

June 18, 1999

MEMORANDUM William D. Travers  
TO: Executive Director for Operations  
FROM: Annette Vietti-Cook, Secretary /s/  
SUBJECT: STAFF REQUIREMENTS - SECY-99-007 - RECOMMENDATIONS FOR REACTOR OVERSIGHT PROCESS IMPROVEMENTS and SECY-99-007A - RECOMMENDATIONS FOR REACTOR OVERSIGHT PROCESS IMPROVEMENTS (FOLLOW-UP TO SECY-99-007)

The Commission has acknowledged and approved the concepts and scope of changes presented in these papers and agreed that they are consistent with the intent of the referenced SRMs. In addition, the Commission has approved the staff's proposal to proceed with the pilot program. The Commission has determined that additional time is required to execute the pilot program, develop lessons learned from the pilots, and solicit feedback on process changes that are recommended as a result of these lessons prior to implementing the new process. Based on its interactions with the staff, the Commission has determined that commencing full implementation of the new oversight program April 1, 2000, provides for a reasonable time period in which to accomplish the above stated objectives. The staff should report back to the Commission on the results of the pilot program and address the additional issues noted below. The Commission will act on final approval to fully implement the new reactor oversight process at that time.

(EDO)

(SECY Suspense: 3/1/2000)

Specific comments are provided below.

1. The Commission approved the staff's position to continue with the suspension of the SALP process.
2. The staff should consider ways to ensure that the assessment process is sufficiently robust to address programmatic breakdowns (e.g., breakdown of a corrective actions program or aspects of a particular quality assurance program) which are different from issues involving many minor findings. Consistent with this approach, and the overall direction of the changes to the inspection, assessment, and enforcement programs, the staff should not continue the RES project to evaluate the feasibility of designing a system to analyze the risk significance of numerous problems of lower safety significance, which in the aggregate could be significant.
3. The new process anticipates more frequent public meetings and more frequent public communications. In addition to the plans documented in the subject paper, these aspects of the program should be modeled to the extent practical in the pilot program by involving citizens local to the pilot program plant as a test of whether the staff communication efforts are having their intended effects. Specifically, the staff should consider involving representatives of local governments or emergency planning agencies to ensure that the NRC is communicating effectively with these important stakeholders. It may be desirable to conduct facilitated information exchange (e.g., round table meetings) with local stakeholders to solicit, in a consistent manner, structured feedback on the pilot. The importance of communication internally as well as externally should continue to be stressed.
4. The staff needs to further define how the system for grading inspection findings and combining individual inspection findings and performance indicators will be applied to develop an overall assessment of a cornerstone. Further explanation is needed on how long the impact of a single inspection finding would impact the overall assessment (e.g., would a single "red" inspection finding only impact the assessment for a particular cornerstone until the condition was corrected, until the next assessment, until the end of the assessment cycle, or for some other period?). The staff should inform the Commission on how this aspect of the process will be treated.
5. The staff states that, while there will be a significant reduction in the number of civil penalties issued under the proposed plan, the staff may wish to issue civil penalties for "particularly significant violations." The staff should provide explicit criteria for determining what falls into this category and develop clear guidance which provides discipline to the process associated with determining the amount of the civil penalty.
6. The Commission should be briefed annually regardless of whether any plants are identified for agency-level action. Since the process is also meant to be relatively open, it should be no surprise to any licensee or member of the public who follows the quarterly updates of inspection and performance indicators which plants would fall into each category.
7. The staff should provide licensees (and the public) with fourth quarter assessments prior to the annual Commission meeting to aid licensees' efforts to address NRC concerns, to provide due process, and to ensure against 'surprises' coming out at the meeting.
8. A criterion is established for resources expended with success defined as a 15% reduction in expenditures over the core program. This presupposes that a reduction in resources is a goal of the program. An original goal in the development of this program was that resource demands would be defined by a risk-informed baseline program. Establishing resource demands artificially is inconsistent with this goal. The staff should reformulate the success criteria of the pilot program to address the conflict between risk-informed methods and specific targets for

reductions in inspection effort.

9. The staff indicates that licensee-identified issues, when reviewed by NRC inspectors, are candidates for the inspection finding risk characterization process and the risk associated with an issue is blind to whether it was identified by the NRC or licensee. In this manner, the new oversight process may be reducing incentives for licensees to identify aggressively their own problems. As the staff proceeds with the pilot program, it should consider further how it will address licensee-identified issues so as to not discourage licensees from having an aggressive problem-identification process.
10. The assessment process should treat all of the inspection observations that are reported in a balanced manner. Positive inspection findings should continue to be recorded in the plant issues matrix (PIM) and should be weighed in reaching an overall inspection indicator for each cornerstone.
11. The staff states, "When a plant is in an extended shutdown to address significant performance concerns, the plant will be removed from the normal performance assessment process. [NRC Inspection Manual](#) Chapter 0350 will be used to monitor plant activities". The staff should address why such plants have to be removed from the agency's normal assessment process and whether this approach would lead to inconsistent treatment of facilities and introduce additional subjectivity.

cc: Chairman Jackson  
Commissioner Dicus  
Commissioner Diaz  
Commissioner McGaffigan  
Commissioner Merrifield  
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