



REQUEST REPLY BY 7/15/99

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

COMSECY-99-024

July 7, 1999

RELEASED TO THE PDR
12/17/99 DKW
date initials

MEMORANDUM TO: Chairman Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

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

*No evident objection.
See attached comments.*

SUBJECT: DRAFT REACTOR SAFETY CHAPTER OF THE STRATEGIC PLAN

Elle Toffey

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.

7/27/99

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

PDR COMMISS NRC

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Commissioner McGaffigan's Comments on COMSECY-99-024

I do not object to releasing the draft Reactor Safety Chapter of the Strategic Plan to stakeholders for public comment, subject to the comments noted below and the comments previously made on COMSECY-99-015. I appreciate the significant staff effort that has gone into this revision. Nevertheless, I fear that it will not be well-received by some stakeholders, who seem to be looking for "specific timetables and milestones" and "meaningful objectives with measurable results." The level of detail being sought by some stakeholders goes beyond performance goal measures to something more on the order of a multi-year operating plan. I seriously question the value of a multi-year operating plan. Anything after the first or second year would be so speculative as to be useless (witness the Future Years Defense Program (FYDP), the outyears of which are never close to reality). The staff is trying to strike a middle note here by enlarging the Strategic Plan without taking on "mission impossible."

The following comments are provided for the staff's consideration in preparing for public comment on the draft Strategic Plan for the Nuclear Safety Arena.

General Comments:

1. The draft Message from the Chairman should be deleted. If this is to be included, it should appear as a page that is "intentionally left blank." The Chairman as of August 2000 should have the latitude to shape a message that is relevant to the principal issues NRC faces at that time, whatever they may be. One only has to reflect on the past 18 months to understand how much external factors can alter the agency's direction and emphasis.
2. On pages 14 and 30, I note that the staff plans to incorporate the identification and discussion of external factors and their impact on our ability to achieve our goals. In their deliberations on external factors, I encourage the staff to consider planning assumptions involving a combination of high uncertainty (in the context of the FY 2001 PBPM Review, Appendix V) and significant budget sensitivity, such as the pace of license renewal applications. On this point, in the FY 2001 PBPM Budget Review (page C-7), the staff states that if license renewal applications exceed the underlying assumption, there will be a need for significant additional resources or delays in the license renewal reviews. I believe the latter option is illusory.

I cannot overstate the need to convey to our stakeholders where there are significant uncertainties in planning assumptions which form the foundation of our Strategic Plan, and the implications if our assumptions are wrong. This is particularly important because of the current environment where there is continuing pressure to simultaneously reduce our budget and increase the scope

and pace of our regulatory reform efforts. I also encourage the staff to consider the House Appropriations Subcommittee Report on our FY 2000 budget request in their deliberations on external factors.

Performance Goal 2:

1. I question the first performance goal measure. I do not advocate its deletion now, but I find it hard to imagine a "public confidence meter." Most of the public is totally unaware of us. All of the engaged public has axes to grind.
2. On the last performance goal measure, I suggest we substitute a number for "X" that is better than current performance, but not so stressing that it could only be achieved by diverting significant resources. The staff may want to take a median or range approach in recognition that some public correspondence is more difficult to answer than others.
3. Finally, I would add a performance goal measure relating to the timeliness of processing 2.206 petitions. In light of Mr. Lochbaum's July 26, 1999 letter on behalf of several public interest groups, we may also want a performance goal measure relating to reform of the 2.206 petition process.

Performance Goal 3:

1. I fully support the proposal that NRC will make realistic decisions that contain no undue conservatism. I encourage the staff to seek stakeholder comments on how well we are meeting this goal in the ongoing regulatory reform effort, and would be interested in specific examples -- such as reactor decommissioning regulations and license renewal-- where stakeholders believe that we can do better. I am mindful, however, that the recent public meeting on license renewal and credit for existing programs illustrated the need to view the four reactor safety arena performance goals holistically, with the first goal -- maintain safety -- as the dominant goal.
2. I question the first performance goal measure, although I again do not advocate its deletion now. How do we quantify the reduced burden of a disciplined RAI process? How do we quantify the reduced burden of the voluntary options being created by the source term and Appendix K rulemaking? How do we quantify the reduced burden of timely licensing action processing?
3. I'm not sure that I fully understand the second measure and its reference to "undocumented NRC influence." Is this a reference to the alleged rogue regional administrator of Towers-Perrin or to alleged rogue residents? Can it be stated more clearly?

Performance Goal 4:

1. I question performance goal measures 2 and 3. We cannot increase productivity 15 percent each year for five years in any process, nor can we reduce variability 15 percent each year. That would amount to doubling productivity, while halving variability, which has large budget implications if taken literally. Under Performance Goal 2, we use timeliness goals for correspondence, FOIA processing, and 2.206 petition processing rather than productivity goals. Such timeliness goals do not invite stakeholders into our budgeting process as much as productivity goals do. Goals on timeliness and range (or variability) of timeliness for key processes should replace performance goal measures 2 and 3. We should be able to state timeliness goals for: 1) licensing actions; 2) improved standard technical specification amendments; 3) rulemaking; 4) resolution of generic safety issues; and 5) exemption requests. We could ask stakeholders to comment on the timeliness goals and on whether we need to set goals for other processes.
2. I question inclusion of performance goal measure 4 in light of SECY-99-191's discussion of the complexity of the issues involved in modifying the Safety Goal Policy Statement and the new proposed schedule which will not get a paper to the Commission regarding the need to modify the Policy statement until March 30, 2000.
3. I question whether performance goal measure 5 rises to the level of a performance goal measure. The Watts Bar and Sequoyah tritium production license amendments are at least as significant, but I do not advocate adding them. I would delete performance goal measure 5.
4. Performance goal measure 6 lacks a verb. In any case this may also not rise to the level of a performance goal measure.
5. In the absence of a discussion on page 30 regarding the basis for performance goal measure 7, it appears that this measure has its origins in the regulatory effectiveness issues initially identified in the PRA Implementation Plan (Item 1.7), which subsequently was addressed under Strategy 5 in the FY 1998 Regulatory Effectiveness Plan (SECY-98-065). In light of NRC's "near death" budget experience last summer and the SECY-98-065 SRM, I question the need for this performance measure, particularly in light of the other high priority regulatory reform efforts we have underway. I prefer deleting this performance goal measure from the draft Strategic Plan for the Reactor Safety Arena at this time. The staff should address the need for this performance goal measure when it provides the formal update of the entire Strategic Plan this Fall for Commission review and approval.

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6. I also question the 30 month timeliness goal for performance goal measure 9 in light of the success the staff has achieved to date in reviewing the Calvert Cliffs and Oconee renewal applications. We should propose a more aggressive timeliness goal of say 18 months for staff SER and EIS completion on license renewal applications. As discussed above in General Comment 2, the staff should be prepared to discuss how it envisions meeting this performance measure if the number of applications exceeds the planning assumption, particularly within the context of the language provided by the House Appropriations Subcommittee in its report on our FY 2000 budget request.

EMJ