee currently implementing the baseline; that is, the 1989

edition for class one, two and three components and the 1992 edition for the class MC and CC components, or they could be doing it later, but basically, they're up to or beyond the baseline.

First, they would implement the 1995 edition, 1996 addenda of appendix 8 according to the schedule in 50.55(a)(g)(6)(2)(c), according to that schedule, and that's basically 6 months after the date of final rule, as that was indicated in the December rule and also our most recent April rule -- supplement. They may voluntarily update to a later edition of the ASME code incorporated by reference in 50.55(a), and if they do, then, that referenced code edition becomes the licensee's code of record. So it's voluntary in the sense that you can update to it, but once you did, that becomes your code of record.

Now, prior NRC approval would be needed if a later edition of the code is not implemented in its entirety in accordance with the limitations and modifications in 50.55(a), and what the staff's intent there is that licensees would incorporate the entire code rather than just picking out certain portions of the test provisions and incorporating those, and this is the cherry-picking issue, which you'll probably hear more about today, but that's what we mean when we're talking about the cherry-picking issue.

Now, this particular licensee would submit a

relief request for any code requirements that are impractical within one year of determination of impracticality or prior to the start of a new program based on a voluntary commitment to a later-referenced code. So that's how someone who is currently implementing the baseline or beyond would react and follow the new proposed supplement.

Okay; for licensees who are currently implementing a code edition earlier than the baseline, so this is something earlier than the base, earlier than 1989, earlier than the 1989 edition for class one, two and three components and the 1992 edition of the class MC and CC components. You'd implement -- these licensees would implement the 1989 or later edition of the class one, two and three components within 5 years -- this is the 5 year window -- of the final rule, and if they hadn't completed it yet, they would go ahead and implement the 1992 edition with the 1992 addenda of the IWE and IWL sections for the class MC and CC components under 50.55(a)(g)(6)(2)(b), which is roughly the year 2001. You have to look at the particulars, but that's roughly what we're talking about.

Implement also the 1995 edition, 1996 addenda, of appendix 8 according to the schedule that's in the proposed rule and submit any relief requests for code requirements prior to the start of the updated program. We may have some

more on the next page. This is more complicated for this licensee.

After implementing the baseline or a later edition, basically, now, they're up to the same level that the licensee who already started from this position was. The licensee can then voluntarily update to subsequent editions of the code incorporated by reference in 50.55(a), and that, once again, becomes their code of record; prior NRC approval is needed if a later code edition is not implemented in its entirety, and thereafter, licensees would submit relief requests for impractical code requirements within one year of determining impracticality or prior to the start of the new program based on the voluntary commitment to the later-referenced code.

So those are examples of how this proposal would work. In the discussion topics for today's workshop, these are the same as we outlined in the Federal Register notice and the meeting notice itself. First, today, we want to talk about the potential effect on safety, including the potential reductions in effectiveness of the ASME boiler and pressure vessel code and the O&M codes. We want to talk about the selection of the proper baseline edition. As in our proposal, we have the 1989 edition. We want to talk about what's the proper baseline in terms of the edition -- in terms of safety, resources and efficiency.

We want to talk about the regulatory benefits or hardships to licensees, industry suppliers, including vendors, nuclear insurers, states, standards organizations and others that you can think of. We want to talk about the reduction in burden on licensees to not update ISI and IST requirements and related procedures. We've heard various views on the amount of that reduction in burden, and we'd like to have a little bit more information on how that really reflects the reduction in burden.

We also want to talk about the potential effect on the reduction in the number of licensee submittals -- relief requests, in other words. We want to see how this proposal would effect future submittals. Next, we want to talk about the consistency in the range of ASME code editions and addenda applied by licensees. Is there going to be a much broader range or more narrow range, or how would this proposal effect the range of additions and such that are implemented in terms of on-site review and also implementation by various licensees.

We want to talk about the potential effect on risk-informed in-service inspection and in-service testing initiatives. We want to know how this would effect those initiatives. Those initiatives are very important, and we want to make sure that we understand what that effect will be before we go too far down the road. We want to talk

about the potential effect on the states and other organizations that rely on the code in interactions with nuclear power plant owners. How will this effect their processes? We want to talk about the application of portions of the ASME codes incorporated by reference in the regulations subsequent to the baseline. Once again, this is the cherry-picking issue.

And finally, we want to make sure that we're as clear as possible in describing this approach so that the people implementing it will understand it, and there won't be any confusion. So that's very important, even though it's the last bullet on that list.

In conclusion, basically, as Dick said, we're here to listen to your input. You know, we're gathering information. We've been instructed by the commission to put together all of the pros and cons and come back to them with the best recommendation in terms of how to go forward, and that's what we intend to do today to gather that information. The closing date for public comments on the proposed rule supplement is June 28. We are going to ask that written comments be submitted as described in the Federal Register notice. So if you make some comments here today, we would like for you to go back and think about them and put them down in writing to ensure they get specific consideration, because as Dick mentioned, we're going to

prepare a summary of the workshop. It's going to be a summary; it's not going to be a book. And we're going to give the highlights of the various positions and all of the various topics that we talk about to make sure that we characterize the workshop and other information we receive properly, but it's not going to be the same as an individual response to a specific question that you might want to make sure that you have.

So we'll ask you to go back and prepare written comments of your thoughts to make sure that we give very specific consideration to them. So we will place that summary -- we hope to have that summary done in the next few weeks because of the more limited scope of the summary, but we'll have to see how it goes through the review process, but we'll definitely try to get that out as quickly as possible so that people will be able to see what we said and how we characterized the workshop.

And finally, with the current schedule of the rulemaking effort, we hope to have it completed by February 2000. We hope to have the review process completed by the end of this year and then have to go through an administrative process to get it out the door by the February 2000 time period. So that's the schedule. We're on a pretty fast track, but we think we can do it in terms of a lot of the resources we are applying to it.

That basically is my talk. If there are any questions on just sort of this overview, I'll be happy to take them now, or we can save those for when we get into more of the roundtable discussion.

MR. MARION: One question on schedule: it's been stated in some other forums and other meetings that the NRC may be separating the initial December rule in its issuance from the supplemental proposed rule and its issuance. Is that correct? Or will it all be issued at one time in February 2000?

MR. SCARBOROUGH: The direction that we have from the commission at this time is one of the documents that was handed out in the back, the staff requirements memorandum, which tells us to go forward with the proposal in SECY 99-17 and to provide back to the commission at the end of the process all of the advantages and disadvantages of the proposed approach regarding the 10-year update, and then, they would make the final decision. So that's the path we're going down at this time. That's the direction we have from the commission at this time, right.

Anything else before we turn it over to John Ferguson?

[No response.]

MR. SCARBOROUGH: Okay; good. John Ferguson of ASME is going to give a talk on some of his views. Thank

you.

MR. FERGUSON: Good morning. I wanted to thank Dick Wessman and Tom Scarborough and the rest of the staff for setting this up.

You know, frankly, I believe this is just a very, very important topic. In fact, as we got more into looking at the topic, I didn't realize how important this 20-month rule was to the stakeholders in the process. So I think this is an important topic; I think this is a good forum to discuss it. In fact, it reminds me a little bit of a code committee meeting. You sit down; you think of your important points; you come together; you discuss them; you debate them, and I think this will be a good forum, and then, we sit down and come up with the best decision for everybody.

So we'll express our views; I think this will be like a code committee meeting. I talked to several of my compatriots here, and that's how we feel. I would want to say a couple of things on the ASME position, but before I do, I want to say that the 120-month update is unique. It works for everybody is the way we see it right now. It works for the NRC; it works for the ASME, and frankly, I think it works for the utilities. I want to just express a few views right now, and then, we'll go back and discuss it more.

The first is, frankly, the ASME feels that the endorsed proposal in the NRC supplement and the proposed rule described, we do not support eliminating the 120-month rule. The benefits gained in implementing the 120-month update probably outweigh the costs of making this update. The $200,000 mentioned in the rule, frankly, we think that those costs could easily be overcome by additional relief requests that would have to be submitted.

I would suggest that the ASME has found ways to -- pardon me; I'm not that comfortable that speaking into this. So if you don't mind, I'll step out a little bit. Is that okay?

COURT REPORTER: You're off the record.

MR. FERGUSON: Then I will stay here. It would be helpful.

Frankly, we think that the relief requests that are going to go in will cost more than the benefits that will be gained by this rule. The relief requests probably cost between $10,000 and $15,000 if you have a code case to support it, and frankly, if you don't, it may cost you quite a bit more. We think that the costs of implementing this rule are really not substantiated; or the savings, I should say. Also, I would say that the ASME -- there are better ways to save money. You know, we have worked hard on coming up with a risk-based inspection program that we're working

on right now, and if that program goes through, there is a large potential savings to utilities that are using our resources to do the right inspections and tests and frankly saving everybody money and doing a better job.

We think, frankly, that the cost-benefits, and the point I want to really make here, are not really what they seem to be.

The second comment I'd like to make is the code is a living document. The code itself, although it's been in existence for many years, 25 years, is a very difficult and complex document. It has a lot of details in it, and these details are very -- they're spread out over two books. I mean, frankly, the two that we're talking about today; and the code right now is going through a sea change. It's not a mature code. Just the risk-based inspection I just talked about is one of the examples I'm talking about. We have operated on the code; it came from the petrochemical industry, this ISI and IST program. We've learned to put it in the nuclear industry, and I'm not helping you very much right here. Help me out a little bit.

MR. FERGUSON: Thank you; okay.

And that's one of the key points to make: the code is a living document, and you have to -- it takes operating experience; adds operating experience; it's learned; it adds the experience by the plant's aging. You

know, frankly, the code cases -- the code is driven, frankly, by operating experience and new technology. The code does not drive operating experience and technology. We have to have ways to deal with that, and I think this 120-month update is a very good way to incorporate the lessons learned into the code and apply them for everybody.

Those are two key points I would make. The other is -- I would want to make is that the ASME, the code process really is kind of a multiplier effect. And what I'm saying is that a broad-based group of experts come together, deal with an issue, work it out, figure out the right set of answers, and by experts, I mean the regulatory people; the ASME people; the users; the vendors; the AEs, all of the people who are concerned and the research, and what happens is we work this out together; we put it together; we come out with one right answer to everybody, and everybody gets to use it.

The 120-month update process helps us put this all together in the streamlined basis where everybody gets the benefit of this small group, and that multiplies the industry experience. If you have to do that individually, that's a much more significant issue. We provide the continuous addenda and updates; we provide user feedback, and I think that's one of the real key issues, and the other thing that I would mention is that the impact on the code

committee would be significant. You will not have this collective group of experts.

I would estimate if we really make this change, there will be less support for the code committees, and that is very, very critical. These committees run on volunteers. And without the volunteers, frankly, we're going to have an issue in being able to provide a quality product where we do this type of work, work through this type of process and use this multiplier effect to come up with a better product.

One last point that I would make, and it's elimination of the 120-month update could be viewed as eroding public confidence in our ability to assure an adequate ISI and IST program. The bases, as I understand it, for eliminating the update are regulatory burden, to minimize regulatory burden. Right now, the consequences of this are really a little bit unknown. This is still, as I mentioned, an ongoing process; this could introduce some uncertainty, and we're concerned about how that looks. Right now, as I just heard, we'll be implementing three, actually, different revisions of the code, and it will get more confusing as you go forward. One of the nice things about the 120-month update: it stabilizes everybody; puts everybody on an even keel, and everybody is using approximately the same program.

It's a very strong form of self-assessment when

people go through the 120-month update. The devil is in the details on all of the ASME codes, and that allows you to do a very good self-assessment when you do the update.

In closing, and again, I think we're going to get to debate this in great detail over the 10 points today, and I think that's worthwhile, in closing, I would just like to say that the stakeholders, the utilities, the NRC and the ASME all have a role. The role I'm trying to present today specifically is the ASME's role. We are unique in this, because we have all of those players within the ASME. We have the regulator; we have the utilities; and we have the ASMF itself, and we have worked very well together over the years, and it looks to me like this would introduce some uncertainty in going forward.

You know, it looks like it's a potential for not a win-win-win but a potential for a lose-lose-lose as we see it, but we're here today to learn, to listen to all of the points and to present our unique ASME perspective as we go forward.

I hope this has been helpful for you. I'm sorry about the microphone, but I did the best I could. Thank you.

MR. SCARBOROUGH: Thank you.

Next is Alex Marion.

MR. MARION: Good morning; can you all hear me?

My name is Alex Marion. I'm the director of programs at NEI, and for some reason or another, I've been involved in interactions with the NRC on 50.55(a) and the ASME code processes for several years, and I guess that's why I'm here chatting before you.

I'd like to thank the NRC for the opportunity to offer industry's perspectives on NRC's proposed supplemental rulemaking. Many of you may not be aware of the fact that we've been working with the NRC for several years to get to this point, and I'll elaborate on that in a little more detail.

We are very pleased and happy that the NRC has chosen to hold this meeting to discuss issues and hopefully answer questions related to the proposed changes that are before us. I'm looking forward to an open, candid discussion of the 10 or so topics NRC identified relating to the proposed elimination of the 120-month update, and I encourage all of you to participate as well. Now is the time, and this is the opportunity.

This is a significant opportunity before us. It's analogous to stakeholder meetings that have been held over the past year and a half or so where we have an opportunity to express our opinions, what we think, good, bad or indifferent about the topics before us, so let's take advantage of it.

If my memory serves me well, and at my age, sometimes, I have to double-check, but I didn't double-check this morning, so bear with me: the genesis of what brings us here today was the cost-beneficial licensing action that was submitted by Entergy back in the 1993-1994 time frame. Simply put, the submittal requested that the 120-month update be deleted from 50.55(a) with no further mandatory updates being imposed. The basis for the request was that the burden associated with continuing updates was not commensurate with the increase in safety.

The burden I'm talking about is the cost to utilities in developing the program and implementing the program, and I believe during the course of the discussions later today, you'll get a better sense of today's costs in terms of that burden. The issue, the core of the issue was baselining the 1989 addenda. Now, recognize this was 5 or 6 years ago. At the time NRC received this request from Entergy, I have to give them a lot of credit that they realized the significance of what was being propcsed. They recognized the generic applicability, and they sent a letter to NEI requesting NEI participation in addressing this issue, working it with Entergy and the NRC and trying to figure out what's the best approach to take industry-wide.

When we responded to that request, we formed a task force comprised of about -- I think it was about eight

utility personnel -- who were very knowledgeable in the ISI/IST area. Most of them were supervisors or managers of the function area that had that responsibility at the utility plant, and we developed a series of positions or thoughts or suggestions, recommendations, call them what you will, but things to discuss with the NRC. We had a couple of public meetings; we commented on the proposed rulemaking at the time, and we encouraged, and we continue to encourage over that time period, to create the opportunity in a forum such as this to discuss the issues with one straightforward, fundamental objective, and the objective is to discuss all of the issues, good, bad or indifferent, so that the NRC can make the right decision, okay?

And the opportunity is here to put the information before the NRC staff, because I have been given great assurances by Dick Wessman that they are going to make the right decision. Well, here we are. NRC believes that the overall level of safety significance achieved by adherence to the 1989 baseline edition of the code would be sufficient and adequate. We concur and support appropriate regulatory action to revise 50.55(a) accordingly.

Each plant that has been licensed to operate has a code of record that NRC reviewed and determined to be adequate and sufficient. So it seems that over a period of time, you would get to a point where demonstrated plant

safety system performance and safety component performance and reliability would raise the question of whether or not it makes sense to continue a periodic update of this program.

Well, here we are. I keep coming back to the same thing. Is this the right or wrong regulatory action? That's one of the questions I think we have to come to grips with. What will be the impact of this proposed action on utility licensees, the ASME, and, of course, we need to think about the impact on the NRC, because the NRC has to continue with inspection activity as a result of whatever decision they make on this rulemaking.

Is this the right thing to do in terms of practical, reasonable and fundamentally sound decision making? I think the opportunity is here that the NRC can gather the information and make the decision based upon what makes sense, what's in the greatest interest of public health and safety and what's important from a regulatory point of view and with that, get an understanding of the burden associated with what's been done in the past and the improvements that will be achieved as we move into the future.

And again, one of the things that we need to think about, and this was somewhat touched on by John Ferguson from ASME, is baselining the 1989 code adequate and

sufficient, or do we need to maintain a continuing 120-month update? The NRC has already determined that it is adequate and sufficient; they've already determined that prior editions of the codes of record at utilities are adequate and sufficient. That's a very important theme and concept to keep in mind as we go through the rest of the discussion.

I look forward to today's meeting, in which all of you will participate, and I really encourage you to do so, so that we may provide the NRC answers to these and other questions.

I'd like to make a comment in response to John Ferguson's statements, if I can. The idea or the perception -- now, maybe this is the wrong observation, but I'll bring this up again during the discussion session, but I want to plant the seed so we all have an opportunity to think about it, but the suggestion that a continuing NRC mandate, if you will, through 50.55(a) requirements is necessary to ensure continued participation in ASME committee activities I find very troubling, okay?

We had a meeting yesterday that was set up by the NRC in this very auditorium that involved about -- what? -- 8 to 10 standard organizations, and NRC research was led by John Craig to basically talk about NRC's role in participation in the standard development activities and endorsement of the products that come out of SDOs, and one

of the points that came out was that the standard development organizations need to maintain independence, focus on developing technically objective documents, et cetera; ensure that what they do proceeds with due process; ensure that what they do provides value to their membership, and the problem we keep running into is when you take fundamentally sound technical principles that are integrated into codes and standards and try to apply them in a regulatory environment.

Okay; that's what we talked about yesterday. It had some really interesting discussions and topics, and we basically agreed yesterday that we're going to continue these meetings at 6-month intervals for probably the next few years. But here we are today, where we have a proposed action by the NRC that's suggesting elimination of what is a technically sound document from the standpoint of a code or standard in 1989 baseline from the regulatory process. And oh, my God, we don't know what to do. We don't know what this means; we don't know what the impact is going to be.

Well, I suggest we think about it and again take advantage of the opportunity to address all of the issues and questions, and that's the end of my closing remarks -- opening remarks; I'm sorry. Does anybody have any questions?

[No response.]

MR. MARION: Okay; thank you very much.

MR. SCARBOROUGH: Okay; we had Mr. Ray West call me yesterday and indicate he'd like to make an opening remark. Is Ray here? I don't know Ray. Is Ray here?

MR. WEST: I had a presentation.

MR. SCARBOROUGH: Yes; who are, you sir?

MR. WEST: Ray West.

MR. SCARBOROUGH: Oh, come on down.

Yes, Mr. West is going to give a presentation as a private citizen, and is there anyone else here who would like to make a presentation after Mr. West? Anybody else? We're going to have a roundtable discussion, but we could have some comments, you know, right after Mr. West finishes, see what time it is, and we'll work that in if we can.

MR. WEST: My name is Raymond West, and I've been here many times in this building, usually wearing an ASME hat or a Northeast Utilities hat, the company I'm employed with or a Westinghouse Owners Group hat, but my company has not formed a position on this issue yet, and it would be unfair for me to speak for them, and I'm concerned about this amendment change, and as a member of the public and an individual who has over 20 years' experience with ISI, I want to get my points across before there is any discussion, and hopefully, there's some good discussion after those points.

I've got four basic concerns with this action. I think change is good, and you've got to believe that today if you want to stay employed in this environment. This change doesn't hit the mark. The first issue with what I saw in the proposed amendment, and I missed the earlier discussions; I had a late plane this morning, dealt with the baseline additions and addenda of the code that's being applied. This is a maturity issue, and the 1989 edition is being billed as the acceptable edition and addenda for general ISI; the 1992 edition, with the 1992 addenda of section 11 for containment ISI; and the 1995 edition with the 1996 addenda for appendix 8.

In general, the code is a living document, and you can't baseline an edition and addenda as an acceptable level of quality from day to day, because it changes, and an example for the 1989 edition is at Millstone Unit 2, we just updated our 10-year program at the end of 1998. With that update came 17 relief requests. Fifteen of those were to use code cases that are alternatives to the rules in the 1989 edition, to make that program practical. Seventeen were plant specific.

When you get into the next version of the code that's in the amendment for containment ISI, it's the 1992 edition with the 1992 addenda. The industry, for a long time, paid no attention to those code rules for containment

until they were put into the regulations. When they got into the regulations, there was significant code committee action to change those rules, because people had to look at it from an implementation standpoint. EPRI took the ball, and as a result of committee work under the EPRI organization, they recommended seven to nine relief requests just to write the program, not to implement it, to make it practical to use.

Now, we've taken the position at Northeast Utilities to submit a request to use the 1998 edition, because it's ridiculous to have to write seven to nine relief requests just to write a program. Once that program gets implemented, there are going to be a number of relief requests having to be written to implement it.

The next item is the appendix 8 criteria requirements. Once again, because it's coming down to the wire that we have to implement those requirements in this industry, action was taken, and the people came to the committees, and they worked together through the ASME process, and they created a code case: N622. That code case is going to be used by every licensee in lieu of the code requirements. I don't picture any licensee doing that. So from a timeline basis, I don't know how you can fix a code edition and addenda as an acceptable level of quality and safety because it changes. And I do have a recommended

alternative at the end to address that.

The next issue is focus. When you look at ISI programs, and I'm speaking strictly from ISI, because that's where my experience is, the programs at our plants range from 4,500 to 7,000 items per plant, and you're constantly in an implementation phase of that program, from outage to outage. You plan your inspections; you do your inspections; you plan your inspections; you do your inspections, try to get the feedback in there. Everyone's configuration and control program is not perfect. The only time those programs get looked at in detail is for the 120-month update, and when that happens, it's an extensive effort for the utility, but it identifies things that were missing; sometimes safety significant, sometimes not; things that need to be deleted based on the new requirements; new examinations; a whole gamut of changes.

If you take away the update, you take away the focus. The priority of the program will be a low-priority program, and that's not going to get looked at.

My next point is cost. This action is billed as a burden reduction. We're talking $200,000 to $300,000 every 10 years to upgrade the programs. It may be a little less than that depending on your contractor support. But what's not talked about is the additional cost that you're going to incur trying to make the 1989 edition practical to use.

You're going to need relief requests. You want to take advantage of what the industry produces that's better. It just so happens that at this point in time, for about the last 8 years, most of the code cases that have been issued, and rightly so, are reductions in requirements. So you want to take those.

But there may be plant-specific issues that you want to deal with. If you take a code case, and you back that, and you take a relief request, and you back it up with a code case or some kind of industry generated document, it only costs you $10,000 to $15,000 to process that. If you try to do it on your own, which I believe this amendment, if implemented, will force, it's going to cost you anywhere from $50,000 to $500,000, depending on the complexity of the issue, so it's not right.

The next point I want to cover is the state requirements. I don't know what the state requirements are going to be as a result of this. Some states are code states for section 11, and some states aren't. But if they object strong enough, they may implement their own regulatory requirements. And how is that going to look in a national picture, a national level, to have one state requiring something that the other one doesn't for nuclear power? We don't need that.

So in my handout, I looked at this and thought

about it and tried to come up with some kind of proposal that could be used that would help. I'm not always right, but I like to get my opinion out there, and I think I've got enough experience to at least present that. First, I'd like to see the code editions and addenda as published be used, because they represent the best we know today. Second, the emphasis right now is that you update to a code edition and addenda that the NRC has approved. Their process of approving a code edition and addenda takes forever. We're up to the 1998 edition now, and under this amendment we're talking the 1989 edition. There is a big disparity in those requirements. They may be good, they may be bad, but they are better.

And the next point is how does the regulatory agency control these updates? I would suggest that if they have an objection to a code change that they publish it in the Federal Register and no one use that part of the code, paragraph, edition, code case, whatever it is, until they've had a year to evaluate it to the back-fit rule. If it comes out that it's definitely enforceable as an objection under the back-fit rule, then fine, nobody uses it. If not, after a year, use it. Make people accountable and responsible for what they have to do.

And the other point that I forgot here and I need to mention, and it's very important, is that you need to

maintain this update, and the update, as a minimum, should apply to a code edition and addenda that's no more than 10 years old, and that's only an arbitrary time. It could be less; it could be more. But you certainly, with all of the changes that have occurred within ASME and the code, do not want to use a code that's more than 10 years old, and I venture to say there is no ISI people in this room who have a 1989 edition program that doesn't have significant numbers of relief requests against it.

So, in summary, I think this amendment is a mistake, and it should not be approved. Burden reduction will not be a result of this amendment; it's going to cost us more in the long run. The quality of the in-service inspection programs are going to go down, because we don't have focus, and the use of new technology will become cost-prohibitive, because we're going to have to address it as an individual plan, and that can be very difficult.

And that's all I have to say; thank you very much.

MR. SCARBOROUGH: We have a little bit of time before our first break. Come up and introduce yourself and make a couple comments.

MR. SWANN: My name is Dennis Swann. I'm here representing Southern Nuclear Operating Company and also a concerned individual for the livelihood of nuclear power. So far, I've heard two very good presentations, one from Mr.

Ferguson, one from Mr. West, and I, too, share both of your concerns, but I have a couple of counterpoints to some of the issues that you raised.

Mr. Ferguson, you used the fact that you're afraid that this rule change will affect the risk informed application as it applies to the code. You stated that one of that reasons was that by not having the 10-year update, you think it will degrade the process. I represent three nuclear plants that have six units. Over the period of the next 3 to 4 years, we've already budgeted money to move all of our programs to risk-informed ISI. If I'm wrong, please correct me, Mr. Roley, but all of the emphasis in risk-informed, one of the major aspects of it was that it allowed for continuous feedback; in other words, the risk-informed process is automatically updating. Once you go to a risk-informed program, and basically, what edition of the code you're using doesn't really matter.

I mean, your emphasis is to determine what's safety significant and what's not safety significant and do the appropriate testing for each. So whether you have a 10-year update or not shouldn't really matter, because you're going to use the feedback; you're going to use the implementation of risk-informed to constantly update your program.

I also heard a couple of comments about you're

afraid that industry participation in the codes will decrease. I believe industry participation in the codes will increase. The justification for that or my logic behind that is the fact that people keep saying oh, it's $200,000 to $300,000 for an update; oh, it's X numbers of thousands of dollars to process a relief request. Mr. West used the example that his present ISI program contains 17 relief requests, 15 of which are simply to apply code cases that have not been incorporated in the regulations. It seems to me that the proper approach is for the NRC and ASME and everybody to work together and come up with an expeditious process for approving code cases and later editions of the code and make those available for people to use.

Mr. West, if these code cases had been approved, the best I can tell, you would have only had two relief requests.

MR. WEST: That's right.

MR. SWANN: Okay; so, it looked to me like the problem is not really the update; the problem is the administration of how the ASME and the NRC and us licensees all work together.

I think part of the comment is that people keep saying that well, the licensees pay for what they want. I think that's very true. I think that's going to be true in

the future. So if the code is working on code cases that are enhancements to aid licensees and so forth, then, their participation should actually increase if they believe that there is a possibility that these code cases will be approved, will be endorsed by the NRC and be available for automatic use as opposed to the licensing process and the review process and the relief request process.

I've heard some very good comments. I agree with both of you. I'm very concerned. But my standpoint is that I believe that there's far better use for the money and the time and the effort of not only licensees but ASME and NRC to eliminate the 120-month automatic update, and let's concentrate on doing what's right and doing what's best for everybody.

Thank you very much for your time.

MR. SCARBOROUGH: Thank you.

Anyone else like to make an advance comment? I know Mr. Brent Metro from the Illinois Department of Nuclear Safety was going to join us. Is he here?

Would you like to make brief remarks?

MR. METROW: I do. I have a few things to say.

Thank you; I'm Brent Metrow from the State of Illinois, and I work with Larry Sage, and we both are involved with the ASME code process, and unfortunately, though, my comments today are not as a state agency's

comments, because we haven't formulated them yet, so these just represent Larry Sage's and my comments.

Firstly, I agree that the updates to the code process have been useful in allowing users an opportunity to look back over their 10 years, picking up changes in the plan, picking up changes in the plant that will result in changes in the plan and finding mistakes, and to eliminate this would not be a benefit. Although, for those who work with the code, they realize that any one particular edition or addenda of the code may not have significant impact as to their -- as to any one particular change, but if you view them, if you view the changes that occur over a large enough period, say 5 or 6 years, there are significant changes in the code, taken together, that cumulatively are of benefit to the users and have a great effect.

I have to question the $200,000 to $300,000 update cost, because -- as not being a realistic estimate, some of this money has to be spent on modifications to the plant, plant configuration, code case application, so that particular figure, I think, is overestimated.

It was mentioned earlier about state concerns. Some states automatically, 6 months after a code comes out, have an update process and incorporate code updates into their state laws. This could run into legal problems with where an edition and addenda are faced for the 10-year plan,

and the state, on the other hand, requires a newer edition and addenda.

I missed an earlier presentation, and this may have been covered, but the main committee chairman has hinted that they may not wish to keep old code cases active and may annul them. This would not have a good effect on plants that are using the 1989 code edition. We agree that membership in Section 11 may wane from the utilities' perspective. This will have a definite effect on emerging technology. The interest will focus on code cases and interpretations and not on current changes to the code, and we think that no one or that there will be a reduction in the bringing forth of new technology.

I can only think that forcing three different versions of the code, 1989 and, for the main body, 1992 for containments and 1995 will only force confusion on the administration aspects of a program, of implementing multiple programs. It would be better to require one code edition and addenda for all these activities and one that would be more current than the 1989 code.

One thing to consider, one thing for the NRC to consider that maybe it would be easier if the NRC only requires approval of relief requests and not necessarily approval of the plans, and perhaps more flexibility with the update selection; now, there is a -- the NRC requires to

select a code one year before the end of the interval and submit the new plan 6 months before; perhaps this can be loosened somewhat to make it more flexible.

I think my biggest point is going to be that -- my final point, and that's that if you come to Illinois and any other state, and you want to build a boiler, or you want to build a pressure vessel, you build it to the latest code. Why wouldn't you want to use a more later code than the 1989 code for nuclear power plants?

Thank you.

MR. SCARBOROUGH: Thank you, Brent.

Anyone else?

Yes.

MR. ROWLEY: I'm Wes Rowley, a member of the ASME board of nuclear codes and standards with John Ferguson, Jerry Eisenberg, also a member of the ASME O&M committee, consultant; been in our industry for 25 years here, and I'd just like to make a couple of comments as an individual.

I have come to realize that this whole ASME code development process, whether it's for ISI or IST or any of the other many committees that the ASME has, has a real value added for the industry in that it really gets all of the people who are interested in a particular technical issue together talking about it, and each one of us probably starts out with a position, and when we start talking to our

peers on the subject and working out those differences, a lot of times, our position will change.

And so, these technical requirements that appear in the various code editions and code addenda really reflect the best knowledge that the industry has at that moment in time, and to freeze that in 1989 or 1992 or 1995 is just -- it's just not really taking advantage of our body of knowledge that we have today, in 1989, and we will have better knowledge in the future.

So the point is that these are living code documents; they really evolved, and we really have to come up with a way to figure out how to use these things. In my mind, the slow, official endorsement of these codes by the NRC is probably the real root cause of the whole question we're really talking about here today, and it really kind of comes down to the administrative side. The technical requirements are evolving. They're being improved. So we've got to figure out a way that whatever the obstacles are to having these codes endorsed by the NRC for ISI and IST, we need to figure out a way to figure out, you know, how to solve that problem; you know, being 10 years behind is really totally unsatisfactory for the nuclear industry.

And the last point I want to make is a little bit about the risk issue. I think this really applies to both in-service inspection and in-service testing. The ASME is

very interested in applying risk to these two programs. The risk that we've done to date is certainly not perfect. You know, it's still evolving; it's still improving. Performance is another aspect that we're trying to put into our codes. That's also evolving. So, as I think Dennis said earlier, yes, we want to apply risk and performance to our plants, but the code hasn't got that perfect yet. It's still evolving. So we really need to figure out a way to make that happen in the future.

And as this becomes better and better, plants will want to use it more and more. So anyway, the point I just want to finalize and say is that it seems like the paradigm that we've been using for the last, you know, several decades, we're proposing to change drastically here with this revision, ar I said before we really get into it, and I accept this rulemaking, let's really carefully think out what is the pros and cons of what is happening here, because it is really drastically changing what has worked well in the past.

So, thank you.

MR. SCARBOROUGH: Okay; any other comments?

Yes, sir.

MR. SHAW: Good morning. My name is Sherm Shaw. I'm a supervisor for the ISI program at Southern California Edison at the San Onofre Nuclear Power Station, and I'd just

like to represent our plant and the people who run the ISI program at that site today.

With over 25 years of experience there and with 20 years of experience in the plant itself, we don't believe that the 120-month update adds that much safety margin, increases the safety margin to the program. We've gone through the program individually, point by point. Sure, that update does provide us a method to review the program, but prior to each outage, my staff goes through the entire program again and provides that assurance that we're doing the right thing.

So having a burden to update the program to a newer edition doesn't provide us anything except a cost to the plant. As far as the cost estimate, before we came to this meeting, we sat down, and we believe for both ISI and IST, the eventual cost of updating in about 2003, when our next 10-year update is due, will approach $1 million for our plant, and there is no increase in safety that we can think of.

We've been attuned to the ASME and the NRC and what's good for our plant all along. The update itself does not mean we can't update the program. When a new code case comes out or a change in the code for better technology comes along, and it shows a cost benefit to us, we'll be the first in line to support that, to support it with our

resources, and to attend the code case or the code committee meetings and provide our support to that.

But the code committee itself has to realize that if they do something, the end result has to be a cost benefit for the utility. They just can't go off on their own and say this is brand new technology, and we don't have any benefit for you.

So if they choose to update the code with new technology, then, the utility, especially my utility, would support that. Our risk-based ISI is a case in point. That needs a constant update. That's not relying on a 10-year or a 120-month update, but it needs a constant feedback. So I think the current rule as proposed is a win-win situation for the ASME, for the NRC and for the utility.

Thank you.

MR. SCARBOROUGH: I saw one more hand over here. Yes?

MR. HERMANN: Hi; I'm Bob Hermann of the staff, and I'm speaking in behalf of myself rather than as a position for the agency and really not commenting as to whether the update is appropriate or not appropriate but maybe to put on the table a couple of issues that might be related that haven't been discussed so far.

One of the things that we haven't talked about in terms of the discussion so far is the effect of relief

requests and how they may be affected as part of the update. Normally, they've been good for like a 10-year term. I'm not sure that we quite understand where they would be right now if we didn't update.

Some of the other things in terms of technology is if there were no program updates, there might be some things like if you had an instance where relief were granted before, say, for a vessel inspection, which is very important for life extension; technology like the more mobile type inspection units wouldn't be considered in terms of whether the practicality of being able to do inspections, say, of a vessel.

The other thing is code cases. I don't -- one of the things I think the NRC was trying to do generally over the years was to regulate by incorporating code editions and addenda and to use code cases alternatives to try to get uniformity, and I don't think the expectation was that the basis of the rule would be all alternatives based on a large number of code cases, which is where things might end up if you froze a code edition and went to an instant where there were a large reliance on the use of code cases to -- in lieu of the basic code.

In the past, there's been certainly a desire for uniformity, and what gets done by various people in trying to make evenhanded requirements among the people and -- just

those are some issues that I think need to be discussed.

MR. SCARBOROUGH: Thanks, Bob.

We had one other person.

Come on down.

MR. HEDDEN: Yes; my name is Owen Hedden. I arrived a little late, so I didn't get the ground rules on the meeting this morning, but I did want to talk a little bit about it. I'm coming here with, I guess, 40 years in the nuclear power plant business, 30 years with ASME Section 11.

The Section 11 committee had a meeting last week. I had another commitment and wasn't able to attend, but one of our members, this topic was discussed there, and one of our members did compile the comments that he heard at that meeting, and I'd like to very briefly just present a little bit of that and give the secretary his paper for the -- to let you know what we've done and who did it. That gives you a little idea.

The paper that was proposed, that was prepared, noted a number of arguments -- oh, okay, thanks, Ray -- a number of arguments on both sides. Certainly, the committee people were not agreed on this. Now, when I say the committee people, we had four days of meetings involving approximately 200 engineers in the course of the week, and about a third to a half of them are from the utilities. The

others are other people involved in the industry, like us manufacturers; the NRC people and the consultants.

They had a number of areas that weren't summarized into these points, and I'm not going to go through those, because that would take too much of your time this morning.

One thing that I noticed from the comments that have been given so far that hasn't been touched on is that Section 11 is more than just an inspection program and inspection methods. A big part of Section 11 is repairs and replacements, repair methods, and that hasn't been mentioned, hasn't been considered particularly in this update, and that's an important part; a lot of changes are being made in that area. We're making a lot of progress there.

One of the things that was really brought home to me yesterday after lunch, a couple of people from our company came around to see me and said they had a question about welder qualifications. Well, we're moving ahead in the area, and we're doing laser beam welding. Electronic beam welding is being used in another application, and if we're stuck at the 1989 code, those methods are not recognized for qualification of welders, welding personnel, welding machine operators.

They show up in Section 9, which is the welding book, after the 1989 edition, and we've got the inspector

saying no, you can't use those methods because we don't have a process in the code for qualification of the welders. That's the sort of situation you get into when you try to freeze yourself into the past. I think there is a lot of hidden benefits in keeping the process moving forward; endorsing the latest editions of the code in a prompt manner, and I'll stop with that.

Thanks.

MR. SCARBOROUGH: Thank you.

Any other initial remarks or prepared remarks someone would like to make?

[No response.]

MR. SCARBOROUGH: Okay; good. Dick Wessman has one or two comments he'd like to make, and then, we'll take our break.

MR. WESSMAN: I want to offer just a couple of comments and a little bit of reaction to a couple of the things that I heard, and I also want to clarify a couple of things, and then, we'll do with our break.

You may have heard early on, when Alex Marion spoke on behalf of NEI, he kind of smiled at me and said I'm sure you all in the NRC and Dick Wessman will do the right thing. I need to respond to that in yes, we will do the right thing. I don't know what the right thing is yet. That's why we're here today, but I do not want to send a

signal or offer an implication that because one individual or any individual says Dick's going to do the right thing that I and that individual have decided what that right thing is. We haven't. That's why we're here.

Secondly, we've had some reference to code cases on various presenters, and one of the administrative issues dealing with the code cases has been the untimely endorsement by the staff of various code cases and the issuance of the regulatory guides that endorses those code cases. There is a story, and it's a long one, and it's taken us a long time, but I did talk with the people involved with that this morning, and believe it or not, the code case regulatory guides went to the printer today, and they should be on the Web site and should be available for people to use within 30 days or so, and this will endorse the collection of code cases through 1995, I believe, so this eliminates a nuisance that has been out there for many of you for a long time and means that with that list of code cases, licensees and utilities can make use of them without having to come to the staff with a specific relief request.

Thirdly, I would offer a comment regarding what I might refer to as being stuck with the 1989 baseline. I think if you look carefully at the rule as it is proposed, the concept of 1989 baseline is there, but nobody is stuck with the 1989 baseline, and the intent of the staff with

this approach is to endorse and continue to endorse in the future later versions of the ASME code for voluntary implementation by licensees if they so choose, with whatever limitations may be in that particular rulemaking.

But I don't want to leave people with the impression that we are setting a situation where licensees are stuck or required to use the 1989 version and could not make use of later provisions and later benefits or later technology. That's just not the case. We are expecting that if this proposed rulemaking is implemented and that licensees wanted to use later versions of the code that they would adopt that version in its entirety. That eliminates this concept of cherry-picking that Tom referred to earlier.

On the other hand, if a licensee says I really am only interested in one particular verse of the 1998 code or one particular section, there is nothing in the regulations that precludes a licensee from coming to the staff and providing a basis of why they want to select that version but not all the rest of the 1998 code.

So, in fact, the proposal that in part is on the table does not baseline people; does not force people into a particular situation and does allow a certain amount of flexibility.

Okay; what I would propose at this point in time is that we take our break, and I think we're thinking in

terms of 15 minutes, Tom, and then, we'll constitute the panel. We're not sure whether, because of the number of people, whether we'll move ourselves into a U-shaped table, or we'll ask our panel to be up in front. It's a little more of a nuisance, but we'll do the best we can to accommodate everybody, and we'll work on the 10 subject areas for discussion.

Thanks.

[Recess.]

MR. SCARBOROUGH: I think this will work out fine.

The thing we have to remember is to speak into the microphone but not too close so that it can be transcribed, if you would, and I know that's going to take a little bit of coordination, but I think if you just put the microphone over to whoever wants to speak, I think that will work out -- work out fine.

Okay; we did send around a handout from NEI on individual discussion topics, so hopefully, you'll see that come around, and if you don't see it, if we run out of copies, let us know; we can make more.

All right; so, if you'll turn in your handouts -- you can look in my handout if you like and go back to the discussion topics, slides, or you can use your copy of the Federal Register notice, whatever's easier for you. We'd like to walk our way through, and just to make sure that we

have NEI and ASME, give them a chance to speak before we move on, we're going to try to have about 15 minutes per topic, but I think we can go a little bit long on that for these first five or so, because I think they cover a lot of the real meat of what we're trying to talk about today. The latter five, some of them are repetitive, so we'll make sure we spend adequate time on these first five.

What I will do for -- I'll let ASME and NEI have the floor first, and we'll try to alternate back and forth on that, and then, we'll kind of open it up for more broad discussion from other individuals, and if you would, just identify yourself when you speak so that the reporter can make sure that's recorded.

Okay; let me wait just a minute for people to come in. The people in the back, you'll have to remember that you don't have a microphone, so you have to come up and borrow somebody's if you want to talk on a subject.

Okay; the first topic that we are going to talk about this morning is potential effect on safety, including potential reductions in effectiveness of ASME boiler and pressure vessel and O&M codes, and since NEI was so kind to have a package for us, let's let them have the first word.

MR. COZENS: Let me just explain what we have here. We have a task force on this 50.55(a) issue.

MR. SCARBOROUGH: Can you give your name, please,

when you start?

MR. COZENS: Excuse me; I am Kurt Cozens with NEI. I should know that by now.

[Laughter.]

MR. COZENS: And we had looked at each one of these issues and had an opportunity to put together our thoughts based upon input from utilities, and that's what you'll see in this package. We have five different individuals from eight utilities who will indeed be speaking on different items in this list. I think we have information provided on nine out of the 10.

So let me just introduce each one who will be speaking. We have Bill Brice from Entergy here; excuse me -- Jim Conner from Florida Power and Light, Jim; Gene Miller from Virginia Power -- Duke, excuse me; Alex McNeill from Virginia Power; and Ben Montgomery from Calloway Company who will be speaking on these topics.

So, having said that, are you ready to go into item number one? Okay; Bill is going to speak for us on that one.

MR. BRICE: I'm Bill Brice, and I'm on the NEI task force, and I work for Entergy at Grand Gulf. I'm going to talk about the safety aspects of this change.

I think it's fair to say that currently, we're working under the assumption that newer is safer, and safer

is necessary. And I think that's a valid assumption from the beginning until now, but I do think that we have to consider the fact that incremental changes are accompanied by additional burden. That's true for anything we do, whether it's building a house or developing code process.

I think the question we have to ask ourselves is is the incremental change necessary, first, and is the increased cost or burden commensurate with that burden or with that change? A 10-year interval, I think the original use of it was to define a time frame for controlling the disbursement of examinations. What you had was a sampling process that involved periodic examinations, and what we were trying to do was define a time frame for doing those examinations and also to provide a limiting time frame for completing all of the examinations. Updating to newer versions of the code was later required by NRC. The original purpose of Section 11 was to establish examination inspection requirements for pressure containing components of light-water cooled and moderated nuclear power facilities and also to provide for the general overall condition of the safety-related pressure boundary. I think that's the key point, and we need to remember that that's what the -- that the general overall condition is what the intent of the code process is.

It's also -- all of these provide for the

protection and the public health and safety.

The examination of various selection philosophies that they used at the time or one of two: high service factor areas induced by operating conditions; for example, vessel materials that were subject to high neutron flux might be an example of that, and representative sampling, which was used to assess the overall general condition. Originally, the construction code was used to evaluate results or to effect repair and replacement, because those had not been incorporated yet.

The original construction code, it turned out, was not necessarily appropriate to address service-induced degradation. So it became obvious that changes were needed to adjust to the -- to expand the scope to the appropriate level; to evaluate examination results and to perform repair and replacement. The evolution of Section 11 requirements for mandatory updates were appropriate to implement those needed changes.

As the code matured, updates became less and less necessary. Most of the significant changes occurred in the 1970s; for example, the addition of class two and three components; pressure testing and pump and valve testing. Today, current changes are not necessarily safety influenced, and I think that's another key point. The Section 11 code has become relatively mature, and if you

look at what changes are being made now, I think those changes are focused on the elimination of unnecessary requirements and the introduction of new technologies. These -- this is also a key point in that these will tell us why the code process will continue to function as it does now.

Examples of that would be if the repair and replacement -- excuse me -- replacement and modification subgroup recently prioritized their agenda items based on industry importance. They based these on significance, safety significance, economics or maintenance. Of the 174 agenda items, none were prioritized as important to safety; rather, they were based on economics or maintenance.

And another example is that Grand Gulf evaluated some changes to go from the 1989 to the 1992 edition of the code. We did this at the request of the NRC to help them evaluate what the differences in the code was at the time. We identified 184 changes. Seventy-seven turned out to be editorial; eight were errata; 22 reduced requirements; 25 increased requirements; and 52 were no change in requirements. None of these were identified as safety significant, and none addressed specific safety issues.

Safety issue resolution is achieved through other means. The ASME consensus process is an engineering evaluation; it's not designed for rapid resolution of

emerging regulatory safety issues. This is due to the fact that you have multiple layers of review; it's dependent on voluntary industry participation and requires separate regulatory endorsement, and the code process is designed to establish that base program we talked about earlier and to maintain the plant's general overall condition.

Safety issue resolution is done through the NRC and industry. They take these emerging issues, and they handle them typically outside of the normal code process. We looked, and we looked at 25 generic letters as examples of how these issues were addressed, and we found that none of them initially addressed -- were initially addressed through changes in code requirements. Examples of that might be generic letter 8908, float edge corrosion; IGSCC or BWSCC.

I think it's fairly clear that industry initiative and regulatory actions are better vehicles for emerging regulatory safety issues that require prompt action. This way, you can handle the issue in a time frame that's appropriate for its safety significance.

In conclusion, I'd like to say that there will not be a negative impact on safety as a result of this change. Safety issues will continue to be addressed through aggressive industry and regulatory response as it's currently done, and the role of the ASME must continue to

change to accommodate the industry. Section 11 will continue to refine and adjust processes based on industry importance, which is what's occurring today, and the regulators will continue to mandate safety significant requirements through regulation as needed.

Thank you.

MR. SCARBOROUGH: Okay; thank you.

Would ASME like to make some remarks on this?

MR. FERGUSON: When I'm done, Ray is going to make a couple of comments, and in the spirit of cooperation, Alex is going to hold the mike so that --

[Laughter.]

MR. FERGUSON: A couple of comments that were just made, I happen to totally agree with, and maybe just the last one, I would pick up as one of the more important is that as the industry matures, the ASME clearly has to learn how to mature with the industry. When we initially wrote many of these codes and standards, we used a shotgun approach. We used the best information available for us at the time, and we tried to cover the waterfront with our codes and standards. And I'll give you an example: in the IST area, where I used to work pretty extensively, we wrote standards for issues that had already been uncovered. Generic Letter 9801 requires heat exchanger testing methodologies. That's a very important issue that still

follows on today. The issue was not solved with the initial blast of the generic letter, and we're working now to come up with standards that give you better ways to come up with the important factors in heat exchanger testings. That is clearly a safety issue where we're going to make a safety improvement.

It's similar with OM 8 on valves. So it's not as static as it seems, and I would have to say that what we don't know is what we don't know in this arena as well. There will be new issues that will come up that will get kicked off by quick generic actions and will be followed on with the code committee activities, where everybody can actually take benefit of the code committee activities. OM 8 is a good example again; the risk based inspection is actually aimed in two directions: cost and safety. Do the right inspections and test in the right place and do them on the right equipment, saving exposure, saving time, saving money and doing more focused inspections with the money you have left, with the resources you need.

So I'd have to say that there is a potential impact on safety, because this 120-month update forces you to go through your programs and look for items that you may have potentially missed by the approach that maybe less uniform, less organized as we go forward. I can't pick one item that won't be addressed, because I'm not sure we know

that item yet.

And that concludes my comments. I would mention just -- you know, I went through the code cases as well, and we have a large number of code cases that have really looked at how we do better evaluations of flaws. Fortunately, maybe our original scatter approach is very good, but I think there's still more work to be done.

Ray?

MR. WEST: I've got an ASME hat on now.

Augmented programs have their place, and they address the issues that come up in the industry today. The code takes a look at those with regards to what gets done under those programs and feeds it back into the process for a level of minimum requirements that are needed for safety, and a lot of times, changes aren't made, but I know that there are changes underway now to consider thermal fatigue, because I'm working on it.

And the minimum requirements will be set for public health and safety. Augmented programs usually have a life to talk to BWR internal projects that the inspections were done under BWRs were focused back into the code. A lot of the issues that were identified there were corrected by the industry, so there was no code change needed. There are a lot of activities in the code right now that are reducing requirements because of experience. All of the code rules

were initially written based on fossil experience and petrochemical. They weren't written for nuclear.

We've got 25 years of it now; we're working on it, and we're trying to make those changes, but there are safety things that come into the code, and there will be more requirements, and I'm not sure how that's going to be handled as those change.

MR. SCARBOROUGH: Okay; thank you.

Go ahead.

MR. DEBONIS: My name is John DeBonis. I'm with TU Electric at Comanche Peak, also representing Diablo Canyon and STP as a resource-sharing type plan today.

For item number one, the question is does the elimination of the 120-month mandatory update tend to have a potential effect on safety? The mandatory 120-month update does not increase safety. Potentially, as discussed here, reviews of a program uncover things within a program that may be safety significant, but reviews of a program can certainly be accomplished without a mandatory 120-month update. Politics involved, I don't need a government telling me that I need to review my program in order to get my program reviewed.

As far as the effect -- the potential for reducing the effectiveness of the ASME code, I think the ASME code is an important process. The ASME code could be effective.

The problem with the effectiveness of the ASME code right now is the approval process through the NRC. This was discussed previously; the NRC, I know, is addressing this. There was a workshop in Chicago last October addressing some of the areas to improve the approval process. If that approval process was improved, then, the effectiveness of the code would also be approved. Nothing in the elimination of a mandatory 120-month update would prevent utilities from being involved in the code process and adopting code improvements.

That's my comment on that one.

MR. SCARBOROUGH: Anyone else like to make comments on this topic?

MR. HERMANN: Yes; I'm Bob Hermann, and again, I'm also on the committee on repairs and replacements, and maybe it's worth talking about some of the things that are in later code editions, and maybe the quality -- the ASME has gone through and identified as changes as low economic, high economic, et cetera, et cetera.

Maybe it's worth talking about that a little bit, though. Those changes maybe are low economic, high economic, as they are in later editions, but some of the things that get done in that area, like in the repair/replacements area are temper bead, for instance, repair rules for fixing, say, if you find a flaw in a

reactor vessel, and you can't easily do a heat treatment. These later temper bead rules could be looked at as an economic benefit; they could be looked at as a relaxation. They also could be looked at as a realistic way to safely fix a reactor vessel so you wouldn't fail it.

And those things have evolved, like vat overlays; rules for mechanical tube plugging. Those are listed as low economic or listed as economic changes, but clearly, they're not without some safety implications.

MR. WHITMAN: I'm Keith Whitman. I participate both in Section 3 and Section 11.

And I just want to point out that Section 11 of the code goes well beyond ISI, okay? The focus here primarily has been ISI, but in terms of flaw evaluation, reactor vessel embrittlement, appendix G and appendix K, other things that relate to service or age-related degradation, okay, are evolving. Very important, okay? One of the highest priority issues before this agency right now is license renewal, and all of these things come into the picture in evaluating age-related degradation, so I just want to point that out.

MR. SWANN: Tom, my only comment was this a question. Is this workshop or is this forum an appropriate place for just a straw man ballot? I mean, could you actually just -- could you get a straw man ballot here of

the people involved and get a count for those who think that the 120-month mandatory update provides any safety improvement?

MR. SCARBOROUGH: I have no problem with a show of hands if that's what you want to do. I don't think it's very scientific but --

MR. SWANN: And I agree with you; it's not. But I think that, you know, we're going around, and we're hearing everybody give all these opinions and so forth, and we're kind of getting back to everybody's still defending, you know, certain positions and so forth, but you've got a good sampling of people here, and I'm just saying it's basic questions. So would it be appropriate just to get a straw man --

MR. SCARBOROUGH: I've heard some objections to that, so we won't be able to do it. Okay; thank you, though.

I wonder if ASME would talk a little bit about the second half of that sort of question in terms of the potential reductions in effectiveness. You know, what's your reaction in terms of effectiveness? Can you say a few words about what's your reaction to that?

MR. FERGUSON: My name is John Ferguson; I'm speaking for the ASME.

I mentioned earlier I think there could be some

impacts on the code, and I think they could be worth noting. One is by baselining the code, there would be little incentive for utilities to provide resources, to provide -- to support the code revisions. Now, I know some people have given different opinions on that, but I have to say from where I sit, within the ASME code and what the membership talks to me about and what we hear, for those of us who are managing code committees, we do hear that as a real concern. And how that comes through is if we don't have the ability to support the process, then, the ASME code will be a less effective body to be able to do the types of things, and I mentioned this multiplier effect earlier.

I think that is a real and a valid concern. Can I make accurate predictions on how that might happen? Obviously not, because I do not know all the forces, and I couldn't project what all the utilities; and other people, frankly, who support it.

So I think that there is an impact. I do believe that, you know, we have an established infrastructure over the years that's been written in a conservative manner, and as we go forward, we need to be very good about changing. As I mentioned earlier, we need to make sure we make the right changes in our code as we go for a more focused approach.

Alex, you have to get it closer to me.

I think that frankly, there is a potential on the ASME code clearly, and I think that probably how it will be manifested is through how the support for the code committees is given, and I think this 120-month rule will impact that. We've already seen that from the discussions that we've had at the code committees; this has already come up. So there are different opinions by different utilities, but I have to tell you what I see coming to me.

Thank you.

MR. MONTGOMERY: My name is Ben Montgomery. I'm the ISI engineer at Calloway Nuclear Plant. I want to speak about the effectiveness of the ASME boiler pressure vessel code. I attend the ASME meetings, and I think that they're very important. I think they're critically important to the success of nuclear power, and I think my company feels that way also.

But in these days of deregulation in the electric power industry, more efficient practices by all the stakeholders are going to be essentially for the success of nuclear power, and I think that's the one common denominator we have in this room is that everybody here, I believe, is a believer in nuclear power. I've been in nuclear power my entire adult life, starting with an enlistment in the Navy.

I think what we need to do now instead of talking about -- when they use the word baselining the code and

freezing the code, I think that bothers people, but what I think we need to look for here is a way to revitalize the ASME code, to breathe new life into it. If ASME is coming up with changes that don't significantly improve safety or cut cost, you really have to ask yourself why are we doing it? If the changes do improve safety, then, we need to adopt those things because they're the right thing to do. If they do reduce cost or give cost benefit, then, you just need to get out of the way, because the industry is going to adopt them. You don't need to mandate it. It's not necessary to mandate, in today's environment, updating code to save costs, because trust me, the push is on to save costs at the utility.

So in either case, the mandating of a 10-year update is really a deterministic and dogmatic approach, and we need to look at that again. I personally would like to see the NRC come up with a way to adopt a code or accept a code in a more timely manner so that you can use this ASME code as a living document, and when changes are made to the ASME code, they will be incremental, and incrementally, you can improve your process. You can say we're coming out with a 1999 code this year or the 2000 code this year; we can look at the changes; we can make incremental changes in our process, and we can stay into and up-to-date instead of looking at something that's 10 or 12 or 15 years old or

looking at a list of code cases, oh, we're finally going to get to the 1995 code cases.

Well, there's 1998 code cases out there, and there are 1999 code cases in process. You know, that length of time to the table is unacceptable where I work, and I think it's probably unacceptable where everybody else works, and that's my comment.

MR. BRICE: I'd just like to -- this is Bill Brice again -- I would just like to add to what Ben had to say and maybe give an example. I talked about it a little bit earlier that our plant upgraded, I guess, from the 1989 to the 1992 and portions of 1993 addenda. I guess the reason we did that was because the code was a better code, and I think that demonstrates how ASME can continue to address and how they can meet utilities' needs and why utility participation will continue, assuming that ASME can continue to provide for the needs of utilities.

MR. MILLMAN: Gilbert Millman, NRC staff.

The 120-month update has a profound effect on the whole process. It affects NRC's implementation and regulation of the licensees; it affects licensee implementation of the code, and it affects ASME code's development of the code, and I just want to address one of those points, the effect it has on the ASME code in terms of safety. There is one very good example of how important the

120-month update is in the context of the code addressing issues that affect safety, and that example is appendix 8, which deals with performance demonstration associated with ultrasonic examination.

Appendix 8 was incorporated into the code and the 1989 addenda after many years of development. It was clearly at the outset of the development going to be a very expensive process, and it turned out to be over a $70 million process. Every utility participated, contributed money to performance demonstration initiative, PDI, to implement that process. Why did they do this? Why did the code ever get started on this, and why did so many people get involved in the development of appendix 8, because they knew there was going to be mandated by the NRC. It was supposed to have been mandated back in 1995, according to our normal regulatory turnover of that particular rule, but here we are in 1999, and it hasn't been mandated yet.

But at that time, in the 1991 time frame, it was very clear that the code -- that this portion of the code would be implemented, and that's the very reason that so many people from utilities, NRC, participated in the development of that mandatory appendix. If it had been determined at that point, back in the 1987 time frame, that this was going to be a non-mandatory appendix, it would never have had the participation by national, international

research and development participation, and we would not have the product of appendix 8 that we have now, and that goes to other parts of the code as well, but that is a prime example of the impact that a mandated code has on this process.

MR. SCARBOROUGH: Okay; anyone else on this one? We may move on.

Sorry; go ahead.

MR. SHAW: My name is Sherm Shaw from Southern California Edison. I just have a question for Gil. There's a difference between being mandated by the NRC and the 120-day normal 10-year update. The 120-year update that we're talking about today had nothing to do with my decision as a utility to participate in PDI. Southern California Edison was probably the last utility in the bunch to sign up for PDI, but we did it based upon it was the right thing to do; it was going to be implemented; at least, back in the early nineties, we thought it was going to be implemented. That may be in question today, but it didn't have anything to do with the 10-year update.

Are you trying to make the -- I don't understand the --

MR. MILLMAN: Gilbert Millman, NRC.

I suspect it did. If you were the last plant to sign up, if you didn't sign up, you were going to be on your

own to implement it. I don't know how you would have done that. It was going to be mandated; Southern California would have been required to implement it, and how would you have done that without being part of PDI?

MR. SHAW: I agree with that question. I mean, that was my question to my management when we finally ended up signing up for it or participating in it. We didn't know how to do it independently. But that doesn't have any relationship to the 120-day -- 120-month update to my program, ISI program on the plant.

MR. MILLMAN: It nas everything to do with why the other utilities signed up, why anyone signed up to that program. They knew it was going to be mandated, and they couldn't do it themselves, and that's why PDI was formed, to create a cost-effective way of implementing this rule that was determined by the code and everyone participating to be a necessary new provision, because the in-service inspection that was being performed could not see well enough to detect indications that were important.

MR. WESSMAN: Dick Wessman from the staff.

At the risk of being in the midst of a disagreement on both sides of me here, I think I would like to point out that the original proposed rulemaking that went out in 1997 did have, along with an extensive cost-benefit analysis and a backfin analysis, the requirement to

implement the appendix 8 initiative. So with or without consideration of the elimination of the 120-month update, that particular initiative was going to be required of the industry as part of the NRC's rulemaking activity, and I think that still stands in the way we are looking at that at this time.

MR. MILLMAN: I have to respond to that.

At the time the appendix 8 was developed, we weren't talking expedited; we were talking the routine update. That became later on in the -- turned out to be a part of the later process, but in terms of it being -- in terms of the development of appendix 8, it was strictly a 10-year update implementation. The expedited aspect was a later regulatory issue.

MR. SCARBOROUGH: Okay; one more. Go ahead.

MR. DEBONIS: John DeBonis.

Elimination of the mandatory 120-month update does not prohibit the NRC from mandating issues to utilities that are important to safety.

MR. MILLMAN: We're talking about the effect of the 120-month update on the ASME code development. If you tell ASME that NRC might implement something that you're endorsing, that's a totally different issue from knowing that the NRC will implement what you're endorsing. It has a profound effect on the development of the code.

MR. DEBONIS: I agree, and the NRC should certainly determine which areas they are going to mandate and let the code process those areas and not have them go off on things that may or may not be mandated.

MR. MARION: Alex Marion, NEI.

Interesting discussion, but I find it kind of troubling in that what you're saying, Gil, is that the NRC drove the process through ASME, and I would suspect that the professionals that we've heard from today who are individually involved in the ASME code development process might have some concerns and take issue with your understanding of how appendix 8 was developed, with the objective of NRC mandating it as a requirement and that if NRC proceeds with a voluntary approach to the 120-month update requirement, then, that will affect negatively similar activities in the future.

Well, if that's indeed the case, then so be it, because I'm firmly against organizations unduly influencing any standard development entity.

MR. MILLMAN: Alex, I'm afraid you inferred totally incorrectly what I've said. NRC provided research information to the code that provided a basis for the development of appendix 8; appendix 8 was developed strictly by the code, and it's a code product.

MR. FERGUSON: I would just like to make one

comment. Again, one comment that I'm concerned about; I mean, we've agreed on a number of things here. One of the things, we talked about the update process about ASME. I have not heard one difference at the table about that, that that needs to be improved and made better, and that's clearly a benefit.

One of the things that we have not agreed upon, though, is if it's a voluntary update, it will be taken versus if it's a mandatory update, what will happen, and I would suggest that in the future environment, not the past, the future, we're seeing a huge change in utilities. We don't know who's going to own each other next month. We don't know which management structure is going to be at which utility with which idea next year, because plants are fundamentally all going up for sale.

But one constant that we do know in terms of safety is that the ASME writes codes and standards that help set the level of safety, and the NRC, with the 120-month update, gets these codes and standards implemented no matter which management is there. And I think that's an important feature as we go forward, because we're about safety.

As we go forward, if each code and case has to be evaluated in terms of its cost-effectiveness by each individual utility, I mean, that alone costs money, and I'm not sure, as the utilities go through the significant

pressure to reduce costs that that will be something that they will take on easily, because these are not easy issues to come out with the cost-benefit on in every case. I think that the 120-month update gives you a more uniform code that's easier to update and allows -- prevents creating a patchwork or a jungle of code cases that you're running your programs by.

So I suggest as we go to the future -- and again, I can't predict the future -- that the 120-month update allow, along with standard processes of updating and creating codes that protect the level of safety, gives us a good process as we go forward to this change that's occurring.

MR. SCARBOROUGH: With that, I'm going to say just one thing that occurred to me.

I'll let you have your word, but let's move on to the next item, and then, when it comes to be your turn, you can add your point, okay? When it comes to be your turn on that one. But I do want to make sure that we have time to cover what I consider to be the second most important of these, and that's why we spent more time on the first one, because obviously, it is the most important, because it has an effect on safety.

The second one has to do with the selection of the proper baseline edition and addenda of the ASME code in

terms of safety, resources and efficiency, and since we gave NEI the first word on the last item, we'll let ASME have the first word on this one.

MR. FERGUSON: Based on what we see right now, we'd recommend that the proper baseline edition of the code in terms of safety, resources and efficiency be the one proposed in the rule published on December 3, 1997. Basically, we think it reflects the latest edition to the codes endorsed by NRC. It endorses up the current improvements in technology, including improvements on health and safety. It picks up the lessons learned; as I mentioned before, it's a more current, consistent, uniform standard. It's updating the more recent codes to provide, as I said earlier, cost-effective -- it also was the best code, we think, if it had to go forward.

Thank you.

MR. COZENS: Just one quick bounce-back to item number one, and that is we should never forget what the title of this item one was, which was to deal with the impact on safety, and I might note that in the presentation, we mentioned a review and changes that concluded that the impact on safety just didn't -- there were no items that were impacting on public health and safety and also that the aspects of whether the NRC -- excuse me, the ASME codes and some of the codes are characterizing the activities they're

changing that they have not -- are not directly impacting on safety but more driven towards economics.

But that, now, I think we're probably ready to go on to item two, which -- Jim?

MR. CONNER: I'm Jim Conner; I'm with Florida Power and Light.

In essence, we would like to express some support for the baseline code editions that were expressed in the supplement. Using the 1989 as the edition for most of the ISI, we feel that the vast majority of the plants in the country are already on 1989. There are only a few that would need to change programs to do that. Using a separate edition from that would incur additional expense, requiring essentially another update for all those who are currently using 1989.

I feel that staying with 1989 right now, most people have their program pretty well settled. Even if there are relief requests required to go with it, they have a program in place. They understand what's required of them, and it drives in a bit of consistency.

In terms of editions for IWE and IWL, 1992 is currently endorsed, and we do have some folks who already have their programs submitted using the 1992 edition. We support the use of the 1992 edition as a baseline, although we also recognize that there are a great many people who

would like to benefit from the 1998 edition and those improvements that are in the 1998 edition that make it much easier to implement a set of rules.

Using the 1992 should be the baseline, but as we discussed here, as part of the rulemaking, the later editions of the code that are coming down the pike should also be approved for use, allowing a utility to choose which edition most suits their needs.

In terms of the appendix 8, the only caveat that we would add to that particular edition of the code is use of the code case N622. That was discussed earlier; that particular code case is the result of a great deal of effort between the code committees and all those involved in order to come up with a set of rules that are implementable and I think still meet the needs of those who are trying to ensure that we have adequate ability to detect flaws.

So, as, say, an amendment or a change to what's in the proposed rule, we would recommend that consideration be given to approving code case N622.

Thank you.

MR. SCARBOROUGH: Any other comments on this particular item?

MR. DEBONIS: John DeBonis, TU Electric.

As it's been mentioned, many utilities are currently at the 1989 edition. However, establishing the

1989 edition as a baseline seems semi-arbitrary. It is the last approved NRC version. However, other utilities are working to NRC-approved programs that are written to code editions earlier than the 1989. The same arguments for not requiring update beycnd the 1989 baseline also apply to not requiring update beyond the currently-approved ISI program code of record.

The people who have an earlier code edition, it is recognized that the supplement will allow them 5 years to get to the baseline. However, I expect most people are going to be eventually going to a risk-informed type program. This would require those utilities to update a program twice, potentially, where other utilities would not need to do that.

Again, there are no safety significant issues, say, in the 1986 edition that have been corrected by the 1989 edition or that have not been corrected by some sort of NRC rulemaking.

In regard to IWE and IWL, again, the -- as stated, the 1998 edition incorporates many improvements over the 1992 edition and allows for a more cohesive program development, implementation and enforcement by the NRC. With regard to appendix 8, as stated for the rest of the ISI program, there is no technical basis to go beyond what is currently approved in the licensee's ISI program code of

record.

Appendix 8, although it does -- it increases the ability to detect indications, what has been demonstrated so far is it actually increases the ability to detect acceptable indications that require evaluation on critical path time and are very costly to work with during the outage situation.

Again, requiring updates beyond the currently-approved ISI program does not seem to be based on any safety significant issues.

MR. SCARBOROUGH: Just a point of clarification, if you would. Are you proposing that it be frozen where the licensees are now and don't go up to the 1989 and just freeze them where they are now?

MR. DEBONIS: Yes; allow the current ISI code of record to be the baseline for that utility with voluntary updates as discussed -- there is no reason to go to the 1989, per se, versus the 1986 versus whatever other currently ISI --

MR. SCARBOROUGH: Okay; thank you.

Yes, sir; could you come down to the mike?

MR. HEDDEN: This is Owen Hedden.

I think I really have to respond to that, because there are a lot of subtle benefits in the later revisions to the code since 1989, and one of the things that I'm

surprised nobody has mentioned here is the effect on ALARA, that we have a lot of changes which affect the amount of time people are working inside the units, and it's not just in the examination methods where we have been eliminating some examinations. Each time we do that, you have fewer man hours in containment, and with the savings that -- and I think that's a safety consideration.

In addition to that, in the repair-replacement methods since 1989, we have a lot of methods that you couldn't use before that let you get in and out of the hot areas faster. We've got a lot of advanced methods that have been brought in. Those contribute to reducing personnel exposures, contribute to safety.

You forget about evaluation methods. We've added a lot of evaluation methods for flaw evaluation since 1989. These mean that you can analyze a situation and not send somebody in to do some repairs. You start adding these up. I say these are subtle changes; you can't put a dollar sign on each of these, but we have a whole series of things that have evolved in the code that are going to increase safety, reduce personnel exposure, and I guess they're pretty subtle sometimes.

We're talking about appendix G changes: really subtle little changes in appendix G which opens up your operating window on heat-ups and cool-downs just a little

bit, but it makes a difference. And the people who are working on this say it doesn't look like much on the curves, but when you're operating the plant, it makes a significant difference, and that's a safety consideration.

Thank you.

MR. SCARBOROUGH: Tom?

MR. HERMANN: Thank you.

Yes, just a response to the earlier statement on code case N622. There were public comments on the rule originally with regard to implementation of appendix 8, and the revised rulemaking, the rulemaking that was revised from the original package recognized that there were problems in the early implementation with appendix 8, and what's in the current rulemaking package, there were industry meetings on this subject, and the current rulemaking package for appendix 8 includes -- as a matter of fact, it was probably the driving force for code case N622. The things that are in the rulemaking package, without calling it N622, are essentially code case N622.

MR. WESSMAN: I only want to make one observation, which is I don't want to go back to the 1997 rulemaking package, because it isn't the subject at hand, and the staff has not finished its decision process on that. Although obviously, the interest in appendix 8 is intense, let's try and bring ourselves back to the 120-month update issue that

we're trying to work on today.

The only other addition I would make is we've had a lot of discussion on various safety and technical issues or improvements that have come in the code, and some have been subtle, and some have been, I think, very, very important or very, very obvious, and Keith has talked about flaw evaluation and some of these other things.

These technical improvements are still there and are still available for use and could be voluntarily used by licensees with or without a baseline. Go back to some of the early remarks that I made and that Tom made of what this 120-month update elimination concept did do and didn't do. It did offer a baseline, and we are just discussing what might be the best baseline, but it also, regardless of the baseline, has always kept the concept of licensees can select later portions of the code if they come to the staff or later code editions voluntarily in their entirety if they so desire.

I don't want to lose sight in our concern over many of the wonderful technical improvements that we are -- somebody is thinking, oh, I can't use them anymore. Not the case. They are there to use with certain rules on how you go about using them.

MR. MAKINDRAKAR: Getting into this proposition will not stop us to get any benefit from the recent

developments. Believe me, if there are any safety concerns or anything, we will implement that.

It is not freezing, but getting into the baseline edition has not stopped us from not doing that. That is not the concept. We do evaluate the code and code cases constantly. If it is a benefit to the plant or company or anything, we will evaluate -- we do implement that, even if it costs or anything, and just to make a comment that it will not stop us. This particular proposed rule will not stop us doing that.

This is definitely a benefit to us.

MR. SWANN: Dennis Swann, Southern Nuclear Operating Company.

I'm also a member of the ASME OM code committee; also a member of the boiling water reactor owners' group and the boiling water reactor vessels internal project. Just I'd like to tag along with what Mr. Wessman said. Dick very well put -- I think that a lot of people here are losing sight of the fact that we're just looking for a baseline edition to bring everybody up to. We're not saying you can't use things after that, and the rule package endorses versions of the code way on past the 1989 version.

In response to what Mr. Hedden had to say, all of your examples, Mr. Hedden, were basically economic. I think we all agree that there have been subtle changes in not only

the Section 11 code but the OM code. All have been beneficial in ways of examining ALARA concerns and so forth, but those are issues that the utilities should be able to make based on economics. I don't think that there are all that many -- I think that we're all in agreement that there have been no real safety significant changes in the code for a number of years.

The majority of the safety issues within the industry have been handled independently from the code, and the BWRVIP is a prime example of that. I think that it's time that we all realized that adoption of a code and elimination of this 120-month mandatory update is not really a safety benefit for safe operation of the plant, but we ought to let the licensees and utilities make the economic decisions that are best for them.

MR. WHITMAN: Keith Whitman, NRC staff.

I would take issue with your statement about lack of safety issues being addressed in later editions of the code. Appendices G and K, having to do with reactor vessel integrity, are very safety significant, okay? So is flaw evaluation as far as I'm concerned.

MR. SCARBOROUGH: Would ASME like to respond to Mr. Swann's comment about the no significant safety improvements?

MR. WEST: If you look at the rules for

containment, when I first started coming to ASME, I attended the containment meetings. There was no interest by utilities in those rules, and those rules were put into the code and were there since 1980. And until they were mandated, utilities did not take action to make any changes to those rules, and without this mandate, when something new comes up that's going to require you to do more, you're not going to -- it's not going to happen.

Now, we want to use the 1998 edition, because the 1998 edition has had all that input, but that would never be there if it wasn't for a mandated requirement to use that code.

MR. SCARBOROUGH: Earlier today, there was a discussion between where they were showing some changes between the 1989 and 1992. Has any work been done to take a look at, like, between 1989 and 1995? I know there is a comprehensive testing and that sort of thing that's in there now, in the 1995 code. Has there ever been any work from anyone to take a look at the change between those two editions?

MR. FERGUSON: You're asking me if there's been some work done to show the comparisons of what we've done in each case. I do believe we have some information. I do not have it with me.

MR. STENGER: Dan Stenger with Winston and Strawn;

just at the risk of making an obvious point, picking up on Mr. Swann's comment, if, in fact, there are safety significant changes to the code that produce a substantial increase in safety, your current proposal allows that to be implemented. There's nothing in the supplemental proposed rule that would prohibit that, in fact. You contemplate -- you will evaluate such changes in accordance with the back-fitting rule and adopt them if they pass the substantial increase in safety and cost benefit tests.

So if there is something that is truly a significant safety benefit that comes down the pike, that can be implemented. Again, as Mr. Wessman pointed out, we're sort of losing sight of the fact that there is plenty of flexibility in this proposal that would allow such things to come through. It's not going to freeze -- the supplemental proposed rule is not going to freeze those things out.

MR. SCARBOROUGH: Tom?

MR. MILLMAN: In response to that point -- this is Gilbert Milliman, NRC staff -- the back-fit test is a very high hurdle to pass. The code deals with issues that can pass the back-fit test, but they're infrequent. The majority of the types of revisions that are incorporated into the code are small revisions that cumulatively, over one or two additions, have a significant effect. Those will

be entirely lost in this process.

MR. COLACCINO: There is one, and we haven't really been talking about in-service testing; that's fine. I think there are harder issues in ISI, but the pump testing that's incorporated in the 1995 code, it's euphemistically called in the ASME as the comprehensive pump test, is, in fact, a substantial improvement over what's required now. The 1995 code will require, where practical, full or substantial flow testing once every refueling outage, which right now, all the requirements are is for testing at whatever point the licensee chooses to test.

Those familiar with pump testing -- I know we have Dennis here, who's a member of the working group know that and should probably admit that little information, little if any information can be gained about testing at 5 percent of design basis flow, which is in fact what we're finding at some of the utilities in the country.

Thanks.

MR. SCARBOROUGH: Any more comments?

MR. STENGER: Dan Stenger again with Winston and Strawn. I'm just not sure I agree with Mr. Millman's comment. Those things would be lost. I don't think that necessarily follows. I think there is flexibility in the back-fitting rule to look at a number of changes cumulatively together and decide whether they pass the

cost-benefit test. The gentleman to your left, I'm sure, could give you some sound legal advice on that point.

[Laughter.]

MR. MIZUNO: This is Geary Mizuno, NRC Office of General Counsel. Although Mr. Stenger is correct, I believe that industry in the past has opposed the NRC combining items to consider them cumulatively for their -- to meet the substantial safety benefit test. If the industry is going to change that position, that would be welcome.

[Laughter.]

MR. HADDEN: I'd just like to respond again to the comments on my comments on subtle changes and the cumulative changes. There are 100 utilities that are each with their own budget process, and if it's like the place I work, if you go in with a small change, and you can't put a hard dollar item on it, you're not going to get it approved. I think there's, you know, 100 little changes that we feel are going to benefit both safety and economically, but you're not going to be able to get approved because you can't quantify them.

At this point, if we have to go in piecemeal, code case by code case, appendix by appendix, the utility management is not going to approve those changes if they're not mandated.

MR. DUDLEY: Noel Dudley, ACRS staff. These

comments are mine alone.

I'm somewhat surprised that the back fit issue is coming up, because the change you're making to the rule is eliminating the requirement of the 120-month update. That was placed in the initial rules to assure adequate public safety, with the understanding that the code would evolve, would provide additional improvements to the processes and that it would be required to be updated every 10 years for adequate safety to the general public.

What the staff is talking about right now is removing that requirement, and it's a burden on the staff to show how removal of that 120-month update is going to provide additional safety. So the first thing the staff has to prove is it's going to be safer for plan operations, and I haven't heard from the discussion a clear case for that.

Once you get past that screen, then, you talk about cost-benefits. So -- and Geary, I think I may need some help on this.

MR. SCARBOROUGH: Tom?

MR. STENGER: Dan Stenger with Winston and Strawn. I don't think that's the proper interpretation of the back fitting rule, with all due respect. If you're reducing a requirement, that is not a back fit. You don't have to meet the standards for the back fitting rule. In addition, I don't think when the automatic updating provision was put

into the rule that that was meant to be a blank check for all time, that anything new that came out of the ASME code could be adopted as a regulation. The commission doesn't issue blank checks, and those things need to be looked at.

MR. MIZUNO: I was hoping this was going to remain on a technical basis as opposed to a legal basis.

[Laughter.]

MR. MIZUNO: I guess I would generally agree with Dan Stenger with respect to the voluntary aspect of relaxation of requirements with just the caveat that if that only applies in a situation where a licensee can continue to meet the requirements of the relaxed -- the so-called relaxed requirements of the rule without changing its existing program, as opposed to a situation where there is a relaxation, i.e., a reduction in cost or burden to the licensee, but he ultimately ends up, to get there, having to change his program or change his design in some fashion. In that case, you would still have to evaluate it as a back fit.

I don't think that this particular rule proposal, the supplementary rule proposal, actually falls into that category. So I don't think that a back fit analysis would be necessary for this particular relaxation.

MR. SCARBOROUGH: Any more comments on this item?

MR. JANCLOVITZ: John Janclovitz from Three Mile

Island.

I just want to discuss the theme of not taking advantage of future codes and future requirements. I think one of the examples we have where utilities are taking advantage of future improvements in the code and technology, even though we're not required, is appendix 8. Even though it's not required, there are a number of utilities, including ours, that are right now using PDI qualified people, even though it's more painful and more expensive. We are using those people right now, and I think that's generally true for a lot of the utilities.

So we are taking advantage of the improvements that are coming from the code, and I believe we will continue to do that without being mandated to do it.

MR. SCARBOROUGH: Any final comments on baseline?

[No response.]

MR. SCARBOROUGH: It's almost 12:00. Do you want to break for lunch now and be promptly back at 1:30, and we'll start right at 1:30, so please be back, and then, we'll move through the others more rapidly.

[Whereupon, at 11:58 a.m., the workshop was recessed, to reconvene at 1:30 p.m., this same day.]

AFTERNOON SESSION

[1:33 p.m.]

MR. SCARBOROUGH: Good afternoon.

I think everybody's back, so why don't we go ahead and start? The next item, the next topic we want to discuss this afternoon is the regulatory benefits or hardships to licensees, industry suppliers, including vendors; nuclear insurers; states; standards organizations and others, and I think it's NEI's turn to start first.

MR. WESSMAN: Tom, before people start, let me remind you all: a few of us may have changed positions, and we've got to take care of the court reporter. At least as we get started, introduce yourself and your organization again as you make your first remarks.

Thanks.

MR. MILLER: I'm Gene Miller with Duke Power Company, and I'm here as a member of the NEI task force responsible for developing positions on 50.55(a) rulemaking. I'm not going to speak to all of the organizations that are listed there. We purposely decided not to address nuclear insurers, states, or standards organizations, because we felt like we would be speaking for others in that case, but in your handout, as licensee benefits, we see increased regulatory stability, a reduced volume of changes that licensees have to deal with, including reduced procedure

revisions and less associated training for folks who carry out ISI activities. It's a more stable environment.

More efficient and higher quality inspections; the thought behind that is if things don't keep changing so often, you can get better at what you do. Elimination of ISI and IST relief request resubmittals; what we're talking about there is each time you go in for a 10-year update, you've got to ask the NRC for each and every one of those relief requests to reevaluate, so they have to be resubmitted. That volume would go away, and typically, we're talking 20 to 30 of these relief requests per unit, per plant.

So that's from a licensee standpoint. From a vendor standpoint, and the vendors we're addressing here are maintenance and repair vendors, again, benefits; benefits in reduced effort necessary on the part of the vendor to keep up with the various code editions, and it's easier for them to serve plant needs, because ASME code criteria is more consistent. Another advantage, more consistency across the industry, and with and by specific customers. So benefits for vendors.

We see benefits for the NRC. Licensees, as we said earlier, will average 20 to 30 relief requests per interval. That number would be eliminated. So across 100 plants, we're talking 2,000 to 3,000 relief request

resubmittals associated with the 10-year updates. That's a significant reduction in NRC efforts, and we didn't fool ourselves. We realized that, you know, we're not talking about an end to all relief requests. Relief requests will still be the vehicle by which licensees will ask for NRC approval specific to some improvement in the code, and those things will go on, but there will be significantly less volume, both for the licensee and for the NRC in terms of relief requests.

And that's it.

MR. SCARBOROUGH: Thank you.

ASME?

MR. WEST: This is Ray West, ASME.

I guess my first question centers around your statement about vendors, and this will be easier for vendors. What I found is working in ISI and NDE is that outside of the nuclear industry, vendors use the latest codes, additions and addenda that are available. Ninety-nine percent of their procedures are written for that, and if there's any problem, it's trying to get them to go back and rewrite it so they can meet an earlier edition of the code than we have to work to.

So I think that, you know, the 10-year update at least tries to close in that disparity.

As far as the numbers of relief requests, I think

they're going to dramatically increase, because they're going to want to take advantage of the code cases and the things that ASME puts out that are beyond your baseline additions that give you reduction, a burden reduction. When you update to do a 120-month update, a lot of those code cases have been incorporated into that later edition and addenda of the code that you don't need to write again. So I disagree that you're going to have, you know, less with this action.

MR. FERGUSON: We did look at it a little bit in another way as well. Again, we're trying to project what the future is going to bring here, and again, that's not always clear to everybody, but we looked at it in terms of two ways. And the next two questions are almost the same in terms of the licensee, and we said, you know, we looked at it in terms of the burden on the license if eliminated. You know, there is clearly an administrative cost reduction immediately if you did eliminate it. Clearly, the costing of burdens, we feel, might probably increase due to the updated, due to the relief requests, and again, backdating to an older code and trying to make up for it by adding different requests.

We thought that the IST and ISI utility programs might become more of a patchwork of regulations than a nice, consistent code that you would have. We looked at it the

other way, too, and said what if we didn't eliminate it? Well, the $200,000 or $300,000, whatever number you keep remains. Every year, your self-assessment, some utilities may do it; some may not. We've heard some excellent comments here that take very proactive actions.

The latest ISI and IST operating experience and technology will be implemented in the code if you determine that you want to do it and your management agrees with you to make that change. I think the process will be simplified by going to a more standardized approach, and you'll get more help on the generic issues, I believe, and you'll have a higher confidence level in your ISI and IST program. But again, we're all projecting into the future here, and we're all trying to guess what might -- based on our experience what might happen.

So I think that's the best you can do with that type of question.

MR. SCARBOROUGH: Brent, would you like to add anything from Illinois?

MR. METROW: Brent Metrow from the State of Illinois, speaking for myself, however.

I mentioned before and others mentioned as well, there are some states that automatically adopt new editions and addenda as they come out, and in those cases, there could be a legal problem in state enforcement of a more

recent code at the time when a 10-year program would be updated if there was no need to address that from the NRC view on behalf of the licensee.

That's all I wanted to say.

MR. MILLER: I wanted to address -- this is Gene Miller with Duke Power Company -- I wanted to address some of the ASME comments, in particular the code editions that we characterize as a benefit to vendors. We're addressing our comments specific to the rule making, and the rule making isn't talking about any and all vendors; they're talking about vendors associated with nuclear work; in particular, ISI and IST and so forth, and, you know, granted, there is going to be a disparity as long as the codes that are approved for nuclear work are significantly out of kilter with codes that are the absolute latest and greatest that are implemented in those areas that are not nuclear.

And that disparity is going to continue to exist, whether the rule passes or not, because of the disparity in getting approval to use those later editions of the code. So I don't see that as a point affecting the rule at all, and we're commenting on the rule. From the standpoint of requests for relief, as I said earlier, we didn't fool ourselves. We recognized up front that that is the vehicle by which utilities get NRC approval to use bits and pieces,

and that's going to continue, but we don't see the level changing. So we're still characterizing all of these as benefits for adopting the rule.

MR. SCARBOROUGH: Does anyone else have a comment on this?

I have one question. Maybe someone can shed some light on it, regarding the effect on nuclear insurers. Does anyone have any sort of viewpoint on that, how it might affect them?

MR. FERGUSON: I can offer one opinion, and that is I have heard a concern expressed that if we have various different levels of codes out there, it will require the nuclear insurers to be dealing with different sets of rules at different times, and it seems like that may be an appropriate comment -- more rules to deal with, I should say.

MR. COZENS: This is Kurt Cozens from NEI.

I'm a bit puzzled by the discussion of this overall concern for varying editions of the code being out there on the street, because right now, there are multiple editions of the code for different licensees; has been for some time. Over a 10-year interval, you will indeed find different editions of the code out there. Matter of fact, it would probably be a much more extreme case of having a variety of codes out there right now if the latest and

greatest to the latest edition of the ASME code was available for licensees to update to.

So, say realizing that in a 10-year period, the ASME code updates 10 times. Therefore, there would be a possibility of 10 percent of the industry adopting a particular edition of the ASME code, and then, you would have effectively a variety of 10 different types of base editions that various licensees had used. That's one comment that we ought to be putting in perspective. This is not a new phenomenon to have a variety of code requirements out there at any given time. It's a fact. It happens now; it will happen in the future.

MR. SCARBOROUGH: In terms of the nuclear insurers, in terms of your contact, your interactions speaking to everyone here with the nuclear insurers, do you know if the nuclear insurers are aware of this proposed rule change from your interactions? Do you have any feedback on that?

MR. COZENS: Just answering a question, our nuclear insurer is Hartford Mann; Howard Potter is our ANI, and he is aware of this rulemaking and is conversant on it, so -- because I have talked to him about it at length.

MR. SCARBOROUGH: Actually, we would like to have information on that as far as public comments, if they would choose so to send in a public comment letter; that would be

very helpful. Could you pass that along to him?

Okay; no other comments? Oh, down here. Go ahead.

MR. HERMANN: Yes; this is Bob Hermann of staff.

I don't think that the authorized nuclear inspection agencies are what he was talking about. I think he was talking about like American Nuclear Insurers.

MR. SCARBOROUGH: Any other comments on this question, on this topic?

[No response.]

MR. SCARBOROUGH: Okay; all right.

Then, let's go on to the next one. This is topic number four, the reduction in burden on licensees to not update their ISI and IST programs and related procedures. And I think -- does ASME have the first go at this one?

MR. FERGUSON: Yes; I think -- let me grab this so I can get it closer; thank you.

I think we pretty much tried to address these two together when I made my discussion on the last one, where I showed -- tried to show a balanced view of if eliminated and if not eliminated, how the difference would look. My comments included this question when I made those comments.

MR. SCARBOROUGH: Okay; thanks.

NEI?

MR. BRICE: Yes; I'd like to give you -- this is

Bill Brice with the NEI task force; I work for Entergy at Grand Gulf.

I'd like to explain -- I've tried to give you an estimate of what it cost us to do our update. I'd like to explain a little bit on the front end. I did it -- I had some numbers that we had previously come up with as an estimate, but I had no basis for those numbers, so I decided to call the appropriate people in my organization and try to get real numbers from them or at least hours and convert them, and so, we had -- because of our CBLA item and certain things associated with that, we had to do our update in a pretty fast manner, and therefore, our cost may have been a little inflated because of that.

But anyway, given that, I'll try to get through this pretty quickly. The IST program cost for the program development ended up being in the neighborhood of $248,800, and this is just to develop the program. This was done by a contractor in our case because of the expedited need to complete our programs. After we did this, because it's IST, you have to go to the system engineering review, which basically verifies that your design basis and your tech specs and everything else that goes along into characterizing the safety function of each item is, in fact, correct was done at a cost of $268,720.

After that, it goes to the plant engineering

group, who has to revise the test procedures and provides the base IST document. Their cost turned out to be $164,800.

I called our operations people. They, because it was expedited, had to put two people on it for a specific period of time, and their estimate or actually their total hours turned out to be, at $80 an hour, $229,120.

The total cost, when you include the NRC review of relief requests, which was in the neighborhood of $50,000, turned out to be $961,440. That may be inflated a little bit, given that I used contractor dollars in all cases, and for in-house work, that would be reduced somewhat. On the other hand, I didn't include things such as quality, licensings and things like that.

The other programs, ISI, for example, would probably be much less in cost, because they don't have to go out and characterize the hardware. Basically, you're dealing with pipes and weld seams. So the estimate for that was from a range of $200,000 to $500,000 a unit. These numbers are from the NEI group and trying to find estimates from various utilities.

The IWE and IWL updates, I don't think anybody has done one, but we do think, because it's less prescriptive, and there's less chance of things like boundary changes, the cost for that would run maybe from $50,000 to $100,000 per

unit. When you add all this up, you end up with IST program costs anywhere from $300,000 to $950,000; ISI program anywhere from $200,000 to $500,000, and IWE/IWL anywhere from $50,000 to $100,000, which totals to $550,000 to $1,550,000 per unit, with a total industry cost of somewhere between $55 million to $155 million.

MR. SCARBOROUGH: That's all? Okay.

MR. FLANAGAN: Bob Flanagan, with Northeast Utilities.

I just have a question for the previous speaker. Were those costs segregated such that those items that were in the best interests, the ones we keep hearing everybody's going to do anyways, were taken out, and those were only the costs that you would have incurred solely for updating, not including what you would have done anyway?

MR. BRICE: These costs were what it cost us to do the update.

MR. FLANAGAN: Including what you would have done anyway.

MR. BRICE: That is correct.

MR. ROBERTS: Hi, my name is Tom Roberts. I'm with the Public Service Electric and Gas, but I'm really speaking for myself.

I've listened most of the morning, and I actually had personally not taken a position either way, but what I

find interesting, particularly with this last presentation, is that we are going from a state of known to a state of unknown, but we're not drawing any comparison to what the cost might be, and I think it's probably meaningless to present figures in a steady state condition right now without duly taking into account what the costs may turn out to be due to the process change.

I'm not advocating that the proposed rulemaking is good or bad, but rather, there are some inherent costs which don't seem to be well-characterized at the moment. For example, we've spoken about utilities having a baseline program to the 1989 edition. I would dare to venture that there's probably no utility in the United States that has a 1989 edition program. They've all virtually taken advantage of code cases and will continue to do so; will take advantage of relief requests and will continue to do so, and those costs have to be essentially backed out. So I don't question that these are probably industry average numbers, but I think it goes along with the individual who just made the question: what is the cost in terms of future if the rulemaking were to go through as proposed? And all those have to be taken out of the equation, because if one is to believe that utilities will do the right thing, because it makes sense; it's in the best interests of dose saving, labor reduction, et cetera, then these costs, I'm not sure,

are truly characteristic, because I know that we do things continually over the course of a 10-year period, and the cost of the update is really almost an administrative burden, because by the time you get to the 10-year, you've gotten virtually a dozen different code cases, a dozen different relief requests, which we've all heard this morning, and it's basically just a matter of collecting it all together and starting a new benchmark.

Thank you.

MR. SCARBOROUGH: Can the NEI provide any response to that, in terms of how you would want to characterize that? Do you have a way to kind of characterize that?

MR. MARION: Yes, Alex Marion, NEI.

We always get into these kinds of discussions when we have a meeting with the NRC and discuss the burden or the financial impact of a regulatory activity, and what we've tried to do in the past, and we can say we're reasonably consistent, as in this particular case, is call the utilities involved in our effort and have them give us their best estimate of the cost associated with implementing the rule change, and more importantly, the cost material that was provided deals with the particular question at hand, which is question number four.

MR. SCARBOROUGH: Okay; any other comments on -- yes, go ahead.

MR. WEST: Ray West, ASME.

The cost that you have there for your IST program update, what was that update to? Was that strictly what's referenced in the 1989 edition, or did you go beyond that?

MR. BRICE: In the ISI program, we went beyond that. In the IST program, we went to the 1989 edition. So I think -- and like I say, a lot of these costs, for example, the relief request costs are, in some cases, asking for relief for something that we already had relief to in the earlier programs.

But to answer your question, the 1989.

MR. WEST: So the IST was strictly 1989.

MR. BRICE: That is correct.

MR. WEST: You didn't go O&M.

MR. BRICE: That is correct.

MR. WEST: Thank you.

MR. SCARBOROUGH: Yes; I guess my comment is these numbers are just quite a bit higher than the numbers we referenced and stated in our Federal Register notice, and I'm just trying to rationalize in my own mind how we so underestimated the cost if these are more realistic costs.

MR. BRICE: Well, I was a little surprised at the number myself. I didn't go out looking for a number. I simply didn't have any faith in the number that I had from my earlier estimate. So I decided I wanted a little basis

so that when I came up here to talk about it, I'd have something that I thought was realistic.

When I called these guys, I questioned -- I called most of them back when I got my final answer because it was so much higher than what I had anticipated, but I do think it's in the proper frame of reference, and like I say, I was a little surprised at it myself, but I went back and talked to some people again; got the hours. It's not an exact thing. It's just my best guess at this -- I mean, it's based on actual hours for the most part.

MR. MARION: I'd like to answer your question, Callaway-specific.

When they asked us to estimate how much we spent on the ISI program, it was worded that way to me. And so, I sent in the answer to Kurt here, and the answer I gave him was how much it cost the last time we updated the ISI program alone. I didn't include the IST program; I didn't include the others, and I sent him a figure -- it was right out of our budget -- of I think $270,000 for just the ISI program updating to the 1989 edition. I didn't even consider until I came here yesterday the IST program, IWE and IWL. Our IST program was updated in -- pretty much in house, and so was our IWE and IWL programs.

So that might explain some of the disparity. I think that you've got very tight numbers. These numbers, as

he stated, they shocked me. I'm not sure that they're not inflated somewhat. But on the other hand, as was stated, there were other things they could have pulled in to make these numbers even more unbelievable; for example, QA hours to perform QA audits; the amount of time that was spent by the licensing department to submit all these things; A&I oversight of the process.

So, I don't think these numbers are all from an order of magnitude is the point I'm trying to make.

MR. SCARBOROUGH: Thank you.

Any other --

MR. MAKINDRAKAR: I found the same thing. These are not out of the line. They do cost quite a bit to update. They do cost quite a bit. There are several engineering organizations involved, NIs and the QAs and all that. It has to go through all that procedure, the process, and that is quite a time-consuming and very costly -- there are a lot of costs in it.

MR. SCARBOROUGH: Thank you.

Go ahead.

MR. WESSMAN: Dick Wessman from the staff again.

I guess I sort of want to ask maybe a little favor of NEI and some of the utilities present as we look at this cost aspect here. You may recall that at the very start of the SECY paper that forwarded to the commission and some of

our opening remarks dealt with the issue of eliminating an unnecessary regulatory burden, and we're doing some struggling with information that we are very dependent on you all to help provide, and some material has been presented today that deals with costs of updating an ISI/IST program, and we've discussed those numbers a little, and yet, I ask can we look into what I'll almost call the hypothetical, because let's take the hypothetical of if the 120-month update requirement is eliminated, but utilities still have certain activities that go on relating to code activities, they are, as people have expressed earlier, likely to incorporate and add into their programs voluntarily many of the provisions and things and technical advances and train people and this sort of thing.

So, as they go forward, some of the things that are part of the 120-month update, they are going to be incurring as they go forward. I've heard speculation from members on the staff that we'll be faced with a lot of relief requests as we go forward. It's hard to know. I don't have the crystal ball, but if there are a lot of relief requests as we go forward, those are costs if we go down the path of eliminating the 120-month update.

What I'm really searching for is more pro and con, more situational analysis on the burden that may still exist, depending on the path taken; the burden that may be

saved, depending on the path taken. But we need this help, and I think we don't have it all yet just from the handout and the brief discussion we've had.

So when it comes time for written comments, any work in this area that you can do to help us I think would be very valuable.

MR. MARION: This is Alex Marion.

Dick, we'll do the best that we can with the time frame that we have to make comments.

MR. SWANN: This is Dennis Swann with Southern Nuclear.

Dick, I think you just hit the nail on the head. I think what we're all realizing is that a lot of the development of an ISI and IST program update, if you go look at the regulations, the only thing that the NRC is required to review and approve are the relief requests. But if you go follow the guidance provided by the NRC for what they would like to see in a program submittal, it's a fairly long list.

You know, they want the licensee to prepare copies of drawings and design bases; they recommend the development of a basis document for IST now. So you get into some costs for later updates and so forth that perhaps plants have not experienced before.

Another thing I'd like to mention is that a lot of

the -- the relief requests that you're going to have for the IST component that you just cannot test in accordance with the code is going to exist no matter what, and the ISI relief request for the component that you can't examine to meet the coverage requirements and so forth is going to remain no matter what. And all the other relief requests where people are developing to take advantage of later editions of the code or improvements in the code, it appears that the best way to spend the money would be to allow the NRC personnel to review the later editions of the code as opposed to reviewing licensees' updates to where there would be a much quicker vehicle for application of these later codes without having to write relief requests to use a code case, because it hasn't been incorporated into the regulations.

It's -- you know, I hate to say it, but, you know, we're talking an awful lot about economic considerations and so forth, and I think we all came here to talk about whether or not this is the proper thing to do as far as maintaining safety of the plants.

MR. COZENS: This is Kurt Cozens. Just as a clarification, the costs that are in this presentation do not reflect the costs of relief requests to code cases that occur as interim edition in between 10-year updates. That's mainly in place because that's the only way that the code

case could be used.

So those are the type of things that the licensees are typically wanting to impose on themselves and take a commitment to, because there is a benefit to it, but those are not incorporated in this particular set of costs.

MR. SCARBOROUGH: Why don't we move on?

Okay; the next topic is essential effect on the reduction in the number of licensee submittals; for example, relief requests associated with ISI and IST programs, and I believe NEI has the first shot this time.

MR. MILLER: I'm Gene Miller from Duke Power Company, and to some degree, you're going to hear some of the same things we talked about in item three, and the reason for that is that potential effect on reduction in number of licensee submittals, that is, relief requests, were one of the primary benefits that we saw in item three. In the handout, we had said earlier that our view is that there will be a net reduction of 2,000 to 3,000 relief request resubmittals I guess you'd say every 10 years, because those are associated with the 10-year update.

Program efforts on the part of licensees will be aimed at selective improvements, and those efforts will not include these repetitive relief requests. So that's a very tangible and quantifiable number that we see as a reduction in these submittals.

We also anticipate that licensees, as I said earlier, will continue to submit relief requests to selectively adopt new ASME code criteria. We also anticipate that the lag time for the NRC to adopt new ASME code editions, addenda and code cases to be the same as it was before the rulemaking. Clearly, an expedited NRC process to adopt these new editions, addenda and code cases is needed.

There is a cost-benefit, again, to licensees of selectively adopting portions of the code rather than the entire code edition or addendum. So we've got, in our list of items here, a proposal. We propose that the NRC should consider letting licensees selectively adopt portions of later editions of the code without a relief request. And, of course, we're talking about approved code editions. The precedent has been set in 10 CFR 50.55(a)(f)(4)(4) and new reg 1482, and we've got a paraphrase out of that here. It allows that portions of editions or addenda may be used if all related requirements for that portion of the respective edition or addenda are met.

MR. SCARBOROUGH: Okay; thank you.

ASME?

MR. FERGUSON: I think we've covered this topic, again, pretty thoroughly in the past, so again, as I mentioned before, we're projecting into the future. It's

our judgment at this point that we would see an increase in submittals and actions with the NRC. We do agree -- at least I do agree -- that it would be good if we could get more timely approval of the work that we did. I think that has been a common theme throughout, and I have to totally agree with that, without reservation, and that would help in a lot of arenas here.

I think, based on what I said before, I think that we just say that we think it will become more of a patchwork of regulations as you go forward.

Thank you.

MR. SCARBOROUGH: Okay; any other comments on this one?

Yes, go ahead.

MR. HOLSTON: I'm Bill Holston from Baltimore Gas and Electric, and carrying on for part of the discussion there about selectively adopting, one thing I did not see addressed in the proposed rulemaking, and we've touched on it before, is the repair and replacements modifications arena of Section 11, and in fact, I happen to be the chairman of that subgroup, that committee.

And I believe very strongly that if we go to a baseline of the 1989 code, first place, you take one of the largest financial hits we've probably done in a long time in the code, and that's the elimination of the one-inch and

under exemption, which principally affects pressurized water reactors, not so much boiling water reactors, but we narrowly reduced the scope of the one-inch and under exemption because we adopted principally the 50.55(a) rules, which say you cannot use the one-inch and under exemption unless the leak rate out of your break would be less than your charging capacity.

And again, so BWRs, it probably doesn't hit a lot, but PWRs, it has. Since 1989, we've done a lot of improvements in the area 4,000 that would significantly reduce costs with no corresponding reduction in safety for the utilities. Areas, for instance, we adopted a code case for cure in place piping; to repair underwater salt water lines. We've done a code case for engineered clamps that's been introduced in the code, and I'm sure all the utility reps around this table have had cases where they've had to do leak repairs of that nature. Now, it's a code process.

We've developed reconciliation rules that not only allow you to use later editions and addenda of the code; they allow you to use earlier editions and addenda to the code. They've greatly reduced the scope of the engineering process required in reconciliations, and so, there's been a lot of really good enhancements. I would predict possibly within the next year or two that we're going to be issuing new rules on procurement that would make for Section 3

plants a significant reduction in the cost of them obtaining material.

And none of these changes are related to the ISI rules and the IST rules of Section 11. So I would really like to see added to this effort rather than forcing utilities to adopt all of the provisions of a later edition and addenda that if the NRC can review IWA 4,000, which is where all the replacement and the repair rules are now, as a complete set of rules and allow that adoption to go forward as the NRC reviews those editions and addenda 4,000.

MR. SCARBOROUGH: Thank you.

MR. HERMANN: Bob Hermann of the staff.

I agree with Bill that there have been a lot of changes in RR&M. Maybe one of the things, though, that isn't reflected in the cost data are the kind of things that Bill is talking about. If you're going to do a cost-benefit analysis, and you're going to adopt costs for adopting later editions of the code, you probably need to address those things that are pluses as well as minuses.

And if there is relaxations in the later code editions, then, they ought to be reflected in the cost data, and I think it would be incumbent upon the industry if they want to take that kind of approach to provide relative cost data.

MR. MARION: I appreciate this discussion on the

costs associated with these updates, the voluntary ones, the involuntary ones, the nice to have ones and the ones you just think about.

But fundamentally, let's not lose sight of the regulatory process in terms of safety significance of these updates. Thank you.

MR. FERGUSON: Thanks for the comment, Alex.

You know, I didn't entertain being a part of this conversation, because frankly, we don't have that cost data in the ASME. It's not the type of thing that we frankly deal with. We're trying to think of what's the right thing to do, how to do the right program, how to come up with the right inspection or testing criteria. So in some respects, we're blind to this. I have to be straightforward, because our focus is clearly what's the right thing to do for safety.

Obviously, we don't put in requirements where you get a minimal benefit for $1 million. I mean, you do think about that.

But I did mention earlier, and I'll just mention now, and I think many people around here mentioned it; the ASME clearly is interested in doing things in a cost-effective measure, and to that end, it does not relate to this issue. I only mention it because I don't want to give the impression ASME just does not think about that.

Many of the code cases I heard here mentioned today deal with cost and radiation exposure setting, and I think I have a list of about five or six here, and I will not go through them all, because it would take too long.

But I just want to make the point that we are conscious of that; we know we need to do the right thing, and clearly, we do not have significant cost numbers like have been expressed here.

MR. SCARBOROUGH: Okay; thanks a lot.

Why don't we move on to the next one?

Item six is consistency in the range of ASME code editions and addenda that will be applied by licensees, and I believe ASME has first word on this one.

MR. FERGUSON: Again, the questions here are becoming repetitive. I think we've already stated the if we think the future codes become voluntary as opposed to becoming more enforced through the 120-month update, we think that the range of code editions and addenda applied by licensees will significantly increase. I think it just follows, because every 120 months, you go through a process to update.

So we frankly, the way we see it right now is this adds a consistency to the process. And I also mentioned earlier that I think this is one of the ways, one of the costs that are incurred by this is the self-assessment that

you go through your programs when you do this. It forces you, apparently, judging by the numbers that I've seen this morning, to spend a significant number of engineering man hours to make sure that you've gone through the details of your ISI and IST programs, and of course, why we think that's important is the ISI and IST programs are very significant programs, large programs, and the devil probably is clearly in the details.

Thank you.

MR. SCARBOROUGH: Thank you.

NEI?

MR. CONNER: I'm Jim Conner with Florida Power and Light.

My comments here were I tried to focus pretty narrowly on where we are right now, what I do right now with the program and then what the elimination of the update would maybe have me doing as a program administrator, and currently, right now, I've got several options in terms of what I have in my program. You know, whatever editions of the code are approved, obviously, we can use those. We can go to later editions with the current rules, portions of later editions or addenda if you use all of the related requirements.

We can obtain relief from impractical requirements; we can obtain permission to use alternatives

proposed to the code, and we can use approved code cases. So, when I put together a program, I've got these resources to pull from in order to build that particular program. I think where we are right now is we've got a lot of people using 1989; when we do repair and replacement activities, although we've had some discussion on a lot of the good things that are indeed coming out of repair and replacement, in a lot of cases, where practical, you end up going back to your construction code for guidance, at least in my experience.

We use those things under repair and replacement guidelines, obviously, when it's impractical, when they were indeed valuable. But for the most part, we end up going back to the construction code. Most plants right now, at least in my experience, we're running about 20 relief requests per ISI program, and they vary between whether it's code coverage, use of code case or alternatives. It varies across the board. It's kind of an even mix for us.

If we implement the rule change where you don't have to update, but you only are going to baseline to the 1989 edition, I see very little change in that you'll have your utilities largely to the 1989 edition; those who choose to use other editions, later editions or whatever will do that through the code process with a weekend update without relief or whether we need to get relief to do that. We're

still going to see that spread in code usage.

So, in summary, I don't know that we're going to see a drastic change in the spread of codes and requirements that -- from where we really are now, because I think we do have a fairly wide range of various requirements incorporated in the individual ISI programs.

MR. SCARBOROUGH: Any additional comments on this item?

[No response.]

MR. SCARBOROUGH: Okay; all right; item seven is the potential effect on risk informed ISI and IST initiatives, and NEI has first up on this one.

MR. MCNEILL: Alex McNeill, Virginia Power. I'm representing the position supporting the general rulemaking.

Specifically, with the effect on the new risk-informed regulations, I think this is a prime example where a totally voluntary program has worked. We've worked in concert with ASME, NRC and industry to bring this about. There are some current code cases that cover these particular items. As far as I know, they have not been endorsed by the NRC. Any approvals to date have been through alternatives to the code, through 50.55(a)(a)(3) rulemaking.

The voluntary basis for this new initiative has worked very well. It's working well because all parties

involved see it as beneficial. As far as I know, it will remain on a voluntary basis. The code cases, by their very nature, are voluntary; the code is eventually working towards a non-mandatory appendix which will again make it voluntary. The voluntary nature of this is needed, because not every utility can do these things. They have to look at several considerations: length of license; the cost to do the evaluation as well as how much the exposure reduction will be.

In conclusion, I think again, the risk-informed initiatives will be unaffected by the potential rulemaking. It will remain a voluntary type program.

MR. SCARBOROUGH: Okay; ASME?

MR. FERGUSON: I almost feel like this is point, counterpoint. We agree.

[Laughter.]

MR. SCARBROUGH: Is there anyone here --

MR. HERMANN: Just to comment on maybe code cases. Code cases alternative to the regulations are voluntary, in the fact that you have the choice if you want to adopt them as an alternative to the regulation. But, once you adopt them, once you've got them, you've got them. They are part of the regulations, then. That's what your program is.

MR. MONTGOMERY: I think the statements that he made, though, were directly to the question of relationship

of risk informed to this change -- you know, what's going to happen there. And what you say about code cases is true, but it doesn't, I don't think, speaks to the question.

MR. COZENS: Kurt, cause it's just a very minor technical clarification. I would interpret that when a licensee adopts code cases accepted through the NRC process, that's a licensee commitment versus a requirement.

MR. MIZUNO: OGC does not agree with that. We consider that the approval of the alternative, if properly carried out by the NRC staff when they approved the alternative, should result in some change to the FSAR and then that would be controlled appropriately, sent to the 50.159 process. The rational for this is because the rule 50.55a requires the use of the ASME code by rule. The rule also provides for an alternative to compliance with the rule. And the rule also sets forth the requirement for the documentation of the other requirement. And so, therefore, it follows that the alternative that is approved pursuant to 50-55a(a)(3) should remain at the higher level, to be controlled by 50-59, as opposed to a simple commitment on management process, which is, I think -- I think we've agreed with NEI that commitments are outside the regulatory purview of our -- of the Commission, until they take further action.

MR. MONTGOMERY: Gary, thank you. I stand

corrected.

MR. MIZUNO: I did see -- I guess I should add, I did see a letter from NEI, I believe, asking us to address that point. And I had the impression that they were proposing that we -- if we took this position -- position -- if they thought that this was the position that the NRC was taking that I understood it as saying they wanted some -- they wanted it to be a commitment tracking process, as opposed to the process that I was -- discussing it, so I think that we would have to address it as a comment, and either accept it or reject it and provide a reason for that.

MR. MARION: Alex Marion, NEI. What you're referring to deals with a completely separate topic and we can discuss it during the break, if you want.

MR. SCARBROUGH: Okay. I did want to just raise a question, since this is a risk-informed IST initiatives that we're talking about here in this question. Any of the utilities representatives here, who are from a risk-informed IST pilot plant or plant that's going down that pathway? Either one -- what's your perspective on this question? Do you see any effect at all, either way, how this -- the update, whether it goes or stays, how it would affect your plants in this area?

MR. MCNEILL: Alex McNeill, Virginia Power, and the comments that I read previously were my comments.

MR. CONNOR: Jim Connor with Florida Power & Light. We're doing a pilot project with the Turkey Point site and, once again, I agree with the comments previously before, that I don't see any real effect on our effort.

MR. METROW: Brent Metrow from State of Illinois. Breadwood Unit Two and Byron Unit Two are power plants in Illinois, and both of those are, I think, considered follow on plants for risk-informed ISI. And I was -- I was at Breadwood Unit Two evaluating, among other things, the -- those examinations, which were conducted -- those 10 or 12 exams, which were conducted in the risk-informed ISI realm, as well as the ISI program -- risk-informed ISI program. They have a partial implementation for just class one piping at those two plants. And I wouldn't see that that would have an effect on -- this rule change would have an effect on risk.

MR. DEBONIS: John DeBonis, for TU Electric. We were a pilot plant for the risk-informed IST. We are implementing that now. We are going to pursue the risk-informed ISI. We do not anticipate this supplement to the rulemaking affecting that one way or the other.

MR. MAHINDRAKAR: And this is Arun Mahindrakar, California Edison. We are a pilot plan for IST. It will not affect any of the effect on that, and we still see that 120 month upgrade as a burden.

MR. SCARBROUGH: Thanks for the input. All right. Next move on to the next topic. Number eight was the potential effect on states and other organizations that rely on the ASME code, in their interactions with nuclear power plant owners. I want to break -- I'm going to let Brent Metrow, Illinois Department of Nuclear Safety, have the first comments, since this is strictly related to his organization.

MR. METROW: Thank you. There's several areas that we interact with ComEd Illinois Power, in the realm of ASME code Section XI. Starting off at the top, we're charged by law to issue or withhold operating certificates, traditional role of boiler safety within the states. And for your air tank out in the switch yard, that's pretty straightforward, one certificate for one piece of equipment.

We've devised a different scenario for the nuclear power system. Instead of issuing a separate certificate for each steam generator in a PWR, for example, we issue one certificate for the nuclear power system. That is -- that covers all the vessels and boilers that are part of the ISI plant, and the period -- the term we issue the certificate for is equal to the period of the in-service inspection for 40 months. At the end of that time, after -- after we do a numbers check, we reissue the operating certificate for the next ISI period. The numbers check I'm talking about, of

course, is meeting the percentage requirements for various exams that you have to do.

So, this particular rulemaking, as long as the periodicity of -- is maintained and after the 10 years, albeit no program update, you start another ISI interval in an ISI period. I don't see any impact of our process -- I don't see our process being impacted, one way or the other, by the rule change.

Another area is -- myself and my supervisor, Larry Sage, both do inspections on behalf of the NRC Region III at power plants. We inspect to NRC modules -- inspection manual modules. And using their procedures, we're an added resources for the region. And I don't see this having any affect on that activity. What we inspect to is the code of record and if that doesn't change, then that wouldn't be -- that wouldn't be an affect on that activity, whether it changed or not.

I can see -- I can see a difficulty in the repair area, especially the role of the ANII. And what I see there is, again, going to -- it's going to have to result in cherry picking of selected requirements. If you want to use temper B technique, if you want to use repair techniques that are brought in to later approved codes, you're going to have to first get approval to use them from the NRC, or else the inspectors are going to catch that type of -- that type

of differences.

Lastly, although my state doesn't do it, there -- I mentioned before about there are some that automatically update -- or automatic propose -- or approve updates to the code, and that could be a difficult legal -- that could run into a legal problem. And that's all I have.

MR. FERGUSON: Could you expand?

MR. METROW: Yeah. With -- at the time of the 10 year interval ending and a new 10 year interval starting, the code requires you to -- right now, the NRC requires you to update to the newer code of record. When there's a state requirement to update -- when there's a state requirement calling into -- I'm sorry, I thought I had something, but I didn't.

MR. SCARBROUGH: Okay. How about ASMEGL, anything to add in this area?

MR. FERGUSON: No, we have nothing to add in this arena.

MR. SCARBROUGH: Okay. NEI?

MR. MARION: No, no comment.

MR. SCARBROUGH: Okay. Thank you. All right, number nine, application of portions of the ASME codes incorporated by reference in the regulations subsequent to the baseline addition. This is the cherry picking issue that we talked about.

MR. MONTGOMERY: This is Ben Montgomery, Hammer & Huey Calloway plant. The first slide shown here is just an overview. It changes to the ASME code, frequently a refinement of the existing requirements, resulting in a more realistic criteria, as a result of new techniques or improved method or operating experience. In this regard, time is on our side, because as we go through time, we learn things. We have lessons learned, and that's how the code evolves.

Time is a problem, though, because the NRC process to adopt new or revised codes edition, addenda, and code cases is inefficient. Typically, a licensee will adopt new ASME criteria via a relief request prior to the NRC formally adopting a code. This is because the licensee's needs are frequently measured in months, rather than years, and edition and addenda updates can take far more time than selective implementation. Code cases are frequently available prior to the formal publication of a new edition or addenda.

Timely -- what we're proposing in this area is a timely approval of ASME code and code cases. We're proposing, basically, three items: an automatic six-month approval, unless the NRC identifies direct conflict with NRC regulations of ASME code; generic approval by the NRC, if relief requested could be used by the industry, so that you

don't have people repeating the same work and reinventing the same wheel over and over again; also, allowance to use portions of the NRC approved code, without relief request. This has been mentioned several times. The NRC uses the phrase "cherry picking." We don't really see it, as, I guess, historically, we haven't seen it as that.

What we're talking about here is, if I want to use a repair and replacement out of the 1998 code and that's an approved code, we take that repair and replacement. If I want to use IWA 4000 and I meet all of the requirements of the IWA 4000 and all these surrounding requirements, it just makes sense to -- it's a better piece of code, and we don't argue that it is, then we don't see any harm in us being allowed to take that better piece of code, even though we don't take the whole thing.

And that's all our comments, in this area.

MR. SCARBROUGH: ASME?

MR. FERGUSON: First, I agree. I think many of the comments you made about getting the code reference and the updates are right on the mark, absolutely. And the timeliness, we feel that's -- I think you could have written this for us, as well. You know, we're right on the same mark.

One comment I would make about the codes. I do -- and I've mentioned this three or four times, there is some

thought that there would be a cherry -- if you're allowed to cherry pick codes, you're going to get a patchwork of codes. I believe that eventually, that may increase the burden on the regulator, which you mentioned earlier, because he will be required to evaluate the pieces you give him in the larger context, to determine that you're still meeting the appropriate level of safety. I do have a concern that the utilities will not be able to evaluate each of these pieces adequately, up to their management chains, and make sure that these things get the light of day. I mean, they're done at different levels within the utilities, and some of these have pretty significant costs.

But, fundamentally, I have to say, I agree. I agree with the code update process. I think that makes a lot of sense. We, in the committee, have the same issues.

MR. MONTGOMERY: This is Ben Montgomery, again. I'd like to point out one other thing that not on here. The NRC needs to acknowledge their participation in the code process, as somewhat of a review of that code. I know they do informally, but the frustration that people involved in the code process have is that the code goes through many levels of review, before it goes out, and then it disappears again for some number of years before it's once being reviewed again. The code process is a good process and it does put out a good product, and I think that needs to be

recognized.

MR. SCARBROUGH: Okay. Gary?

MR. MIZUNO: I don't think our office has taken a position yet, so I should say that this is my own personal view. With respect to the -- this automatic six-month approval process, I think that there are litigational risks were the NRC to adopt the rule in that fashion, primarily, because if that process were not allowed for incorporation by reference of the -- a new rule by the Office of the Federal Register, and that process of obtaining official incorporation by reference by the Office of Federal Register is a requirement, in order for that ASME code or any other document which is to be considered a binding legal requirement, you must go through that process.

So, I would be interested -- the Office of General Counsel would be interested in comments that -- comments from the industry that address this issue of whether the -- an automatic approval process -- a rule that allows for automatic approval, absent an NRC action -- rulemaking action, that disallows a certain portion of the rule, whether that meets the requirements of the Administrative Procedures Act, and, in particular, the requirement for incorporation by reference.

MR. STENGER: Dan Stenger, with Winston & Strom. The was 50.55a is structured now and worded, I think you're

probably right, with respect to new editions of the code that have not formally been incorporated by reference. Somewhere down the road, and it's probably the subject to this workshop, if we had a more performance-based 50.55a or one that was not tied to the incorporation by reference process, I think you could say that the code is the acceptable means and then endorse in a reg guide different versions of the code, as an acceptable means to meet the regulation.

MR. MIZUNO: I agree that that is a possible regulatory route. And although there are some significant downside to that route, both for the licensees and the NRC, I'm sure you're probably aware of what those might be from the standpoint of, I guess, regulatory certainty and, also, at the issues that are available for litigation in any hearing proceeding associated with a license amendment.

MR. STENGER: How about for -- Dan Stenger, Winston & Strom. How about for code cases that reflect an interpretation of the existing code, why couldn't those be allowed for automatic implementation?

MR. MIZUNO: I don't think that there's any reason why -- there's no legal reason -- I want to be clear that there is no legal reason why we couldn't go through a system that allows for NRC endorsement in a regulatory guide, as opposed to incorporation by reference and approval in a

rulemaking. But, there are downside to -- I mean, there are positives and negatives to that. And in the past, as been determined by both industry, as well as the NRC, that the -- I guess the interest converge and say that it would be best to have the rule -- I'm sorry, have the ASME code endorsed in a rulemaking, because of the certainty that is accorded by rulemaking. But, we could move to a different system.

Now, assuming that we stay within the same existing system, I, also, don't believe that there is any legal problem to endorsement in a regulatory guide of a code case, which simply interprets the rule, but still provides for compliance with it, okay. My understanding, and the way that I've counseled the staff in the past, is that the code cases oftentimes go beyond interpreting the rule. In fact, they provide alternatives to compliance with the provisions of the rule.

As soon as you start talking about an alternative to compliance with the provision of the code, you are also talking about non-compliance with the rule, because the rule -- the rule being 50.55a, 50.55a mandates by rule that you must comply with the code. It does not refer to anything involving code case. And that's why we have counseled the staff that, ideally, code cases -- NRC endorsement of code cases that offer alternatives to the existing code, if they intend to be -- if they intend for that endorsement to be

legally binding, the same way that a 50.55a, as a rule, is binding, that it needs to be done in the context of rulemaking.

You don't have to go through that way. You could have the endorsement in a reg guide and then have a licensee come in with a license amendment and a -- what is essentially either a relief request or a -- actually, a 50.12 exemption request. And you can accomplish it that way. But, then, of course, that results in a licensee-specific proceeding or determination, as to whether that code case is applicable. If you deal with it in a rulemaking, then it's a generic approval and the licensee just goes forward, takes advantage of that code case.

MR. HERMANN: Bob Hermann, the staff. A comment on intent. Intent are never included in code cases. Code cases are alternatives. They're not intent. Intent type of things go through the inquiry sessions or through another process, but not code cases.

The other comment I just would make on the timeliness issue: I think certainly the industry has a valid point, in terms of code case updates, in terms of timeliness of those issues. I would comment with regard to updating the rule, itself; that some of the timeliness issues, in terms of getting later editions of the code endorsed outside of the context of whether or not updating ought to be the

way to do it. This whole issue on updating and CBLA, certainly in part, has delayed implementation of the adoption of later use -- later code editions. So, I think that piece -- the industry has a piece of that one, as well as the staff does.

MR. SCARBROUGH: Anything else? All right. The last discussion topic here is the clarity of the supplements of the first rule. And ASME, do you have some comments on this area?

MR. FERGUSON: Yes, I do. Just two comments from my reading of the rulemaking. One of them is in the code -- in the rule that talks very clearly that this is mature code. It wasn't clear where that basis came from, that this is a mature code. It said the staff has done that. And it seemed to me that that requires some clarification, because that's clearly one of the foundations, that the 1989 code is a mature code. So, that's one of the things we can go into great detail today, as well. So, maybe you got some information that can help you with that.

And the second area, which I think you did a good job today, the basis of the cost estimate. I think it looks to me like you'll get some additional information on that. That's the end of my comments.

MR. SCARBROUGH: Okay. Anything in that area that you all can provide or anyone else could provide in their

written comments on the proposed rule, that will be very helpful, in both these areas and others.

MR. COZENS: This is Kurt Cozens from NEI. We've had quite a few comments on the actual wording of the rule in our previous presentations. So, I -- but, I will not repeat those, because they're already in the record. So, that should be noted as such and they'll also be provided in the written response that we will be providing.

However, I might note there was a couple of comments that came to mind that did fit into the scope of the things that we've talked about, and I'd like to make note of those. And there's three of them that we have in our presentation here.

First of all, let me note that in the rule on page 22584, there's a statement that says, "However the NRC could apply a time limit on the acceptable of an ISI leave request." And we don't think that's an appropriate action to take. We don't understand the technical basis that one might automatically set some set limit on a request. And we believe it would indeed negate the intent of the proposed rule, because a lot of the expenses that we incur are, indeed, having to resubmit relief requests. So, it seems a contractor action.

The next column we have is that the initial rule that was issued in December of '97 talked about the '95

edition through '96 of the ASME code. And if this rule is adopted, that we would propose that the rule adopt that for voluntary implementation, the later edition of the ASME code that was initially reviewed and found acceptable by the staff. So, this was not talked about in this supplemental proposed rulemaking that what, if any, additional later editions of the code would be available for licensees to use. So, there's one that's already been reviewed. We think that the staff's efforts have already been complied.

Lastly, assuming that this rule is promulgated and there is a base code adopted, should the NRC staff choose to adopt any other base coded, other than discussed, we would propose that the rule be reissued for public comment, seeing that we don't have the chance to review that. And that is a very critical element of whatever the base code might be.

MR. SCARBROUGH: Tom?

MR. HERMANN: Just to comment to Kurt's comments. The question of terms for relief request, I think we mentioned that earlier, there is certainly some relief request we completed granted, because of inadequate technology to do something. For instance, examining VWR reactor vessels, 10 years ago, people could examine -- couldn't -- didn't have the tooling to do VWR reactor vessels, because shield walls run away. Today, they do. So, there certainly is some things that are technology

related.

I guess the other thing is you brought up a subject about the rulemaking package and I think the rulemaking package that was out for comment had the '95 code through '96 addenda, and I think that's already been out on the street.

MR. MONTGOMERY: This is Ben Montgomery. Concerning the time limit on relief request, the NRC already has a vehicle -- have many vehicles available to them. If the technology changes in the future, they can issue a letter. They can require people to go back and look at the relief requested, apply to that technology, and update it, put it in a dogmatic -- spend 10 years on it, 12 years on it, whatever number you might come up with and say, in every 12 years, you're going to have to spent so many thousands of dollars, regardless of whether the technology changes or not, is not an efficient process.

And I think the thing that we're hearing over and over again, here, and I think that I truly believe, is efficiency is -- is a watch word here. We need to be looking for efficient ways to improve our processes.

MR. SCARBROUGH: Any other comments on that last item on clarity?

MR. WESSMAN: Tom, if I may respond to the NEI comments. I think our intent was that the second bullet

that Kurk mentioned about voluntary adoption of the '95 edition through '96 addenda, was certainly intended, if it's not clear in the rule, we need to fix it. I think we made reference to that concept in the statement of consideration. So, we'll take a look at that.

As far as the third bullet, about adopting a baseline other than the listed one in '89, one of the specific questions that was in that Federal Register notice dealt -- and one of the questions we've discussed today is the very issue of selection of the proper baseline edition. So, I think, in fact -- and OGC will have to help me out here -- but, I think we have, in fact, put this concept in front of the public comment process, by virtue of the way we invited comments and the things that we identified for consideration. So, I'm not sure that there would be a requirement to go back through a public comment, if, for example, the staff selected the '95-'96 for the baseline, as opposed to the '89.

MR. MIZUNO: This is Gary Mizuno. Legally speaking, we wouldn't -- if the NRC were to adopt a baseline code edition other than '89, a more recent edition up to the '96, I think it was, edition -- or was it the '95 edition that was -- '95 edition that was adopted -- that was proposed in the '97 -- '97 rulemaking, we would not feel that the publication would be necessary to meet the

requirements of the APA. Whether or not a further comment period should be provided, I think, would be primarily a matter of policy for the Commission and the staff to consider, but it wouldn't be required as a matter of law.

MR. SCARBROUGH: Any comments? Any comments on any of the 10? Anybody would like to mention something that they forgot or missed earlier -- in one of the earlier ten, before we take our break, and then we'll come back?

MR. MARION: Alex Marion --

MR. SCARBROUGH: Hang on one second; hand on one second.

MR. MARION: Oh, I'm sorry.

MR. SCARBROUGH: go ahead.

MR. NORRIS: Wally Norris, NRC staff. I'm on a couple of co-committees and one thing I would just like to throw out for thought was last week at a few of the committee meetings, as items were discussed, at two different meetings, I heard that -- the question was put forth of why should we work on this increase and requirement, because if the NRC baselines, we'll never have to pick it up anyway, talking about effect on safety. Just something I wanted to throw out for you to think about.

MR. MARION: I was just reflecting -- I'm sorry, Alex Marion, NEI. I thought some time in the morning discussion, somebody identified one or two issues that they

said they wanted to discuss today that weren't captured by the 10, at your meeting announcement. And I don't remember who that was. Does that ring a bell with anybody? Okay, I'll withdraw my comment.

[Laughter.]

MR. SCARBROUGH: We'll think about it over the break and we can wrap it up at the end. Anything else? Go ahead.

MR. MILLER: Gene Miller with Duke Power Company. I know that the December '97 rulemaking is off limits for discussion today. But, again, referring to the recent ASME section 11 meeting in Greensboro, there were come confusing signals put up there regarding when that larger rule would be published. Some of the NRC correspondence seemed to indicate that both the larger rule, from December of '97, and the decisions on the supplemental rule would be hailed and published together at a future date. But, some of your people -- the NRC's people at the code meeting were indicating that perhaps there's been a change and that the larger piece would go ahead and be published in the near term. Can we get a clarification on that?

MR. WESSMAN: I'm aware of a little bit of confusion on comments of the two pieces and also some diversity of views on the two pieces of the rule. And so, let me try and clarify. I was not present in Greensboro and

if something was said that created confusion, of course, you know, we're sorry that that happened.

I think our intent is to treat this as a supplement to the larger version that was published in '97. And the intent is once we disposition this particular activity, we merge this activity with that '97 package; and along towards December, January, February, depending on how swift we are with some of the administrative processes and the publishing process, what would be published as a final rule represents a merging of the two activities. Now, because of this supplemental activity, if the final decision is that a 120 month baseline is eliminated -- 120 month update is eliminated and we do have this 1989 baseline, obviously, the reference to the '95 version of the code in the '96 addenda would be referred to in the category of for voluntary implementation by licensees, subject to those limitations that would be contained in that final rule.

There has been diversity view on this, and I'm -- there has been, I guess I would call rumors about, gee, is there being direction given to the staff to go forward with that package or not go forward with it; at their direction to do something slightly different. We have no specific directions to do something different, even if there had been rumors to that fact. We do not have that. We are proceeding according to the process we described in the SECY

99-17 that you all have and that we presented to the Commission and proceeding accordance with the Commission requirements, memorandum that came back to the staff.

That's what we're doing and that's why we are here today. And that is still the process, unless we are given some different policy direction. So, hopefully, that helps clarify that bit of confusion that I know did surface in Greensboro.

MR. SCARBROUGH: Anything --

MR. SWANN: I'd like to make one comment about Wally's comment. I guess I was a little bit upset by your statement, Wally, but I don't doubt for a minute that it's the truth. If there's any adversarial here today that are members of the staff or ASME code committee or licensees that let this potential supplement to the rule affect our work on the issues that are deemed as being safety related for our plants, then we're all at fault.

I'd like to say that I can't speak for Section 11, because I'm not a member. But, I know that I've sat in a lot of meetings at the ASME code meeting, where NRC staff representatives have made presentations about issues that they considered to be safety significance. And they brought it to the attention of the code committee that they would much rather let the industry and the code handle that issue, as opposed to having to handle it through the regulatory

process.

So, I can't see that we let a statement about, well, we're not support the code or we're not going to support this, because there's no longer a mandatory update process, that should not come into play.

MR. WEST: Ray West, ASME. I attended the meetings in Greensboro last week and I heard those statements made. The code process is a very frustrating process. It takes a long time and a lot of effort to make changes to it. And when you're going through that, it's very easy to say, why should I put all this effort into something that's not going to be used, and particularly, in those instances where it's an increase in the requirements, it's very difficult.

So, it may have only been an isolated statement, but I think it's there and I think it's part of the problem with this update and doing away with the mandatory update of 120 months. Thank you.

MR. SCARBROUGH: Okay. All right, why don't we take a 15-minute break and then we'll have the wrap-up comments.

[Recess.]

MR. SCARBROUGH: Marge is passing out a copy of Mr. Hedden's handout, earlier today. We set them on the table back there, but we didn't make sure that everyone had

a copy. So, she's making sure that you get your copy, before you leave. They'll show up in the meeting summary. We'll attach all the handouts. I think we have a copy of everybody's handouts and we'll make sure they get attached.

Okay. We've made it through the round table discussion and we're getting ready to do our closing remarks, once everyone gets settled. NEI, would you like to go ahead and do your closing remarks?

MR. MARION: Alex Marion, NEI. I'd like to go back to the comments I made this morning in my opening statement. I think I said it three times. Well, here we are. As a personal observation, I was really impressed and enthused about the depth of discussion. I find it very interesting that there were some rather emotional threats related to some of the topics and issues, and I'll leave it at that.

One thing that did trouble me, and I feel obligated to speak up on this, is during the conduct of the meeting, I had the impression, and maybe it was just me, that we were in somewhat of a debate, if you will, NEI's position, ASME's rebuttal, and then NRC staff's rebuttal, etc. And that's not the case at all. For the record, I want to make it clear that NEI supports the standard development process. We feel it's very important. We think the process has served the industry well in the past; it's

serving the industry well now; and it has to serve the industry in the future, because, quite frankly, we will not have a future without a very solid, dependable, independent objective standard development process.

I think a lot of the issues that we brought up related to things beyond the question at hand. The question at hand was the impact -- realistic practical impact of eliminating the 120 month update. And we got into a lot of issues, a lot of challenges that involved the standard development process within ASME, also the output of that process, in terms of work products, in terms of code editions, addenda, and code changes, as they are applied in the regulatory process. And as we were going through that discussion this morning and then to the afternoon, it appeared to me that what we're tried to do here today is discuss and focus on the regulatory process, but what became clear to me is we couldn't separate the two. And I don't know why that is.

It may be history. But it seems to me, today, maybe we need to think about trying to figure out a way of separating the two. And the only way we can do that is to do it together, if we think that is the right approach, or recognize the fact that they're inseparable, the one plays into the other. And then that causes us to focus our energies on how to establish the most efficient regulatory

process, such that all these emotional threads don't show up as they did during our discussion today.

I was really pleased with the utility personnel in attendance. The only utility personnel that we worked with at NEI were those, who were involved in the task force that gave the presentations. I was really impressed with the other utility folks, who are here at the meeting today in their own volition that spoke up and offered their observations and perspectives, and I was really pleased to see that.

During the positions identified and the comments made by the utility personnel here, I think I can speak on behalf of what I heard, and that's that the utilities will continue to participate in the ASME code process. They will continue to use the products that come out of the ASME code process. But fundamentally, that decision on how they're going to use it and how they're going to participate is going to be based upon the value. And the value, as we all recognize over time, changes. There's value based upon safety significance. There's value based upon operational improvement at the plants; that depending upon where you apply that improvement can lead to -- can lead directly to safety performance. And then there's also economic value. We spent a lot of time today talking about economics. Now, we need to keep those three elements of value, and probably

a half dozen more, in mind, as we move forward.

I think it became clear that there was a need for an expedited efficient process for the NRC to think about, in terms of endorsing future versions of the ASME code editions, addenda, as well as code cases. And it should be clear to the NRC that we've been working with for the last five years or so, we're willing to work with the NRC into the future, and I believe ASME would be willing to help out, to the extent that they can, as well.

We made the point during the discussion that regardless of what happens with this rulemaking, you will still have relief requests, okay. There's not a whole lot we can do about it, because the process that's in place right now allows for relief requests for those kinds of situation, where somebody wants to apply the ASME code in the regulatory environment, which includes the regulatory process we currently put in place. Now, if that's not the right thing to do, then we need to take a look at the broader process.

Those items I just reviewed were basically items, I think, that represented somewhat of a consensus in the discussions from what I heard. If somebody has another observation contrary to those wishes to complement, then that's fine.

In terms of conclusions, I made the point about

the separation or the distinction between development of a code with ASME and its use. We heard that they're going to be used. I think we even heard that later versions of the ASME codes are being used by the non-nuclear industry. And here we are in the nuclear, confronting an issue or question of the impact of baselining to the 1999 edition. I don't know what that tells us. Maybe it's a process -- excuse me -- maybe it's a process issue; maybe it's something else. But, I think that's a piece of information that ought to cause us to pause and reflect, once NRC deals with this regulatory question before them.

We provided, based upon the information collected by the utilities involved in our task force, cost estimates on the burden associated with the 120 month updates. During that discussion, there was a request for us to provide further clarifying information. We will attempt to do so and submit that in our comments. I believe the due date for the comments is June 28th.

We spent a lot of time discussing cost impact. I, quite frankly, would have expected us to spend a lot more time discussing safety significance of this decision that's before the NRC. Some of our utilities that we've had look at this have concluded that there's no safety significance, from the standpoint of these updates. And quite frankly, the utilities, in terms of application of these things at

the plants, are probably in a pretty good position to make that determination. And I would hope you would take those determinations seriously, as you move forward in your decision.

In terms of the decision that's before the NRC, it seems to me it's a policy question, and the policy becomes one of what mechanism, what vehicle does NRC use, if they decide they need to have one in the future to endorse editions of the code. I think the step that the NRC has taken is a small step. This is the one on considering elimination of the 120 month update. But, it's the beginning of a journey, and you will never know that you'll be successful until you take all the other steps. And it's not clear to me you'll ever get there, because once you get there, you'll not going to be successful, because success is a journey, in my point of view. But, this is a start. I think there was a lot of good input provided today to help you in making that decision, and I hope you find it helpful.

I just want to take a second and reflect on the decision that was already made by the Commission, and that was to review regulations and eliminate unnecessary burden. And quite frankly, I think from the discussion that was presented today supports the fact that this action that's being proposed by the NRC is consistent with that decision that was made by the Commission, in eliminating unnecessary

burden. And, also, lastly, I'd like to comment that we believe that if NRC proceeds with that process of eliminating this update requirement, that you will probably see a little bit of downside impact on the code process, as people react to this. But when they start recognizing the fact that the NRC is working at improving their process for endorsing code cases, etc., in the future, I think you'll see more involvement in the standard development process.

And that concludes my comments. I don't know if anyone -- anyone of the other utility people have anything to add.

MR. MONTGOMERY: it was mentioned several times that the ASME code is a living document. I'd like to point out that this regulatory code is also a living document. And in saying that, I want to say that sometimes there's a certain amount of fear of the unknown, as you go forward in revising the code. Some of it is founded and some of it is not founded. In the event that you do go ahead and go forward with this, it doesn't say that sometime later on, when you find out that you're having negative impacts, that you can't address those negative impacts. And I think it would be appropriate to do so, at that time.

Thank you.

MR. SCARBROUGH: ASME?

MR. FERGUSON: Thank you. First is, I did mention

this morning that I hoped we had a meeting like the code committee meeting, where we sit down and sort of thrash it out. We did it. And I felt very good about that, because when you sit down and express your views and disagree honestly, you'll probably come to the right answer. And I felt that we did much of that today. And it felt very much like a code committee meeting.

I would like to thank the people that showed up today -- or showed up that I knew, and spoke. Frankly, I felt very positive things about the ASME. It's reassuring to hear that something that you work on, because you think it's important, is being used and useful in the industry. We're only really talking about how we implement parts of it and the impact on the code. But the comments and the feedback and the different comments from the audience and the different people was very much appreciated. And some of them will be useful to us. This is an unusual format for us. Usually, we work within ourselves. We develop codes and standards, and they go forward. And somebody implements the codes and standards, because we've done the right thing. This format is a little bit -- the next step. We're actually discussing the implementation process here to a larger extent. So, it's not exactly a comfortable forum for us or a form that we're used to dealing in, but it's one that we did some learning in.

Some of the things that I learned about clearly was the status of some of the risk-based inspections that are going forward. I'm glad to hear that. Some of the costs I was somewhat surprised at. I'm not sure that I was glad to hear that, but we do not do a cost benefit analysis specific in our standards. We do have a process where we think about it. There used to be a process in the ANSI nuclear standards support, where they did an estimate; but, I think based on some actions of yesterday, maybe that would be replaced.

I do think, based on what I heard today, that the 10 year interval for update of the ISI code still has a useful purpose. I believe it worked for the utility, in terms of consistency, in terms of training for its individuals that are on the code committees and learning, and I do believe that it helped the utility do a strong self assessment. I did not look at the cost side of it.

I think it was helpful for the NRC. I believe it gives you insurance and regulation and consitency that you've done as much as possible to get to all the same regulations. It is clear that there is still different levels of code out there, absolutely. And I think it helps the ASME meet its mission of promoting the art and science of engineering and helping set safety standards. It looked like it was something that helped in all those arenas. I

looked at the ACRS report and I noticed it was interesting that they wrote that the experience suggested the inspection technology is not so static and mature that the 120 month update is unnecessary.

I believe that the ASME is a living code. I believe there are safety advances that need to be made, will be made. I believe as the plants get older, that, frankly, we need to -- this is a good process. This is not the only process, but this is a very good process to update our codes and standards.

Alex mentioned that he thought that there would not be a long-term negative impact on the codes and standards. I'm not sure that I agree with that. I'm not sure that I agree with that. Being in the codes and standards committee, I hear what the volunteers say and I agree that the volunteers will want to continue. I'm not sure their management will let them continue. I'm not sure the decision will be theirs, when they see that the process has been made less required, I guess I should say.

I would like to thank, again, Dick Wessman, Tom Scarbrough, the NEI, the people who came today, and all the interested parties. It's been a good forum. We will prepare our comments in writing by 6/28, which I believe is the due date for you, and get -- and provide them in writing after they've gone through our process internally. Again,

very good day. Thank you all very much. It was worthwhile.

MR. SCARBROUGH: Thank you. Brent's office have anything, since you had a presentation this morning? Brent Metrow, did Brent leave? Yes, he did -- oh, Brent, did you have any last words that you want to say?

MR. METROW: We will provide comments by the due date.

MR. SCARBROUGH: Okay, thank you. Also, I want to thank everyone fro coming and participating and your patience and your professionalism. Dick Wessman has a few closing remarks and topics he wants to mention, as we wrap up.

MR. WESSMAN: Thanks, Tom. I want to at least pick off a few things from the notes that I made to help remind us of what at least some of us took away as some of the important issues. I'm not going to wallow through every item, item by item, because I think we all have planes to catch and those of us here in Washington have to go back to work.

And we had about 40 people or so from the public and the industry, and 15 members of the staff or so here, so we had a good group. And I think we, also, discovered there are some very strong views out there. The word "emotional" was mentioned a couple of times and there are strong views, in the staff, in the industry. And it's a real tough issue

that we're working on. But, without getting ourselves around the table like we did, even if it does look like a code meeting, it's -- we can't get these issues shared and put on the table with each other.

A couple of things that I did take away, at least, from the remarks, as I turn my notes here: I think quite clearly -- and if I've misquoted someone or one of the organizations, when I get to the end, straighten me out, if you will. I think John helped start us off with the suggestion that from the ASME, we should not go forward with eliminating the 120 month update process, and he pointed out the living document of the code and the importance and benefit of the technical groups in ASME, and that the 120 month update process assures a relative level of consistence across the licensee community.

I think Alex, as he spoke from NEI's perspective and the industry's perspective pointed out some of the burdens of the continuing update and the belief, I think, that's held by many folks, that the plant safety is there. There plants are safe enough and it's demonstrated safe enough with the code of 1989 that's established for them.

We had a number of other individuals, some of them representing themselves and some representing their organizations that spoke. And one member of the state, Brent Metrow, even though he came from Illinois, he spoke as

himself. But, we need those state views. And if we can get some more views from members of the state community or the insurance community, I hope we're successful at hearing a little bit more on that.

As we looked at our 10 bullets, I think we did spend a fair amount of time on the first two. And a couple of times we've expressed some concern, did we look hard enough at safety, because we did do a lot of talking about burden and economics. I think we did. We set it aside and then moved on, because of the other nine bullets. But, I think we heard some strong assertions that safety is preserved, if this 120 month update is eliminated. And, yet, there was clearly concerns about whether the order and uniformity of the process would necessarily be retained, if we eliminate this 120 month update.

I think there was some strong acknowledgment by a number of individuals that -- both on the staff and from the industry, about the value of many of the changes that have been made over recent years in the code, substantial, technical, and safety improvements that are there. The flaw evaluation process was mentioned, Appendix G, and some of these things. And I think we pointed out that these valuable improvements remain there, regardless of which way the staff finally steps, regarding the elimination of the 120 update.

We had a healthy discussion of Appendix VIII and I won't go further with that. That is a very important initiative that's out there and there's a lot of money and a lot effort that's been involved in that one.

As we looked at the concept of selection of a baseline, if you could pick one or another -- we heard some recommendations regarding we ought to set it at the '95 code with the '96 addenda, consistent with the '97 proposed rule, I think expressed by ASME and some folks; whereas the -- at least some folks in the industry and NEI representing their members spoke in favor of the baseline should stay at '89, because 80 percent of the licensee community is there already, and reaffirming the belief of safe enough with the '89 code and confirming that there are safety and technical methods and innovations that come after that. They are there and they are available for use.

I think then after lunch, we moved to some of the discussion about benefits and hardships and the burden reduction, and I think a general view is held by NEI that eliminating this requirement leads to a substantial burden reduction. We discussed some of the costs that were given as examples, and I have sought additional help at looking at that cost comparisons.

I think we've got some conflicting views out there on whether there will be more relief requests or less relief

requests or more submittals or less submittals. John, I think you suggested that we would probably see more relief requests, as we go forward. That's one of those hard crystal ball issues. It's real how to know just how that will play out, depending, you know, in which path we take and then what happens when the path is finally taken. And as we worked on some of this cost discussion, we were reminded again, let's keep track of safety. I think that's very important. That's where it's at.

As we worked on down through the bullets, we dealt with some of the issues on whether there will be more submittals or less submittals and a general view that, at least as far as relief requests, going along with 10 year updates, there will be a whole lot less, because there wouldn't be 10 year updates. On the other hand, some felt that there might be -- having more submittals or a little relief requests dealing with what was characterized as individual or patchwork type of activity.

One place I think we reached common agreement was the issue of -- on the risk-informed initiatives. It does not appear that -- whichever path is finally taken on the final rulemaking, these particular initiatives, they're important; there's a lot of attention towards them; but, the path regarding 120 month updates will not have substantive impact.

We touched briefly on whether there will be real effects on the states or not, and I think we acknowledged that we had limited information in this area. And then, finally, as we looked at the last couple of bullets, we reaffirmed -- several of us, both staff and industry, have reaffirmed a couple of times the need for timeliness. And I think it hurts us guys and it hurts the industry. We've struggled in this and there's a lot of reasons and stories, as the years went on. I'm sure Gil would say, when he started working on the last rulemaking about eight years ago, would he be working and talking on the next one now eight years later, he would have said, no, can't possibly be. We are. We work each day as it comes and we work the issues as they come and I'd like to think eventually, we'll get there.

I think as part of the DSI initiative and some of the discussions with the standards organizations yesterday, as well as some of the things we're touch on today, that there is some optimism out there. We finally got the code case reg guide out and we are working on the next round of code cases. So, I think the clock in the future will look a little better than the clock in the past.

I think that's all I really want to cover. I want to say thanks to all an thanks to the staff. John, thanks for pushing us into the round table format. It worked a lot

better than using that stage. And we want to get those written comments, and that closing date is the 28th of June.

The last chance for anybody else to add anything. Otherwise, we'll let Tom adjourn us. I see two hands, but John's went first.

MR. FERGUSON: Mine is, first, it's Alex and my idea. And I wanted to mention that at some point --

MR. MARION: I did most of the work with the tables.

MR. FERGUSON: I know you did.

[Laughter.]

MR. FERGUSON: I wanted to mention that the format on -- versus NEI and ASME. We're not on different sides of the fence. We're all trying to do the same thing. And I just wanted to make that point again, because I think that it's a key point.

The other thing is, I did make one thing I'd like corrected on the record. I did quote one version of the code that I thought would be the best to put in, but what I meant to say after that is "or the latest that is approved code." That just happened to be the latest one that you have approved. So, what I really meant to say is the latest approved version, and I quoted the one that you were currently working on.

Thank you.

MR. MILLMAN: Gilbert Millman, NRC staff. In your summary, Dick, you -- at least I inferred from the summary that certain conclusions had been achieved at this meeting. I don't believe that that's true. We may have discussed those items and laid the points out. For example, the issue of whether the '89 edition represent adequate safety, the summary indicated that it did. I don't believe we concluded that here and I don't believe that is a conclusion that may be drawn either.

In addition, even with something as obvious as the risk issues -- the risk code cases, the indication from the summary was that we concluded that the risk code case implementation was unaffected by the particular edition or addenda. That may turn out to be true, but that's not a conclusion that is outside of this discussion. It's simply something that was discussed and that seems to be the way it's going. But, it's not the conclusion of an overall consideration of it.

MR. WESSMAN: Thanks, Gil, and he's exactly right. This meeting was not to form conclusions, and if I left that impression, of course, I don't want to do that. I, in a couple of cases, indicated where at least several organizations or several groups kind of thought the same way about a certain thing. But, today is not conclusion time. We do not have the written comments. And the staff will

work on reconciliation and disposition of the comments, when we get them. And there is a very early process for that. So, yes, exactly right.

MR. HERMANN: Dick, I just had one other one. It seemed that one thing that may have got left out of the summary that I thought I heard today from a number of participants, in terms of safety improvements, that there were no large safety improvements in the code, but there were many smaller safety improvements. If you looked at them individually, in terms of a benefit, they might not be there. But, if you took it over 10 years worth of code work, they might be significant.

MR. WESSMAN: Okay, good. Thank you. Let's go for one last chance around the room and then the airplanes will start departing. I see one hand back there.

MR. SIMOWITZ: Hi. My name is Rich Simowitz from PECO Energy. And I just wanted to make a personal comment, based primarily on my observations of what has transpired today, but also on my 30 some years experience in the industry and 20 some years experience with these codes and regulations.

We discussed primarily today whether we should continue to mandate 10 year updates or whether we should eliminate the mandatory 10 year updates. And predominantly, the discussion involved the impact on two of the

stakeholders, namely the utilities and the regulators. From what I observed, my belief is that whether we maintain those updates or eliminate those updates, licensees, ISI and IST, and repair, replacement programs will look the same at the end, regardless of which path we follow. Given that to be true, I contend that the impact on the two stakeholders, the regulators and the utilities, will be identical. Therefore, the impact on safety will be the same.

What we haven't mentioned enough of, I believe, is the third major stakeholder, and that is ASME. And the trilogy of stakeholders, ASME, regulators, and utilities, I think, have been successful to date in maintaining safe plant operations. I, personally, believe that ASME's effort will be affected by virtue of examples that have been given earlier. Gil's example of an effort that emerged in ASME, that everyone jumped on, because they knew beyond a doubt it would be mandated by the 10 year update.

I have another example kind of converse of that, namely the IWE/IWL effort. That is the only portion of the ASME code that has ever been specifically excluded from the regulations in writing by the regulators time and time again. Given that precedence, people in the ASME committee thought it would never get endorsed and nobody cared about it. Nobody gave it any attention and it finally got endorsed in a format that is impractical to implement.

Then, everybody jumped on it. I believe that's an example of what will happen, if this mandatory update is done away with. If that happens and one of those three stakeholders suffer, then I think the most important stakeholder will suffer, and that's the public.

That's my comment.

MR. SCARBROUGH: Okay. Thank you. With that, we'll wrap up. If you didn't put your mailing address on this, you'll probably getting a phone call from us, just so we can get your mailing address. We can mail you the summary and we'll have that in a few weeks.

Thank you.

[Whereupon, at 3:48 p.m., the workshop was concluded.]

REPORTER'S CERTIFICATE

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of:

NAME OF PROCEEDING: PUBLIC WORKSHOP ON SUPPLEMENT TO PROPOSED AMENDMENT TO 10 CFR 50.55A ON ISI/IST PROGRAM UPDATE REQUIREMENT

CASE NUMBER:

PLACE OF PROCEEDING: Rockville, MD

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.

Jon Hundley
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