



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

October 20, 1999

MEMORANDUM TO: David B. Matthews, Director
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Bruce A. Boger, Director
Division of Inspection Program Management
Office of Nuclear Reactor Regulation

FROM: Charles E. Rossi, Director *Charles E. Rossi*
Division of Systems Analysis and Regulatory Effectiveness
Office of Nuclear Regulatory Research

SUBJECT: METHODOLOGY FOR IDENTIFYING FINANCIAL VARIABLES FOR
TREND ANALYSIS

An Office of Nuclear Regulatory Research (RES) study, "Methodology For Identifying Financial Variables For Trend Analysis," has been completed (Attachment 1). As indicated in SECY-97-072, "Staff Action Plan to Improve the Senior Management Meeting Process," April 2, 1997, providing an analysis of financial variables was part of an NRC initiative to improve the information base used to assess plant performance. The former Office for Analysis and Evaluation of Operational Data (AEOD) was given responsibility to identify and present an evaluated set of financial variables.

This final report documents analyses performed prior to August 1998. Subsequent to the work on financial variables, the Nuclear Regulatory Commission, with external stakeholder input, developed a revised reactor oversight process to focus on evaluating performance in key areas related to safety through use of risk-informed performance indicators and inspection, and taking action based on pre-established thresholds. The financial variables are not a part of this revised reactor oversight process.

Earlier drafts of this study were provided to the Office of Nuclear Reactor Regulation (NRR), other RES staff members, and the regions to obtain comments regarding the reasonableness of the approach and the appropriateness of the conclusions. In addition to comments as requested, the NRC respondents provided several important clarifications. A meeting was held on April 24, 1998, to discuss and resolve comments. The summary of resolutions to these comments was documented in a Memorandum to File, "Resolution of Comments on AEOD Draft, 'Special Study - Methodology For Identifying Financial Variables For Trend Analysis,'" June 5, 1998, and distributed to the NRC respondents.

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A Federal Register Notice (FRN) dated August 7, 1998, was issued to obtain public comments on the development of a new licensee performance assessment process. The FRN included a request for comments on this study. There were 28 respondents to the FRN. The respondents included industry, public advocacy groups, and public citizens. The industry respondents included licensees, law firms representing the interest of the licensees, contractors, and the Nuclear Energy Institute (NEI). Only 11 of the 28 FRN respondents commented on the study; 7 from the industry, and 4 from public advocacy groups and citizens. Attachment 2 is a summary of resolution to the public comments and indicates the FRN Question, comments, and the resolution. The resolution of comments did not change the conclusions of the report.

Attachments: As stated

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