

July 9, 1998

SECY-98-170

FOR: The Commissioners

FROM: L. Joseph Callan /s/
Executive Director for Operations

SUBJECT: RESPONSE TO STAFF REQUIREMENTS MEMORANDUM OF JUNE 30, 1997, REGARDING (1) THE USE OF GRAPHS OR CHARTS AT THE SENIOR MANAGEMENT MEETING, (2) IMPROVEMENTS TO HELP THE PUBLIC UNDERSTAND THE LINKAGES BETWEEN THE VARIOUS EVALUATION MECHANISMS THAT THE NRC USES, AND (3) SUPERIOR PERFORMANCE RECOGNITION (M970625A)

PURPOSE:

This paper responds to the subject staff requirements memorandum (SRM) in which the Commission (1) suggested that the staff use graphs and charts to depict data that support findings of a performance change that has resulted in plants being removed from or placed in Category 2 and (2) requested that improvements be made to help the public understand the linkages between the various evaluation mechanisms that the NRC uses. In addition, the Commission asked the staff to prepare a paper regarding the pros and cons of continuing the practice of identifying superior performers and, if the process is to continue, how it should be formulated.

BACKGROUND:

Since the inception of the senior management meeting (SMM) process, the staff has continued to look for ways to improve the process. Previous changes to the process include the addition of the "Good Performers" list in 1991 and establishment of the trending letter in 1992. In March 1997, NRC Management Directive (MD) 8.14, "Senior Management Meeting," was approved and implemented. The directive presents guidance for preparing and conducting the SMM.

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More recently, and due, in part, to the Commission's direction, the staff has been working to provide a more objective and scrutable process by improving the information base for selecting plants for discussion at the SMM and for judging whether plants should be placed on or deleted from the "Watch List."

Following the Commission briefing of June 25, 1997, on operating reactors and fuel facilities, the Commission asked the staff to consider the following three issues:

USE OF GRAPHS OR CHARTS TO DEPICT DATA THAT SUPPORT FINDINGS OF A PERFORMANCE CHANGE AND THAT HAVE RESULTED IN PLANTS BEING REMOVED FROM OR PLACED IN CATEGORY 2

In March 1997, the staff implemented MD 8.14, which standardized the format for presentations at the SMM. The standard format was designed to provide supporting details (1) for plants with poor or declining performance or (2) for improving performance. MD 8.14, Exhibit 1, "SMM Nuclear Power Plant Performance Evaluation Template," is used for plants being discussed at the SMM but not currently on the Watch List. MD 8.14, Exhibit 2, "Watch List Removal Matrix," is used for plants currently on the "Watch List." The evaluation processes integrate quantitative and qualitative performance measures such as systematic assessment of licensee performance (SALP) findings, safety inspection findings, enforcement history, safety equipment performance history, performance indicators, and (more recently) trend plots.

Exhibits 1 and 2 of MD 8.14 have been supplemented as follows by incorporating graphs, charts, and other plant information that provide insight into the discussions regarding improving or declining performance:

- **Trend Plots** — For the January 1998 SMM, trend models were included with the Executive Summary notebooks for each plant discussed. Two types of graphs were used: the first compared plant performance within each region, and the second plotted individual plant performance against selected performance criteria over time. The trend plots display a change in performance over time. Use of these trend graphs will continue for future SMMs.
- **Enforcement History** — Beginning with the October 1997 SMM screening meeting, graphs were presented that compared each site's enforcement actions with enforcement actions at other sites within the regions. At the SMM, a significant enforcement history for each plant discussed was included in the Executive Summary notebooks. In addition, escalated enforcement data for each plant were provided that showed the escalated enforcement performance for 6, 12, 24, and 36 months. Enforcement performance trends are inferred from the data.
- **Allegation Data** — Bar graphs displaying the number of allegations received each month over a 2-year period were presented for each plant discussed. The bar graphs give insights into the level of allegation activity.

Collectively, these data support decisions for placing plants on the Watch List, removing plants from the Watch List, issuing trending letters, or taking other agency action deemed necessary. As the Commission is aware, the staff developed a proposed concept for an integrated reactor assessment process (IRAP). An important aspect of the concept is that performance

data/information (including objective performance indicators) used in arriving at assessment conclusions and proposed actions is depicted in a manner that is scrutable. As the proposed IRAP process is modified to reflect Commission direction and in response to public comment, the staff believes it is important that it clearly communicate data that supports performance assessment results.

STAFF EFFORT TO HELP THE PUBLIC UNDERSTAND THE LINKAGES BETWEEN THE VARIOUS EVALUATION MECHANISMS THAT THE NRC USES

In an SRM dated February 8, 1996, the Commission directed the staff to address several issues regarding the development of MDs on (1) evaluating the performance of nuclear power reactor licensees and (2) the SMM. One specific assignment was to clearly communicate the overall plant evaluation process to the industry and the public. On October 24, 1996, the staff issued MD 8.13, "Evaluating the Safety Performance of Nuclear Power Reactor Licensees." MD 8.13 is a publicly available document; it describes the assessment and evaluation programs and processes that the NRC uses and their interrelationships. In addition, the individual processes discussed in MD 8.13 are described in greater detail in other publicly available documents. For example, the SALP process is described in MD 8.6, "Systematic Assessment of Licensee Performance"; the SMM process in MD 8.14; and the plant performance review (PPR) process in Inspection Manual Chapter (IMC) 0304, "Plant Performance Review." The staff made the IMCs more easily accessible to the public in April 1998 by placing them on the Internet.

The staff is also working to improve the availability of information provided to the public regarding individual plant performance. Although the MDs and the IMCs give an overview of the NRC assessment processes, the underlying output documents of each of the processes, including NRC inspection reports, licensee event reports, and SALP reports are available through the Public Document Room, the local public document rooms, and on the Internet. More recently, the staff informed the Commission that the Plant Issues Matrix (PIM) would be made available to the public coincident with the Spring 1998 PPRs. Upon completion of the PPRs, each region issued a letter that forwards the results of the PPR and gives the associated PIM.

Finally, in September 1997, the staff initiated development of the Integrated Review of the NRC Assessment Processes (IRAP). In developing the IRAP, the staff considered changes to simplify the NRC assessment process and to clarify the linkages between the processes. The staff has been working with the public and the industry, in developing this process. These interactions included the following: Advisory Committee on Reactor Safeguards briefings (September 1997, February 1998, March 1998); Commission briefings (September 1997 and April 1998); a public meeting (November 1997); and an NRC Regulatory Information Conference breakout session (April 1998). In addition, public workshops on the results of the IRAP will be held after the Commission's approval is obtained to solicit public input on the process. In the future, the staff will continue to use opportunities such as the public meetings on IRAP, as a means of increasing public understanding of the NRC assessment process.

PROS AND CONS OF CONTINUING THE PRACTICE OF IDENTIFYING SUPERIOR PERFORMERS AND, IF THE PROCESS IS TO CONTINUE, HOW IT SHOULD BE FORMULATED

In late 1994, in response to a Commission request to solicit comments on the Superior Performer Program, the staff issued a *Federal Register* notice and Administrative Letter 94-11. Both documents contained a set of questions for the industry to consider in reviewing the Superior Performer Program. The staff also developed a set of questions to solicit internal comments. The responses received from the industry and the resultant recommendations from the staff were presented to the Commission in SECY-94-291, "Pilot Program for NRC Recognition of Good Performance by Nuclear Power Plants."

In summary, the majority of the respondents recommended that the NRC discontinue the program. The following arguments were made by those not in favor of continuing the program:

- "Superior Plant" recognition places added demands on licensee staff because of requests from other sites for information, site visits, and support.
- "Superior Plant" recognition has potentially negative effects on financial standing and public image caused by exclusion or removal from the good performer list.

In contrast, respondents favoring "Superior Performer" recognition indicated that licensees that receive recognition exhibit an improved morale and increased public confidence and provide a more balanced view of industry performance.

On the basis of the comments received in 1994, the Commission directed the staff to implement the Superior Performance Program that is in effect today. This program no longer provides a listing of superior performers but does provide incentives for superior performance by tying performance to the SALP process. For those licensees that exhibit superior performance, the SALP period is expanded. Although a letter is sent to a licensee recognizing superior performance, the emphasis in the letter is on the licensee's maintaining a high level of performance and on not becoming complacent. The letters are placed in the Public Document Room; however, NRC does not issue a press release, nor are the plants discussed at the Commissioners' briefing on operating reactors.

The staff recommends that the status quo be maintained and that the NRC consider adjustments to the methods in which it recognizes superior performers in the context of broader changes being considered in the IRAP. This process will allow for greater participation by the public and the industry.

COORDINATION:

The Office of the General Counsel has reviewed this Commission paper for legal implications and has no legal objection.

The Office of the Chief Financial Officer has reviewed this Commission paper for resource implications and has no objections to its content.

The Office of the Chief Information Officer has reviewed this Commission paper for information technology and information management implications and has no objection to its content.

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