

# **NRC INSPECTION MANUAL**

NMSS/DFM

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## **INSPECTION MANUAL CHAPTER 2604**

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### **LICENSEE PERFORMANCE REVIEW**

Effective Date: 06/24/2025

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## 2604-01 PURPOSE

This inspection manual chapter provides guidance for reviewing licensee performance at fuel cycle facilities to assess adequate protection of public health and safety, the protection of the environment, and the common defense and security at the facility. This inspection manual chapter (IMC) should:

- 01.01 Enable the staff to provide an overview of licensee performance to the U.S. Nuclear Regulatory Commission (NRC) management in a clear and efficient manner.
- 01.02 Describe the review process in an open and transparent manner to the licensee, public, and the NRC staff.
- 01.03 Provide a basis for adjusting the fuel cycle facility inspection programs including areas such as focus, frequency, site-specific inspection, and licensing resources.

## 2604-02 OBJECTIVES

- 02.01 To describe the processes for reviewing and assessing fuel cycle facility performance.
- 02.02 To ensure the consistency of the performance review process for all fuel cycle facilities.
- 02.03 To ensure that the performance reviews are performed in a timely, effective, and efficient manner.
- 02.04 To ensure that the performance reviews are focused on determining whether safety and safeguards have been adequately maintained during the assessment period.

## 2604-03 APPLICABILITY

This guidance is applicable to operating fuel cycle facilities and to the operating portion of fuel cycle facilities which have both construction and operation.

## 2604-04 DEFINITIONS

- 04.01 Area(s) Needing Improvement (ANI).

Performance area with a single safety-significant or security-significant issue.

Whether an ANI exists should be determined by assessing the significance of the plant issues and/or cited violations with a common cause or theme which indicate a need for additional focus by the licensee or NRC. Therefore, the existence of one of the examples below does **not** automatically result in an ANI. The issue will be evaluated by staff to determine if an ANI exists. (A single, licensee-identified Severity Level (SL)-III violation is not a “single safety-significant, or security-significant issue” in this context.)

ANIs only apply to licensees with established licensing basis requirements. ANIs do not apply to applicants constructing “at risk.” Refer to IMC 2694, “Fuel Cycle Facility Construction and Pre-operational Readiness Review Inspection Program,” for additional Licensee Performance Review (LPR) guidance for new construction for new licensees and applicants.

Examples:

- a. A single safety-significant issue (e.g., an SL-II) in one or more performance areas.
- b. A single security-significant issue (e.g., an SL-II) in one or more performance areas.
- c. Multiple safety/security significant issues (e.g., two SL-III violations) in the same performance area.

#### 04.02 Assessment Period.

The assessment period is normally 36 months for fuel cycle facilities. In the following cases, the assessment period may be reduced to 24 or 12 months:

- a. Those facilities with an ANI identified during the previous assessment period.
- b. Those facilities that are concurrently operating and performing major modifications under an NRC license.

#### 04.03 Clean LPR.

A facility with no escalated enforcement actions, confirmatory orders, or similar issues during the assessment period is considered to have a "clean LPR." Facilities with a clean LPR follow an abbreviated review process based on their performance. This streamlined process does not include internal LPR meetings, and the LPR letter is signed out by the cognizant Branch Chief. A public LPR meeting is not held unless there is a compelling public benefit—for example, if a facility was recently affected by an earthquake that caused no violations but significantly raised public concern.

#### 04.04 Cross-cutting Issue.

An assessment issue that extends across two or more performance areas and/or across two or more areas within a single performance area. This will allow joint consideration of related issues between the construction side and the operating side for facilities performing major modifications.

#### 04.05 Performance Areas.

A performance area relates to a technical discipline at the plant and may be comprised of one or more inspectable areas. The performance areas are evaluated during the LPR to identify ANIs. Each performance area is defined below for existing licensees. For Construction Performance Areas for new facilities under construction, refer to IMC 2694, Appendix B, "Fuel Facility Construction Inspection Program – Licensee Performance Review, Supplement for Inspection Manual Chapter (IMC) 2604."

- a. Safety Operations. The safety operations performance area includes the inspectable areas pertaining to plant operations, nuclear criticality safety, and fire protection.
- b. Safeguards. The safeguards performance area includes the inspectable areas pertaining to material control and accounting (MC&A), physical protection of special nuclear material, and classified material and information security (INFOSEC).

- c. Radiological Controls. The radiological controls performance area includes the inspectable areas pertaining to radiation protection, environmental protection, and transportation.
- d. Facility Support. The facility support performance area includes the inspectable areas pertaining to emergency preparedness, plant modifications (annual), plant modifications (triennial), and the corrective action program.
- e. Other Areas. This performance area is intended to include special issues that may arise on an occasional basis but are not routinely included unless the significance of the issue rises to a level that is perceived to affect the quality of licensee performance.

#### 04.06 Program Adjustment Reviews.

The Region may conduct program adjustment reviews to adjust the inspection program to address emergent plant performance issues (e.g., following issuance of significant enforcement action). The program adjustment reviews help to ensure that recommendations to the Director, Division of Fuel Management (DFM), for adjustments to the inspection program accurately reflect emergent licensee performance issues that may reveal themselves during the current performance assessment period. It is not the goal of a program adjustment review to formally identify ANIs, as these are typically identified during the comprehensive LPR.

#### 04.07 Safety-significant.

A term used in this IMC applicable to a finding – whether self-revealing, identified through inspection, audit, damage assessment, or other means – that degrades a safety measure or function and creates a vulnerability that meets the criteria for escalated enforcement.

#### 04.08 Security-significant.

A term used in this IMC applicable to a finding – whether self-revealing, identified through inspection, audit, damage assessment, or other means – that degrades a security measure or function and creates a vulnerability that meets the criteria for escalated enforcement.

### 2604-05 RESPONSIBILITIES AND AUTHORITIES

#### 05.01 Director, Office of Nuclear Material Safety and Safeguards (NMSS).

- a. At the Director's discretion, may request a briefing(s) from staff on licensee performance if an ANI is identified.
- b. At the Director's discretion, may participate in LPR public/safeguards meetings for facilities with two or more ANIs or an ANI in the same performance area over two consecutive assessment periods.

#### 05.02 Regional Administrator, Region II.

- a. At the Regional Administrator's discretion, may request a briefing(s) from staff on licensee performance if an ANI is identified.

- b. At the Regional Administrator's discretion, may meet with licensee senior management, after being briefed by NRC staff, to discuss results of the review.
- c. The Regional Administrator (or designee) may participate in LPR public/safeguards meetings for facilities with two or more ANIs or an ANI in the same performance area over two consecutive assessment periods.

05.03 Director, Division of Fuel Management (DFM).

- a. Maintains this IMC by revising it periodically on behalf of NMSS (program office).
- b. Provides for the appropriate branch-level personnel to participate in licensee performance reviews of the fuel cycle facilities in coordination with the regional staff.
- c. Coordinates with the Director, Office of Nuclear Security and Incident Response (NSIR) and the Director, Division of Fuels, Radiological Safety, and Security (DFRSS) in the event that technical expertise is required.
- d. Comments and concurs on LPR letters for facilities with an ANI.
- e. At the Director's discretion, may participate in LPR public/safeguards meetings for facilities with two or more ANIs or an ANI in the same performance area over two consecutive assessment periods.
- f. Establishes and approves modifications to the LPR program.
- g. Evaluates the effectiveness of the LPR process and provides guidance/direction in the implementation of the program and provides periodic updates as necessary.

05.04 Director, Office of Nuclear Security and Incident Response (NSIR).

- a. Provides support to NMSS in the event technical security expertise is required.

05.05 Director, Division of Fuels, Radiological Safety, and Security (DFRSS).

- a. Coordinates scheduling of licensee performance review activities in accordance with this IMC for operating fuel cycle facilities or for the operating portion of the facilities which have both operation and construction.
- b. Leads and provides for the appropriate branch-level personnel to conduct licensee performance reviews of fuel cycle facilities.
- c. Signs and approves the final LPR letter for facilities with an ANI.
- d. Participates in LPR public/safeguards meetings for facilities with one or more ANIs.

05.06 Director, Division of **Operating Reactor Safety (DORS)**<sup>1</sup>.

- a. Coordinates scheduling of licensee assessment activities in accordance with IMC 2694, as applicable, for the construction portion of the fuel cycle facilities that are in both operation and construction.
- b. Leads and provides for the appropriate branch-level personnel to conduct licensee performance reviews of applicable fuel cycle facilities for the construction portion.
- c. At the Director's discretion, participates in the combined (**DFRSS** and **DORS**) LPR **public/safeguards meetings**, if applicable, for subject facilities with one or more ANIs.

05.07 Chief, Inspection and Oversight Branch (IOB).

- a. Reviews the LPR program and recommends modifications to the program, as necessary, to the Director, DFM.
- b. Coordinates performance review input from DFM staff in response to the LPR **facility assessment package (for facilities without a clean LPR)** and assures staff involvement in the support of the LPR **development meeting**.
- c. Comments and concurs on the LPR **letter for facilities with an ANI**.
- d. Coordinates DFM participation in the LPR **public/safeguards meetings** for the subject facility, if applicable.
- e. Maintains/updates this IMC by providing necessary staff.

05.08 Chief, **Fuels Oversight** Branch (FOB) **1 and 2, DFRSS**.

- a. Coordinates licensee performance reviews in accordance with this IMC.
- b. Delegates appropriate personnel to participate in the LPR for each facility.
- c. Leads coordination with **DORS** regarding licensee performance assessment inputs for fuel facilities which were inspected by both **DFRSS** and **DORS** during the assessment period.
- d. **Assigns staff to develop** the LPR **letter** in accordance with this IMC.
- e. Leads the LPR **public/safeguards** meetings for subject facilities with one or more ANIs. May delegate the leadership of the LPR public or safeguards meetings for facilities with no ANI to **DFRSS** staff.
- f. **Signs out the LPR letter for facilities with a clean LPR and for facilities with no ANI**.
- g. Leads or delegates to **DFRSS** staff the performance assessment **public/safeguards** meetings for the operation portion of the facilities that have both operation and construction. For facilities that are operating and constructing at the same time, it is

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<sup>1</sup> These requirements are to be implemented only when **DORS** has been designated as the lead entity responsible for construction inspection of a specified fuel cycle facility.

optional to have a combined **public/safeguards** (DFRSS and DORS) LPR meeting by mutual coordination.

- h. Makes available to the public the Public Meeting Notification and the performance information presented by the licensee and the NRC at the public meeting in the **public meeting summary**.
- i. Recommends modifications to the inspection program, as necessary, to the Chief, Inspection and Oversight Branch.

05.09 Chief, **Engineering Branch 3, DORS**.

- a. Compiles licensee performance assessment inputs in accordance with IMC 2694, as applicable for the construction portion of the facilities that have both operation and construction.
- b. Delegates appropriate personnel to participate in the performance assessment for each facility.
- c. Leads or delegates to **DORS** staff the performance assessment **public/safeguards** meetings for the construction portion of the facilities that have both operation and construction. For facilities that are operating and constructing at the same time, it is optional to have a combined **public/safeguards** (**DORS** and **DFRSS**) meeting by mutual coordination with **DFRSS**.

05.10 Chief, **Nuclear Security Branch (NSB), DFRSS**.

- a. Coordinates staff involvement in the support of the Safeguards section of the LPR assessment.
- b. Concurs on the LPR **safeguard letter, if any**.

05.11 Chief, **Fuel Facility Licensing Branch (FFLB), DFM**.

- a. Coordinates staff involvement in the licensing discussions related to the licensee performance review processes in accordance with this IMC.
- b. Comments and concurs on the LPR **letter for licensing issues, as applicable**.

05.12 Chief, **Material Control and Accounting Branch (MCAB), DFM**.

- a. Coordinates staff involvement in the support of the Safeguards section of the LPR assessment.
- b. Concurs on the LPR **safeguard letter, as applicable**.

05.13 Chief, **Cognizant Branch, NSIR**.

- c. Provides support to NMSS as requested by NMSS and/or the NSIR Office Director in the event technical security expertise is required.
- d. In coordination with NMSS, conducts program and document reviews with respect to security as it relates to this IMC.

## 2604-06 REQUIREMENTS

### 06.01 Process Overview.

The process described in this IMC is designed to provide an assessment of licensee performance during the assessment period to NRC management, licensee management, and the general public.

### 06.02 Performance Review Scheduling.

- a. The time to complete the LPR process should be approximately 8 weeks from the time staff is initially notified to begin the assessment process until the LPR letter is transmitted to the licensee. An example of a generic schedule is provided in Exhibit 1, "Scheduling for LPR Activities."
- b. For licensees with an LPR public/safeguards meeting, the LPR letter should be sent to the licensee at least 30 days in advance of the meeting. All public/safeguards meetings should be held within the first 6 months of the calendar year to the extent possible.
- c. For licensees without an LPR public/safeguards meeting, the LPR letter should be sent to the licensee approximately 8 weeks from the time staff is initially notified to begin the assessment process.
- d. The length of the assessment period for the LPR process is established by the NRC based on Section 04.02 and is published in the LPR letter. DFRSS shall coordinate the scheduling of licensee performance reviews with the program office to minimize undue impacts on the workloads of the participating organizational units.
- e. Program Adjustment Review. DFRSS and/or DORS<sup>2</sup> may conduct Program Adjustment Reviews as defined in Section 04.06 to recommend to the Director, DFM adjustments to the inspection program as necessary for any emergent licensee issues within the performance assessment period.

### 06.03 Program Description.

- a. DFRSS shall notify participants of the initiation of the LPR process. DFRSS shall communicate the schedule of LPR Activities, Part 1, LPR Assessment to all applicable staff and management in DFRSS, DFM, and DORS with assigned due dates for each activity. Exhibit 1 provides an example of an LPR schedule.
- b. The DFRSS senior project inspector (SPI), with assistance from DFM counterparts, shall confirm all relevant inspection data is properly documented in Reactor Program System (RPS). The SPI shall conduct an inspection plan verification to ensure that the inspection plan for the calendar year is entered into RPS and is current.
- c. The applicable DFRSS Fuels Oversight Branch shall conduct the initial review of each fuel cycle licensee's performance. The points of contact for each facility's LPR assessment should be designated by the DFRSS Chief that has oversight responsibility for the fuel facility. The points of contact should begin compiling enforcement information applicable to the assessment period for each facility undergoing LPR

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<sup>2</sup> If applicable

assessment. The points of contact should begin to develop the LPR facility assessment package, as presented in Exhibit 2 and with guidance in Section 06.04, for each facility undergoing review.

Supporting references (e.g., inspection report numbers, event report numbers) and a succinct summary shall be specified for each issue in the LPR facility assessment package.

- d. Outside of the LPR process, significant safety and safeguards performance issues should be identified and addressed in a timely manner through the normal inspection and enforcement process. Within the context of the LPR, if significant issues need to be addressed at a higher management level, then staff and Chiefs should recommend management involvement.
- e. The SPI shall evaluate the licensee's performance in regard to the Agency Action Review Meeting (AARM) evaluation criteria given in Management Directive (MD) 8.14, "Agency Action Review Meeting," Section F. The cognizant DFRSS Fuels Oversight Branch Chief shall determine, in coordination with DFM, if it is appropriate to recommend the licensee for AARM. This information is not required to be entered into the LPR facility assessment package.
- f. For facilities without a clean LPR, the SPI shall distribute the LPR facility assessment package to the staff of DFRSS, DFM, DORS, and NSIR with inspection or licensing responsibilities at the applicable facility during the assessment period. The table in Exhibit 3, "Inspection and Licensing Responsibility During Assessment Period," should accompany the LPR facility assessment package for each facility and communicate to the DFRSS DFM, and DORS staff the areas to focus their review. The LPR facility assessment package shall also be distributed to the applicable Branch Chiefs in DFRSS, DFM, and DORS.
- g. However, for facilities with a clean LPR, the SPI shall meet with the cognizant DFRSS Chief to discuss the LPR assessment package and obtain approval to issue the LPR letter directly, with no further internal meetings or input required. There is also no need to distribute the LPR assessment package. In such cases, the cognizant Chief may then sign out the LPR letter without any further concurrence needed. Additionally, in such cases, an LPR public meeting is not generally needed unless there is a compelling benefit to the public.
- h. The remaining LPR facility assessment packages should be distributed to the applicable staff two business weeks prior to the scheduled LPR development meeting.
- i. Upon receipt of the LPR facility assessment package, the DFRSS and DFM inspection and licensing staff, for the facility being assessed, shall provide feedback to the SPI including input regarding the determination of an ANI.
- j. The SPI should revise the LPR facility assessment package to incorporate the assessment information collected from the staff. The SPI should distribute any revised LPR facility assessment package for each facility to the Chief, NSB, DFM Project Manager, and Chiefs of the applicable DFRSS branch DORS and DFM licensing and MC&A branch, prior to the LPR development meeting. Branch Chief alignment is not required prior to the LPR development meeting.

- k. LPR Development Meeting. The purpose of the LPR development meeting is to develop and finalize the assessment and conclusions for the Licensee Performance Review. DFRSS shall coordinate the LPR development meeting with an invitation to the appropriate staff and branch chiefs from DFRSS, DORS, and DFM. The revised LPR facility assessment package and the draft LPR enclosure (provided in Exhibit 4, "LPR Enclosure Format") should be distributed to meeting participants.

The participants of the LPR development meeting shall discuss facility activities and the quality of performance during the assessment period for each performance area. The participants may discuss a comparison of the current results to the previous LPR (e.g., has the licensee's performance noticeably declined). If any ANIs are open, a discussion of what the licensee is doing and must still do to close out the ANI(s) shall be included. For each performance area, participants should evaluate licensee performance using the factors provided in Section 06.04. Discussion of performance should be supported by specific references to the licensing reviews or inspection findings distributed over the assessment period.

Conclusions regarding licensee performance shall be reached by consensus of those in attendance. Where divergent opinions are expressed, and no clear consensus on a particular issue is reached, the diverging opinions should be summarized, documented, and presented together with the other results of the LPR development meeting during subsequent management (Director) briefings.

- l. The SPI shall document the conclusion and recommendations reached at the LPR development meeting, relevant supporting data presented, and any other significant result of the review. The SPI should revise LPR facility assessment package and the draft LPR letter, based on the meeting results.

Emphasis should be placed primarily on safety and security, with a secondary emphasis on efficient and reliable oversight that benefits society and the environment. The results of the LPR development meeting should be communicated in terms of ANIs for the safe and secure operation of the facility. Meeting results and conclusions should be limited to safety or safeguards issues. Minor issues will not be aggregated.

- m. The SPI shall coordinate with staff, DFM, and licensee management in the scheduling of the LPR public meeting to develop a tentative LPR public meeting date, as needed. Ensure the Office of the Regional Administrator (ORA) is invited to the meeting if there is an ANI. The LPR packages should be included in the meeting invitation or emailed separately to the participants. LPR public meetings should be held virtually unless there is a compelling benefit to the public to hold an in-person meeting. If in-person meetings are held, consider if a hybrid meeting would be beneficial.
- n. Division Director Meeting. The DFRSS chief with oversight of the facility (or designee) shall present the information, conclusions, and recommendations developed at the LPR development meeting to the Directors of DFRSS, DORS, and DFM. It is suggested that the DFRSS chief (or designee) start the briefing with a short summary of what constitutes an ANI and the thresholds/criteria for considering a program adjustment. The DFRSS chief (or designee) should also present the draft LPR letter and the LPR facility assessment package, the tentatively scheduled LPR meeting dates, the proposed attendee list, and the results of the AARM evaluation and recommendations.

- o. The SPI shall arrange a public and a closed meeting, if applicable, with licensee senior management and internal stakeholders in accordance with Management Directive 3.5, "Attendance at NRC Staff-Sponsored Meetings." The SPI shall finalize the LPR public meeting date and location and subsequently communicate to applicable staff and licensee management and issue the Public Meeting Notice in coordination with the regional Office of Public Affairs.
- p. The **DFRSS** Chief with oversight responsibility shall designate appropriate due dates and distribute the Schedule for LPR Activities, Part 2, LPR Meeting in Exhibit 1 to applicable staff members.
- q. LPR Letter and Enclosure. The LPR **letter** shall contain a description of NRC action during the review period (e.g., number of violations, deficiencies, etc., for each performance area) and a summary of the significant results of the review. An enclosure, in bullet-style format, that presents the more detailed results of the review shall be provided if an ANI is identified. If an ANI is identified, then the references to specific enforcement items, supporting the results of the review, should be provided. The SPI should complete the enclosure to the LPR **letter** using the format provided in Exhibit 4. The LPR **enclosure** should separately address performance in each of the performance areas. A recommendation shall be included for the NRC to continue the current inspection **and oversight** program for the facility or to modify it in a specified way (e.g., **add inspection hours to address an ANI, increase or decrease the length of the performance assessment period**).

The LPR **letter** and **enclosure** should describe licensee performance areas that are candidates for changes in the NRC inspection and licensing programs, including possible changes in focus, emphasis, or inspection frequency. The LPR **letter** and **enclosure** should include specific steps that the licensee and NRC should take to remedy the ANI. The **letter** may discuss overall history patterns in performance that may affect performance areas. The **letter may refrain from making** specific changes to the inspection program in quantitative terms, pending a broader consideration of safety risk and licensee performance at other facilities, and of overall use of NRC inspection, safeguards, and licensing resources.

In the case that the LPR assessment includes security-related information, a separate LPR **safeguards letter** and **enclosure** should be composed to include all applicable information that is not appropriate for issuance on the public docket.

For facilities that are in operation and construction at the same time, there will be **one letter that includes both the operating portion and the construction portion** per the guidance provided in **IMC 2694**.

- r. Clean LPR Letters and LPR Letters without an ANI shall be reviewed and signed out by the applicable FOB **DFRSS Chief**. LPR **letters with an ANI** shall be reviewed and approved by the applicable **DFRSS** Chief and signed by the Director, **DFRSS**. The cognizant Branch Chiefs, DFM, shall provide official concurrence on the LPR **letters with an ANI**. The **NSB** Chief and MCAB Chief shall provide concurrence on **applicable** LPR **safeguards letters**. For LPR letters which contain an ANI, the DFM Director shall also provide concurrence.

- s. Following **signature** by the applicable **managers**, the LPR letters will be transmitted to the licensee's senior management and to the public, and the results of the review will be discussed at **LPR public meetings** with the licensee, **as needed**.
- t. LPR Public Meeting. The results of the LPR assessment shall be communicated to the licensee senior management in a public meeting. **(Unless the licensee had a clean LPR, in which case the agency may forego holding an LPR Public Meeting.)** The LPR public meeting shall be in accordance with Management Directive (MD) 3.5, "Attendance at NRC Staff-Sponsored Meetings." Refer to region-specific guidance for LPR public meeting format and level of NRC participation.

**LPR public meetings shall be held virtually unless there is a compelling benefit to the public to hold them in-person. If the meeting is held in-person, consider holding a hybrid meeting. NRC staff participation should be limited to avoid a real or perceived waste of public resources.**

For facilities that are both constructing and operating at the same time, **DFRSS** and **DORS** have the option of combining the **LPR public/safeguards** meeting, by mutual coordination. The licensee's performance assessment for the construction portion of such facilities shall follow guidance provided in IMC 2694, as applicable.

- u. LPR Safeguards Meeting. The results of the LPR assessment which contain security-related information shall be communicated to the licensee's senior management in a closed meeting. The level of NRC participation in the meeting should be a function of the number and significance of the ANIs. In the instance that there are no ANIs pertaining to the **safeguards** performance area and the results of the LPR assessment can be clearly and efficiently communicated through the **(public)** LPR letter, the cognizant **DFRSS** Chief should evaluate if an LPR **safeguards** meeting is necessary. **Such a meeting will not normally be held unless there is a compelling benefit to the public.**
- v. The **cognizant DFRSS** Chief shall issue a Public Meeting Summary after the LPR Meeting in accordance with MD 3.5.
- w. After the LPR Meeting, the results of the LPR assessment should be used to update the inspection and licensing program for the facility. The changes to the inspection and licensing program should focus on the most efficient use of NRC resources. The **DFRSS** and DFM branches shall incorporate program changes into the **Principle** Inspection Plan which is maintained in RPS.
- x. Closing out an ANI. ANIs will typically be inspected via a supplemental inspection and documented as closed in an associated inspection report **(e.g., see "URENCO USA – Integrated Inspection Report 07003103/2024004," dated January 21, 2025 (ML25021A215))**. **DFRSS** should verify that the licensee has taken actions to resolve the ANIs identified in the previous assessment period. If the licensee has taken adequate corrective actions or actions to prevent recurrence on the issue, then it should be recorded in the LPR **assessment package for that assessment period** as closed. **The subject of what the licensee should do for the ANI to be closed shall be discussed in the LPR development meeting. There should be discussion in the current assessment period LPR letter on whether the licensee has either adequately resolved the issue or that it remains open awaiting action.**

#### 06.04 Review Process.

- a. The SPI should collect information applicable to the facility's assessment period. The DFRSS staff should organize the information into the LPR facility assessment package provided in Exhibit 2. (If the package shows a clean LPR, proceed to brief the applicable DFRSS Chief so that the LPR letter can be directly issued.) The information assembled should include:
  1. All enforcement actions issued during the assessment period:
    - (a) Escalated Enforcement
    - (b) Confirmatory Action Letter
    - (c) Confirmatory Order
    - (d) Notice of Deviation
  2. Enforcement items not yet finalized by the end of the assessment period should also be included for consideration. The enforcement items must be issued prior to the issuance of the LPR letter to be included in the LPR.
  3. Information on prior assessment period ANI(s) and what actions the licensee took or is taking to address the ANI(s) to decide if the ANI(s) are closed or remain open.
  4. The LPR facility assessment package shall not include Unresolved Items, Written Event Reports, Discretion, or minor violations. The LPR facility assessment package shall not include enforcement actions issued during the assessment period if the enforcement action was assessed as an exception, Section 06.03(x) or Section 06.04(a)(2), during the last LPR.
- b. Area(s) Needing Improvement (ANI). The assessment of the ANI shall be conducted for each performance area of each fuel facility undergoing the licensee's performance review for inspection activities. The ANI assessment should evaluate the enforcement actions issued during the assessment period and determine if a trend exists in the licensee's violations (for inspection). The assessment shall address performance in each of the performance areas as well as discuss overall history and patterns in performance that may affect multiple performance areas. The staff should maintain predictability and consistency of assigning issues to performance areas over the assessment period. The assessment of the ANI should address the definition of ANI provided in Section 04.01 of this IMC and identified ANI items should be discussed and agreed upon by consensus between DFRSS, DORS, and DFM as indicated in Section 06.03 (j).

In the identification of an ANI, the staff should evaluate the amount of inspection resources that should be recommended for the current or upcoming inspection schedule. Staff should discuss the types of inspections that may be necessary to address an ANI (i.e., additional hours to the inspection program, Problem Identification and Resolution (PI&R), Safety Culture inspection, etc.). Staff should recommend changes to the NRC inspection and oversight program, as described in IMC 2600, and IMC 2694 for new licensees including focus, inspection emphasis, resources, and inspection frequency as well as any applicable adjustment to the LPR assessment period length.

- c. LPR Letter specifics. The staff shall specify, if applicable, if any significant changes to the planned inspection program, known at the time of issuance, should be included in the LPR letter. The letter should include significant enforcement follow-up or event follow-up. The letter should include planned supplemental inspections, as described by IMC 2600 or IMC 2694, as applicable. The staff should include information pertaining to known generic safety issue inspections or program adjustments as described by IMC 2600 or IMC 2694. If applicable, address the planned NRC response to a major challenge (i.e., strike preparations) for the licensee. The letter shall discuss closing out of any previous ANI, if applicable. The letter shall include the length of the assessment period for the next LPR.

In the LPR letter, the staff should include a reference to significant changes in the inspection program which may have occurred between the beginning of the current assessment period and the issuance of the LPR letter.

## 2604-07 REFERENCES

*Code of Federal Regulations*, Title 10, Appendix B to Part 50, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants, Section XVI"

*Code of Federal Regulations*, Title 10, Part 70, "Domestic Licensing of Special Nuclear Material"

Inspection Manual Chapter 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program"

Inspection Manual Chapter 2694, "Fuel Cycle Facility Construction and Pre-Operational Readiness Review Inspection Programs"

Management Directive 3.5, "Attendance at NRC Staff Sponsored Meetings"

Management Directive 8.14, "Agency Action Review Meeting"

NRC Enforcement Policy, Section 6.2, "Fuel Cycle Operations"

END

### List of Exhibits:

1. Schedule for LPR Activities
2. LPR Facility Assessment Package
3. Inspection and Licensing Responsibilities during Assessment Period for Existing Licensee (IMC 2600)
4. LPR Enclosure Format

### List of Attachments:

1. Revision History for IMC 2604

## Exhibit 1: Schedule for LPR Activities

Schedule, Part 1: LPR Assessment		
Assigned Due Date	Time Since Review Initiated	Task Description
	LPR assessment period ends for designated sites.	LPR assessment period ends for designated sites. Ensure LPR CAC (000221) for the docket numbers and inspection reports are populated.
	LPR Project Preparations	<p>The LPR Coordinator will complete the distribution of LPR schedule, Part 1, to DFRSS Fuels Oversight Branches, DORS, Division of Fuel Management (DFM), and DFRSS Nuclear Security Branch (NSB) staff.</p> <p>The Senior Project Inspector (SPI), with assistance from DFM, will begin actions to confirm that all relevant inspection data is properly documented in the reactor program system (RPS).</p> <p>The SPI (LPR designated Lead for their facility) will begin to develop supporting information to create the LPR facility assessment package and LPR letters for each applicable facility involved in the LPR process. Reference IMC 2604 Section 06.03 e/f.</p>
	LPR Project Week 1 Milestone Meeting Kickoff Meeting	The LPR Coordinator will schedule and convene the LPR Kick-Off Meeting with relevant branch chiefs and staff from DFRSS, DFM, DORS, and others. Present SharePoint demo, LPR memo & schedule, IMC 2604, & discussions.
	LPR Project Week 2 Milestone Deliverables	The SPI LPR Leads distribute their LPR facility assessment packages and LPR letters to FOB, DORS, DFM, and NSB branch chiefs and staff, who had inspection and licensing responsibilities at the specific facilities during the assessment period. Reference IMC 2604 Section 06.03 f.
	LPR Project Week 3 Milestone Deliverables	After reviewing the LPR facility assessment packages and letters, the staff and branch chiefs provide their inputs to the SPI for each facility.

	LPR Project Week 4 Milestone Deliverables	Distribute the LPR facility assessment packages to the FOB, DORS, DFM, NSB branch chiefs and staff who had inspection and licensing responsibilities at the specific facilities during the assessment period.  If the facility had a clean LPR, skip directly to briefing the applicable DFRSS branch chief and begin preparing the LPR letter.
	LPR Project Week 5	After reviewing the LPR facility assessment packages, the staff and branch chiefs should provide their inputs to the DFRSS/FOB point of contact (SPI).
	LPR Project Week 5	Distribute the revised LPR facility assessment package to the relevant FOB, DORS, DFM, NSB branch chiefs, DFM Project Manager, and Project Inspector before the LPR development meeting.
	LPR Project Week 6	LPR Development Meeting with relevant Branch Chiefs and relevant staff from FOB, DORS, DFM, and NSB. (Revised LPR facility assessment package, template in Exhibit 2, draft LPR Enclosure should be distributed to meeting participants.)
	LPR Project Week 7	Division Directors Meeting: Brief DFRSS DORS, and DFM Directors on the LPR assessments and with recommendations for each site. Invite ORA. (Revised LPR facility assessment package, template in Exhibit 2, draft LPR Enclosure should be distributed to meeting participants.)
	LPR Project Week 7	Schedule LPR public meetings for each site where a public meeting has been determined to be necessary or beneficial to the public and distribute Part 2 of LPR schedule.
	LPR Project Week 8	Issue LPR letters to licensees and ensure RPS is updated to include any current changes to the NRC inspection program for each site.

The LPR public meetings (and safeguards, if applicable), should occur within the first 6 months of the calendar year to the extent possible and in-person meetings should be scheduled to coincide with a scheduled inspection in order to minimize travel.

Schedule Part 2: LPR Public Meeting Preparation

Due Date	Task Description
	Issue the Public Meeting Notice in accordance with MD 3.5.
	Complete briefing book, if required.
	Submit LPR <b>public meeting</b> briefing slides for Division Director or Senior Management review.
	Brief Division Director or Senior Management on LPR <b>public meeting</b> presentation.
	LPR <b>public meeting</b>
	LPR <b>safeguards meeting</b>
	Issue <b>public meeting summary</b> after the LPR <b>public meeting</b> in accordance with MD 3.5.

## Exhibit 2:0 LPR Facility Assessment Package

FACILITY:

ASSESSMENT PERIOD:

LENGTH OF NEXT ASSESSMENT PERIOD:

LPR LETTER SPECIFICS:

POINT OF CONTACT:

Please review this information for the performance areas in which you inspected or licensed during the LPR assessment period. The lead responsible parties for each performance area are given in the chart below. Please verify that all applicable inspection report findings have been included and accurately characterized per the guidance given in Inspection Manual Chapter (IMC) 2604, "Licensee Performance Review," and IMC 2694, "Fuel Cycle Facility Construction and Pre-operational Readiness Review Inspection Program," for additional LPR guidance for new construction for new licensees. Comments should be returned to the designated contact no later than close of business on [date].

Staff and branch chief-level management will meet on [dates] to finalize the licensee performance assessment. Participants should be prepared to discuss their assessments and recommendations for modifying the NRC inspection program at each facility.

Complete Exhibit 2.1 and/or Exhibit 2.2, as applicable.

## Exhibit 2:1 LPR Facility Assessment Package

For operating facilities, including those performing major modifications, and those under the oversight program described in IMC 2600:

NOTE: For major modifications, staff may reference guidance from IMC 2694, Appendix B: "Fuel Facility Construction Inspection Program – Licensee Performance Review, Supplement for Inspection Manual Chapter (IMC) 2604." Although this appendix does not apply to existing licensees that are performing major modifications, staff can reference this appendix as additional guidance when considering the LPR attributes for construction related activities.

### PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety, and fire protection.

#### Notable Inspection Findings

- [Summarize findings that were issued during the assessment period. Include the actions that were identified or closed and those actions that remain open during the review period. This includes escalated enforcement, NOVs, Confirmatory Action Letters, and Confirmatory Orders. Briefly explain each finding with only a few sentences of detail, avoiding generalizations. Each finding should have its own bullet and reference. State "none" if not applicable.]

#### Performance Analysis for Area Needing Improvement (ANI)

[Identify whether performance warrants an identification of an ANI. Summarize performance concerns along with a basis for the conclusion. Justify why ANI is not warranted if multiple references are listed above. Delete section if no inspection findings are listed above.]

#### Inspection Effort Recommendation

- [Provide an estimate of changes in NRC inspection effort (e.g. focus, emphasis, resources, frequency) for this performance area. Delete section if not applicable.]
- [Provide an estimate of resources necessary to address any ANIs. Delete section if not applicable.]

#### Results from previous Licensee Performance Reviews

- [Briefly summarize results from last LPR letter. Discuss about prior review period ANI if any. Identify ANI and note what action licensee has taken or is taking to resolve the issue or prevent recurrence. Delete section if an ANI or increased resources were not applicable.]

Repeat sections above for the Performance Areas of Safeguards, Radiological Controls, and Facility Support, and Other Areas.

## Exhibit 2.2: LPR Facility Assessment Package

For existing licensees performing major modifications; and, for new licensees under construction and described in IMC 2694:

### CONSTRUCTION PERFORMANCE AREA: MANAGEMENT MEASURES (MM)

This area is comprised of MM program/ quality assurance (QA) program, as applicable, design control, categorization of IROFS, configuration management, procedures, audits and assessments, and records management.

#### Construction status

- [Overall construction status relative to the performance area if abnormal. Facility conditions that resulted in special or reactive inspections conducted during the review period, if applicable. Provide bulleted summary with some detail. State “none” if not applicable.]

#### Notable Inspection Findings

- [Summarize findings that were issued during the assessment period. Include the actions that were identified or closed and those actions that remain open during the review period. This includes escalated enforcement, NOVs, NCVs, Confirmatory Action Letters, and Confirmatory Orders. Briefly explain each finding with only a few sentences of detail, avoiding generalizations. Each finding should have its own bullet and reference. State “none” if not applicable.]

#### Performance Analysis for Area Needing Improvement (ANI)

- [Identify whether performance warrants an identification of an ANI. Summarize performance concerns along with a basis for the conclusion. Justify why ANI is not warranted if multiple references are listed above. Delete section if no inspection findings are listed above. NOTE: ANIs do not apply to applicants that do not have an established licensing basis.]

#### Inspection Effort Recommendation

- [Provide an estimate of changes in NRC inspection effort (e.g. focus, emphasis, resources, frequency) for this performance area. Delete section if not applicable.]
- [Provide an estimate of resources necessary to address any ANIs. Delete section if not applicable.]

#### Results from previous Licensee Performance Reviews

- [Briefly summarize results from last LPR letter. Discuss about prior review period ANI if any. Identify ANI and note what action licensee has taken or is taking to resolve the issue or prevent recurrence. Delete section if an ANI or increased resources were not applicable.]

Repeat sections above for the Construction Performance Areas of Facility Construction and Pre-Operation, Facility Support, and Safeguards and Security.

PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

Notable Issues

Recommended Inspection Effort

Results from previous Licensee Performance Reviews

[Include discussion on previous review period ANI if any. Indicate the ANI and how the licensee has taken action or is taking action to resolve the issue or to prevent recurrence.]

Exhibit 3.0: Inspection and Licensing Responsibilities During Assessment  
 Period for Existing Licensee (IMC 2600)

PERFORMANCE AREA	LEAD RESPONSIBILITY (DFM)	LEAD RESPONSIBILITY (RII)
Safety Operations		
Plant Operations		
Nuclear Criticality Safety		
Fire Protection		
Safeguards		
Material Control & Accounting		
Physical Protection of SNM		
Classified Material and Information Security		
Radiological Controls		
Radiation Protection		
Environmental Protection		
Transportation		

PERFORMANCE AREA	LEAD RESPONSIBILITY (DFM)	LEAD RESPONSIBILITY (RII)
Facility Support		
Emergency Preparedness		
Plant Modifications (both annual and triennial)		
Other Areas		
Licensing		

Exhibit 3.1: Inspection and Licensing Responsibilities During Assessment Period for Existing Licensee (IMC 2600)

Other Contacts	
DFM Branch Chief, FFLB	
DFM Branch Chief, IOB	
DFM Branch Chief, MCAB	
NSIR Branch Chief (if applicable)	
DFRSS Branch Chief, NSB	
DORS Branch Chief, Engineering Branch 3	
DFRSS Branch Chief, Fuels Oversight Branch 1 and 2	
DFRSS, SFFPI	

Exhibit 3.2: Inspection and Licensing Responsibilities During Assessment Period for Licensees under Construction or Performing Major Modifications

PERFORMANCE AREA	LEAD RESPONSIBILITY (DFM)	LEAD RESPONSIBILITY (RII)
Management Measures (MMs)		
MM Program/ Quality Assurance (QA) Program, if applicable		
Design Control		
Categorization of IROFS		
Configuration Management		
Procedures		
Audits and Assessments		
Records Management		
Facility Construction and Pre-Operation		
Construction Activities		
Pre-Operational Activities		
Classified Material and Information Security		
Facility Support		
Training and Qualification of Plant Personnel		
Emergency Preparedness		
Maintenance		
Safeguards and Security		

Exhibit 3.2: Inspection and Licensing Responsibilities During Assessment Period for New Licensees and Applicants (IMC 2694)

<u>PERFORMANCE AREA</u>	<u>LEAD RESPONSIBILITY (DFM)</u>	<u>LEAD RESPONSIBILITY (RII)</u>
<u>Other Areas</u>		
Licensing		

	<u>MANAGEMENT</u>
Branch Chief, DFM Licensing Branch	
Branch Chief, DFM Program Support Branch	
MC&A Branch Chief, if applicable	
DORS Branch Chief, if applicable	
DFRSS Branch Chief	
NSB Branch Chief, if applicable	
NSIR, Cognizant Branch Chief, if applicable	

	<u>OTHER CONTACTS</u>
DFRSS Senior inspector	
NSIR, Technical Contact, if applicable	

#### Exhibit 4: LPR Enclosure Format

The standardized format should be used as an enclosure to the LPR Public Letter if an ANI has been identified. A similar format should be used for the Safeguards Performance Area in the Non-Public Letter. The information provided should describe NRC action during the review period, e.g., number of violations, deficiencies, etc. for each performance area. In the identification of an Area Needing Improvement (ANI), the description should be clearly communicated in the enclosure with a list of the enforcement items and their descriptions used in the determination. A formatting example of an ANI is provided in the Safety Operations Performance Area. Formatting examples of a Performance Area without an ANI is provided in Radiological Controls, Facility Support and Other Areas. **This exhibit applies to LPRs conducted for existing licensees, assessed using IMC 2600, and new licensees, assessed using IMC 2600 with additional guidance provided in IMC 2694, Appendix B.**

LICENSEE PERFORMANCE REVIEW FOR  
[FACILITY NAME]  
ASSESSMENT PERIOD: [Date] to [Date]

The following is a summary of the performance of [Facility Name] in the conduct of NRC licensed activities.

#### PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety and fire safety.

During the Licensee Performance Review (LPR) assessment period, the following enforcement items were issued in the area of Safety Operations:

- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Severity Level III Violation [XX-XXX/201X-XXX-0X].
- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Severity Level IV Violation [XX-XXX/201X-XXX-0X].
- The [licensee/ NRC] identified a failure to [specifics]. [Short summary] This finding was tracked as Non-Cited Violation [XX-XXX/201X-XXX-0X].

#### Program Areas Needing Improvement

- An Area Needing Improvement was identified in Safety Operations, due to a safety significant issue [specifics].

#### Recommended NRC Inspection Effort

- The core inspection program will be adjusted to [specifics].

#### PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

#### Program Areas Needing Improvement

- No specific Area Needing Improvement was identified in Radiological Controls.

#### Recommended NRC Inspection Effort

- Maintain the core inspection effort in Radiological Controls.

### PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance of safety controls, management organization and controls, operator training, emergency preparedness, emergency exercise evaluation, and permanent plant modifications.

#### Program Areas Needing Improvement

- No specific Area Needing Improvement was identified in Facility Support.

#### Recommended NRC Inspection Effort

- Maintain the core inspection effort in Facility Support.

### PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

#### Program Areas Needing Improvement

- No specific Area Needing Improvement was identified in Other Areas.

#### Recommended NRC Inspection Effort

- Maintain the current inspection effort.

Attachment 1: Revision History for IMC 2604

Commitment Tracking Number	Accession Number Issue Date Change Notice	Description of Change	Description of Training Required and Completion Date	Comment and Feedback Resolution Accession Number (Pre-Decisional, Non-Public Information)
N/A	ML12220A027 10/11/12 CN 12-023	Complete re-write of document to align with IMC 040 and to incorporate feedback from NMSS and R-II. Provided revised guidance to clarify roles and responsibilities, to update definition of ANI, to modify the Exhibits and the description of the LPR process. Added guidance for facilities that are operating and constructing at the same time. Added this revision history page.	N/A	ML12244A189
N/A	ML16160A413 09/20/16 CN 16-023	Added the option to conduct LPR public meetings remotely (e.g., via Webinar) to facilitate participation and improve efficiency.	N/A	ML16232A192
N/A	ML22007A216 01/31/22 CN 22-002	This revision updates the LPR public meeting guidance to be consistent with MD 3.5 and provides additional clarification on the LPR letter. Organization names have also been updated.	N/A	N/A
N/A	ML24218A104 06/24/25 CN 25-020	This revision corrects typographical errors, revises the LPR schedule for greater detail, adds guidance on the LPR kick off meeting, and other improvements. Revision made to incorporate revised construction guidance under IMC 2694, including LPR guidance in IMC 2694, Appendix B, and to update IMC for RII reorganization.	N/A	N/A