



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

COMSECY-99-024

RELEASED BY 7/15/99

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July 7, 1999

RELEASED TO THE PDR
7/17/99 OKW
date initials

MEMORANDUM TO: Chairman Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Jesse L. Funches *Jesse Funches*
Chief Financial Officer

Approved subject to
attached comments.

SUBJECT: DRAFT REACTOR SAFETY CHAPTER OF THE STRATEGIC PLAN 7/15/99

On May 26, 1999, I provided the Commission with the staff's plans and schedule for revising the Reactor Safety Chapter of the Strategic Plan. You will recall that the Strategic Plan is likely to be a topic at the next Senate oversight hearing planned for September 1999. In accordance with the staff's schedule, Attachment 1 provides an overview that places the development of the Reactor Safety Chapter in context and Attachment 2 provides the draft Reactor Safety Chapter of the Strategic Plan. A plan to evaluate the appropriateness of implementing the Arthur Andersen recommendations for use agencywide and a plan to complete the revisions to the entire Strategic Plan will be provided to the Commission later this month.

We believe the draft Reactor Safety Chapter of the Strategic Plan demonstrates that we have incorporated the extensive change activities, which have occurred during the past 18 months, into our future planning and performance management. While significant work is yet to be finished, particularly in specifying performance measures, the identification of external factors, and overall data verification and validation, we believe an opportunity to interact with stakeholders will help advance our thinking. As noted in the Overview, the Commission need not formally endorse the Reactor Safety Chapter until it is provided as part of the formal update of the entire Strategic Plan this Fall. However, since the staff will continue to devote attention to improving the Reactor Safety Chapter and it will be used as a model for other arenas, we would appreciate early Commission feedback on significant issues or concerns.

At this time we are seeking Commission approval to release the document to stakeholders for public comment and in preparation for a mid-August stakeholder's workshop. We plan to invite INPO, NEI, GAO, UCS, OMB, Public Citizen, State representatives, and Congressional staff to the workshop. We will also release the document for agency staff comment. A schedule for completing the Reactor Safety Chapter is provided at Attachment 3.

The Working Group which developed the Reactor Safety Chapter, led by Frank Miraglia, will be scheduling a briefing for Commissioner Assistants to provide an overview of the staff's efforts

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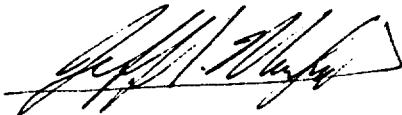
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COMMISSIONER MERRIFIELD'S COMMENTS ON COMSECY 99-024

I approve release of the draft Reactor Safety Chapter to stakeholders for public comment in preparation for the planned workshop. My comments on the draft Reactor Safety Chapter are as follows:

- (1) While the contents of the draft Reactor Safety Chapter include an adequate vision of the NRC's goals, strategies and performance plans for the next three to five years, that vision is not presented in a manner which is compelling, especially to stakeholders who are not familiar with the activities and issues currently confronting the NRC. In preparing the final version of the Reactor Safety Chapter and the remaining chapters of the Strategic Plan, the staff should explore techniques to improve how the material presents to a wide variety of audiences.
- (2) The staff should consider adding performance strategies and measures which ensure NRC's regulatory processes keep pace with the challenges associated with the economic deregulation of the electric utility industry. The staff should specifically consider strategies and measures related to license transfers.
- (3) The staff is currently undertaking an extensive effort to integrate, risk-inform and improve decommissioning regulations. These efforts should, if done properly, serve to reduce unnecessary regulatory burden, enhance reactor safety, and restore public confidence. The staff should consider adding performance strategies and measures related to the improvement of NRC's decommissioning regulations.
- (4) While the use of outputs rather than outcomes as performance measures is understandable during the early, developmental stages of the performance management process, the Strategic Plan should clearly explain that the use of outputs as performance measures is intended as a short term approach until meaningful outcome-based measures can be developed. Such an explanation should improve stakeholder confidence in the NRC's performance management process.
- (5) Performance measures for Performance Goal 4, "Make NRC activities and decisions more effective, efficient and realistic," are all focused on quantity or, as previously mentioned, on specific outputs. The staff should consider creating measures which are oriented on assessing quality of various products.



7/15/99