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November 27, 2000

Mr. David B. Matthews
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555

PROJECT NUMBER: 689

Dear Mr. Matthews:

We are pleased that the Commission has approved Regulatory Guide 1.186 which endorses revised Appendix B to NEI 97-04, *Design Bases Program Guidelines*, without exception. This Commission action establishes a durable, common understanding of the scope of *design bases* as defined in 10 CFR 50.2. This common understanding, together with recent changes to 10 CFR 50.72 and 50.73, will greatly improve the clarity, effectiveness and safety focus of key regulatory processes including event reporting, 10 CFR 50.59, FSAR updates, the inspection process and proper characterization of design discrepancies. We commend the Commission and the NRC staff for their efforts in this regard.

The final revised Appendix B to NEI 97-04, dated November 2000, is enclosed. An electronic copy is being provided separately to Stuart Magruder. In the near future, we intend to incorporate revised Appendix B into Revision 1 of NEI 97-04. We recognize that the NRC endorsement in RG 1.186 extends only to revised Appendix B and not to the balance of NEI 97-04.

If you have any questions concerning the enclosed design bases guidance, please contact Russ Bell at 202-739-8087.

Sincerely,

Original Signed By:

Anthony R. Pietrangelo

Enclosure

c: Stuart Magruder
Document Control Desk