

1 UNITED STATES OF AMERICA
 2 NUCLEAR REGULATORY COMMISSION
 3 ***
 4 OFFICE OF THE SECRETARY
 5 ***
 6 BRIEFING ON OPERATING REACTORS
 7 AND FUEL FACILITIES
 8 ***

9 PUBLIC MEETING

10 Nuclear Regulatory Commission
 11 One White Flint North
 12 Building 1, Room 1F-16
 13 11555 Rockville Pike
 14 Rockville, Maryland

15
16 Thursday, May 6, 1999

17 The Commission met in open session, pursuant to
 18 notice, at 9:12 a.m., the Honorable SHIRLEY A. JACKSON,
 19 Chairman of the Commission, presiding.

20 COMMISSIONERS PRESENT:

- 21 SHIRLEY A. JACKSON, Chairman of the Commission
- 22 NILS J. DIAZ, Member of the Commission
- 23 EDWARD McGAFFIGAN, JR., Member of the Commission
- 24 GRETA J. DICUS, Member of the Commission
- 25 JEFFREY S. MERRIFIELD, Member of the Commission

1 STAFF AND PRESENTERS:

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- 3 STEPHEN BURNS, Deputy General Counsel
- 4 ANNETTE L. VIETTI-COOK, Assistant Secretary
- 5 WILLIAM TRAVERS, Executive Director for Operations
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- 7 DR. CARL PAPERIELLO, Director, NMSS
- 8 SAMUEL COLLINS, Director, NRR
- 9 LUIS REYES, Region II Administrator
- 10 HUBERT MILLER, Region I Administrator
- 11 ELLIS MERSCHOFF, Region IV Administrator
- 12 JAMES DYER, Region III Administrator
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1 P R O C E E D I N G S

2 [9:12 a.m.]

3 CHAIRMAN JACKSON: Good morning. Today the
 4 Commission once again is pleased to have our Agency senior
 5 managers including the Regional Administrators here to brief
 6 us on the results of the April, 1999, Senior Management
 7 Meeting. On behalf of the Commission I also would like to
 8 welcome those here in the audience, whether you are NRC
 9 Staff, Congressional staff, licensee management, members of
 10 the public or press. We thank you for your interest in our

11 briefing today.

12 The Senior Management Meeting provides an
13 opportunity for selected plants for the Agency's Senior
14 Managers to review our latest assessment of plant
15 performance, such as periodic plant performance reviews and
16 the plant inspection matrix data as well as various
17 indicators that are not directly associated with the
18 regional inspection program.

19 The Senior Managers review these results in the
20 aggregate to aid in allocating or deciding what level of
21 attention the facilities warrant. The primary purpose is to
22 ensure that we are on top of licensee performance well
23 before there are any significant declines that may lead to
24 unsafe operation, so I would request that all of you today
25 consider the results presented by the Staff in the proper

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1 context. That is, the plants to be discussed have been or
2 will be potentially discussed in terms of whether there will
3 be some increased Agency level focus or regional focus or
4 routine focus.

5 The NRC has other mechanisms, regulatory
6 mechanisms to respond promptly to correct situations that
7 present an immediate threat to public health and safety.
8 The NRC Staff, with direction from the Commission, has been
9 evaluating and modifying the assessment process for the past
10 few years. Consequently, as a result of some of these
11 changes, we are in an interim period as we transition to a
12 new integrated assessment process.

13 While implementation of the new process is
14 scheduled to begin at nine pilot sites next month, the
15 remaining vast majority of our sites remain under our
16 existing process.

17 Some interim changes that have occurred for all
18 plants are the switch from a biannual to an annual frequency
19 for the Senior Management Meeting, elimination of the Watch
20 List, and changes to correspondence or the documentation
21 that results from Senior Management Meetings, correspondence
22 to licensees.

23 The new process will implement even more
24 fundamental changes that are planned as a result of input
25 from our various stakeholders as well as a recognized need

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1 to address weakness in the previous process. I have only
2 briefly touched upon some of the aspects of what has
3 changed. We have had a number of Commission meetings
4 relative to the new reactor oversight program. Dr. Travers
5 will further elaborate on the details of the current interim
6 process we are applying today, and so let's turn now to
7 discussion of those assessment results, and unless my
8 colleagues have any comments they wish to make, we will try
9 to let you get through your presentations. There's never a
10 guarantee but we will try to do that -- I will try to do
11 that anyway, since I am the guilty party.

12 So Dr. Travers, will you please begin.

13 MR. TRAVERS: Thank you, and good morning,
14 Chairman Jackson and Commissioners. I am glad to be here
15 with a significant portion of the Agency's Senior Management
16 team.

17 CHAIRMAN JACKSON: And we not like to have
18 somebody drop anything on this building or at least this
19 stop in the building with the Commission here and all of you
20 here.

21 MR. TRAVERS: It would be a mixed blessing, I
22 would say.

23 CHAIRMAN JACKSON: Some might think that. Let's
24 not give people any ideas.
25 [Laughter.]

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1 MR. TRAVERS: We will be sensitive to any
2 vibrations that occur from any side of the table.
3 We are here, as you said, Chairman, to discuss
4 with you the results of the 26th Senior Management Meeting,
5 which was held April 20th and 21st in Region IV in
6 Arlington, Texas.

7 Joining me at the table from the program offices
8 are Sam Collins from NRR and Carl Paperiello from NMSS. On
9 this side, of course, the Regional Administrators beginning
10 with Hub Miller from Region I, Jim Dyer from Region III,
11 Luis Reyes from Region II, and Ellis Merschoff from Region
12 IV. Introductions are really not necessary but we thought
13 we would make them in any case.

14 Since its inception the Senior Management Meeting
15 has been an important part of the NRC oversight process.
16 However, the recent meeting had special significance because
17 it reflected many of the changes which are ongoing in our
18 transition to a new performance assessment process. In
19 particular, it was the first meeting to be conducted, as you
20 mentioned, Chairman, on an annual basis. It was the first
21 to be conducted following the suspension of NRC's systematic
22 assessment of licensee performance or SALP process. It was
23 the first meeting to take advantage of the modified plant
24 performance review or PPR process.

25 The meeting also marked the end of both the

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1 Agency's Watch List and our recognition of superior plant
2 performance, and the meeting was the first meeting to be
3 conducted prior to the Agency's expected piloting of the
4 proposed new performance assessment process.

5 In the transition to the new assessment process,
6 new terms, Agency focus, Regional focus, and routine
7 oversight have been developed to characterize the level of
8 NRC oversight and inspection activity at a given facility.
9 Sam will be discussing these terms in some more detail in a
10 moment, but I should emphasize that they do not correlate
11 directly with the former categories, Category 1, 2 and 3
12 designations, which have been used in connection with
13 previous Senior Management Meetings.

14 In the future the Staff has proposed that the
15 Senior Management Meeting be held in the context of the new
16 performance assessment process used in the pilot plant
17 evaluations as discussed in SECY's 99-007 and 99-007A.

18 The briefing today will provide the Commission
19 with the results of the meeting and the decisions made by
20 the Senior Managers regarding plant performance.
21 Additionally, we will provide further details on the level
22 of Agency oversight to be taken as a result of the Senior
23 Managers' deliberations.

24 It is important to emphasize that although we will
25 be discussing only nine of 103 operating reactors at five

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1 sites at today's meeting, the performance of each nuclear
2 facility has been considered in the NRC's overall and
3 ongoing assessment process, which is structured to provide,
4 as I mentioned, an ongoing evaluation of licensee
5 performance.

6 Prior to the Senior Management Meeting, screening
7 meetings were conducted by NRR, the regions, and NMSS with

8 participation by OE, OI, and Research to determine which
9 plants would require discussion by the Senior Managers. The
10 NRC's inspection program implemented by the regional offices
11 has provided the framework for the overall assessment
12 process. The results of the inspection program at each
13 facility have been integrated into the plant performance
14 reviews and the licensees have been apprised of NRC's
15 assessment of their overall performance.

16 Finally, I would like to note that the changes
17 which I have described and which will be further discussed
18 resulting from the latest Senior Management Meeting should
19 be considered as a significant interim measure towards our
20 goal of a more effective objective oversight process, and at
21 this point I would like to turn the presentation over to Sam
22 Collins, Director of the Office of Nuclear Reactor
23 Regulation.

24 MR. COLLINS: Good morning, Chairman. Good
25 morning, Commissioners. My portion of the presentation will

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1 provide for some background, the objectives of the process
2 and a little more detail on the transition that was utilized
3 in the most Senior Management Meeting. I will by way of
4 that discussion introduce the Regional Administrators who
5 will be discussing the specific plants. Upon completion of
6 those discussions, we will then return to the process itself
7 in a go forward direction, and then we will proceed with Dr.
8 Paperiello and the NMSS facilities.

9 As was articulated by the Chairman in her opening
10 remarks, the Senior Management Meeting process has two
11 principal objectives that we focused at the most recent
12 Senior Management Meeting, that is, to identify performance
13 trends and to effectively utilize agency resources by
14 acknowledging ongoing actions at the plants and, if
15 appropriate, by responding to those issues that are brought
16 forward as a result of the Senior Management Meeting.

17 To accomplish these objectives, an integrated
18 review of plant safety performance is conducted using
19 various forms of objective information. Inspection results
20 are included, operating experience, probabilistic risk
21 insights, performance indicators, trend charts, allegation
22 information, including Office of Investigation history and
23 Enforcement history are reviewed, not only in the screening
24 meetings but in the Senior Management Meeting itself for
25 those selected plants.

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1 Special attention is given to the effectiveness of
2 licensee self-assessments and the effectiveness of
3 corrective action programs. As a part of the process, we
4 also discuss planned inspection activities, those existing
5 at the time of the screening meetings and the Senior
6 Management Meeting, and those potentially desired as a
7 result of those discussions. We review NRC management
8 oversight and the level of that oversight, and the
9 allocation of resources in the form of the PPR results,
10 plant performance reviews, those issues in the PIM, and the
11 resultant inspection programs proposed by the Regional
12 Administrators.

13 I would like to briefly review the changes to the
14 Senior Management Meeting process and the other licensee
15 performance evaluation processes that have been recently
16 implemented to make the process more effective as we
17 transition to the new revised oversight process as the
18 Chairman mentioned in her opening remarks.

19 I would also like to point out that several of the

20 aspects of the Senior Management Meeting process remain
21 unchanged. As with the last 1998 Senior Management and
22 screening meetings that were conducted in July, these are
23 conducted with participation by agency senior managers,
24 including the directors of the Office of Investigation, the
25 Office of Enforcement, excuse me, Research, NRR program

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1 representatives as well as the Regional Administrators'
2 allegation advisor and myself.

3 As chair of the screening meetings, I actively
4 solicit input regarding plant performance. Any one
5 participant of the screening meeting could potentially move
6 a designated plant on for discussion at the Senior
7 Management Meeting process, that is the initial screening
8 process.

9 Trend charts were developed through the Office of
10 Research and were used at the screening meetings, along with
11 other objective data that I have mentioned, in selecting the
12 discussion plants. Plant performance trends were discussed.
13 And for those plants that exceed the performance trend
14 methodology threshold, they were discussed in detail, and
15 they were dispositioned as appropriate, some moving on to
16 the Senior Management Meeting, some not. This analysis and
17 the disposition was captured in the screening meeting
18 minutes for the record.

19 In addition to the trend plots, we continued to
20 utilize the pro/con charts in the evaluation matrices, as in
21 the past, as an integral part of the process.

22 Background information, including plant
23 performance review packages, the plant issues matrix,
24 pro/con charts and evaluation matrices were provided to
25 meeting participants prior to the Senior Management Meeting

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1 for appropriate review and form the bases for the
2 discussion, along with other supporting information.

3 CHAIRMAN JACKSON: Excuse me. You had a question.

4 COMMISSIONER McGAFFIGAN: It is a question, it
5 goes back to something Mr. Travers said about where we are
6 trying to get to. Some of the materials that you discuss
7 are public and some aren't. Is there -- like the PPR
8 letters are public but the materials that fed into the PPR
9 letters are not at the moment, as I understand it, the trend
10 charts are not. Next year all of that will be transparent,
11 at least for the pilot plants. Why -- is there a reason
12 other than predecision or whatever to keep some of the paper
13 work that led into this process, to keep it closed? Is
14 there a reason to open it up? To make our current process
15 more scrutable. Next year's will be scrutable. This year's
16 is still a bit inscrutable to the public.

17 MR. COLLINS: The bases for the PPR letters are
18 essentially the PIM. The PIM information is derived from
19 inspection reports. The only information that I believe
20 without a detailed review, and I would have to rely on the
21 staff insights also would be the allegation information and
22 any OI insights that are provided at the screening meetings
23 themselves. The other information is a matter of public
24 record, perhaps not in the form that is presented, but the
25 basic information. It is a matter of LERS, license reports,

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1 inspection findings.

2 If the Commission expresses a desire for that
3 information to be made public, then the staff will certainly
4 do a review and provide for that.

5 CHAIRMAN JACKSON: I think that the important
6 point is that the basis of the PPR evaluation is public. I
7 believe in more openness than not. On the other hand, you
8 know, there are some things that would represent in a
9 certain sense a duplication. So I think we can discuss that
10 as we go along. But why don't we go on.

11 MR. COLLINS: To proceed, there have been several
12 incremental changes since the last Senior Management Meeting
13 in July, as Bill mentioned in his opening remarks, as we
14 move forward to the implementation of the revised oversight
15 process scheduled presently for the year 2000.

16 As you are aware, the SALP or the systematic
17 licensee performance process was suspended in September of
18 1998. As a result, the plant periodic reviews, PPRs, were
19 enhanced to ensure that licensee performance was effectively
20 monitored and the public was more informed regarding the
21 plant performance review process.

22 Key improvements include providing a greater
23 amount of assessment information, an explanation of the PPR
24 process in the letters that are made public and then
25 presenting the PPR results to the licensees during public

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1 meetings at least once every two years. Presently, the
2 letters and the press releases have been issued for the most
3 round of periodic plant performance reviews, and the
4 discussions are ongoing starting in the first quarter of
5 1999.

6 In March of 1999 the staff sent SECY paper 99-086
7 to the Commission with the recommended improvements to the
8 Senior Management Meeting process, including, as indicated
9 in the Chairman's remarks, eliminating the watchlist,
10 eliminating recognition of superior performance, and to
11 issue docketed correspondence as a result of the Senior
12 Management Meeting only when the agency's intended actions
13 are different from those conveyed in previous
14 correspondence. These interim changes are consistent with
15 the direction of the revised oversight process.

16 The most recent Senior Management Meeting provided
17 not only for a review of those plants that reached the
18 threshold of agency action, but as a carry-through to the
19 last Senior Management Meeting, all plants that were
20 previously categorized in the July 1998 Senior Management
21 Meeting were discussed.

22 The Commission approved the staff's
23 recommendations and the staff requirements memorandum on
24 April 16th and the Commission noted in the SRM and the
25 related vote sheets that the staff should maintain good

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1 communication with the stakeholders regarding process
2 improvements. This has been done as a result of the PPR,
3 the associated press releases, but we intend to continue
4 with this communication, not only by elaborating in quite an
5 amount of detail at the meeting here today, but in follow-up
6 press releases as a result of this meeting, which will also
7 articulate the changes to the processes that have been made.

8 The Commission also noted the need to develop
9 clear definitions of the terms used in the interim Senior
10 Management Meeting process, and, in fact, we will discuss
11 that terminology today, and a modification made to the
12 terminology as a result of the Senior Management Meeting
13 process to help it as far as clarity is concerned.

14 We began implementing improvements during this
15 most recent meeting, as Bill mentioned, in Arlington, Texas,
16 on April 20 and 21. We did refine the definitions of the

17 terms "Agency focus," "regional focus," and "routine
18 oversight" as presented in the next few slides. And we
19 discussed licensee performance, developing a consensus
20 opinion. The appropriate NRC actions and regulatory
21 oversight were also determined in accordance with the
22 definitions.

23 The process provided for presentations, as I have
24 mentioned. All major office directors or representatives
25 attended the meeting. The meeting participants were divided

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1 into two groups. Each group voted separately on the
2 disposition of the plants. Comparison and reconciliation of
3 the results took place on the second day of the meeting. An
4 agreement and discussion of the diverse views was completed.

5 May I have slide 2, please.

6 Per Commission direction, as refined at the senior
7 management meeting, the NRC review of power reactor
8 performance has resulted in a graded response in terms of
9 regulatory tools and level of involvement. These are
10 articulated on slide 3, which defines the three levels of
11 Agency focus and response to plant performance.

12 Agency-focus plants are those plants that are
13 receiving the highest level of Agency attention. Agency-
14 focus plants are receiving the direct attention and/or
15 involvement by the EDO and/or the Commission to coordinate
16 NRC resources and maintain cognizance of licensee
17 performance. As indicated in the slide, there are various
18 examples that can be articulated of this level of attention,
19 including the issuance of an order, including the issuance
20 of periodic briefings, and/or level of attention and
21 cognizance at the EDO or the Commission level.

22 May I have slide 4, please.

23 Slide 4 articulates the regional-focus plant,
24 which has been defined as those plants receiving the direct
25 attention and/or involvement by the regional administrator

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1 to coordinate NRC resources and maintain cognizance of
2 licensee performance. Again, this definition can be
3 characterized by a number of examples, including
4 confirmatory action letter, which are issued by the regional
5 administrator, with concurrence of the NRR office director,
6 our process which we call manual Chapter 0350, which is the
7 process used to coordinate issues for restart of a power
8 plant, or a regional level inspection beyond the NRC's
9 routine inspection program.

10 Slide 5 indicates the third area, which are the
11 remainder, in fact the majority of the operating reactors in
12 the United States --

13 COMMISSIONER McGAFFIGAN: Madam Chairman?

14 CHAIRMAN JACKSON: Yes, please.

15 COMMISSIONER McGAFFIGAN: On the regional focus,
16 the last clause, enactment of a regional level inspection
17 beyond the NRC's routine inspection program, my recollection
18 of looking at the Web and reviewing these PPR letters is
19 there's a lot of folks who are getting beyond routine
20 inspection. They're getting additional OSTIs and whatever,
21 but they are still considered routine inspection, even
22 though they have enactment of a regional-level inspection,
23 an OSTI I think is a regional-level inspection, that goes
24 beyond. So I'm not sure whether the last clause really
25 belongs in the regional-focus definition, or at least it's a

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1 little ambiguous, because, you know, you might well think

2 that -- several things.
3 One of the publications that watches us went
4 through all those letters and noted how few plants were
5 getting only routine inspection, you know, and they had a
6 chart of every plant that was -- and described what they
7 were getting in the way of an additional maintenance
8 inspection or an additional operational inspection and
9 additional plant support inspection. So that last line,
10 isn't it a little --

11 CHAIRMAN JACKSON: How do you reconcile what he's
12 saying?

13 MR. COLLINS: I think there's a graded approach,
14 and again, the definition is a combination of all of the
15 examples. Plants that would be receiving an inspection that
16 is meant to confirm or discover issues would be the premier
17 plant starting at the Agency level. That would probably be
18 a diagnostic. It may be what were called the safety
19 evaluation type of inspection, which is a combination of
20 Agency-level effort and industry-level effort. It may in
21 fact be or result from an IIT, incident investigation team.
22 I would characterize that as the Agency level.

23 The regional level is a little more combined
24 between the routine program and those attributes of the
25 routine program which are meant to be confirmatory. I would

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1 assume that a plant that's in the regional level would be
2 controlled by the regional administrator as far as resources
3 are concerned, and it would be the type of inspection which
4 is meant to be more confirmatory and less of a discovery
5 technique. OSTI is confirmatory --

6 COMMISSIONER MCGAFFIGAN: I think you may need an
7 adjective there, enactment of significant or --

8 CHAIRMAN JACKSON: Special.

9 COMMISSIONER MCGAFFIGAN: Special regional level
10 inspection beyond the NRC's so as to characterize it
11 differently from routine regional level inspections above
12 the routine inspection program.

13 MR. COLLINS: Certainly we can do that.

14 COMMISSIONER MERRIFIELD: There's an adjective
15 missing there.

16 COMMISSIONER DIAZ: Or drop the "or." Because if
17 you drop the "or," you know, every time we have a regional
18 plan, we always have, you know, a regional level inspection
19 program irregardless of what comes above it. There might be
20 an "or" there, there might be something, but we always
21 have -- so it is an "an" rather than an "or."

22 DR. TRAVERS: We will try to make it clear that
23 just by virtue of the fact that there is some additional
24 level of inspection that that doesn't equate to --

25 COMMISSIONER MCGAFFIGAN: The reason I'm also

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1 pressing this line of questioning is the 99-007-A, which is
2 where we're headed, actually has four categories, five if
3 you include the unacceptable, but it has sort of routine
4 plus one degraded cornerstone, repetitive degraded
5 cornerstones, and that -- repetitive degraded cornerstones a
6 year from now may be, you know, we may shorten that to
7 Agency focus, and one degraded cornerstone may be regional
8 focus, and one or two inputs may be regional-plus, and then
9 all inputs agreeing are going to be true routine. And
10 there's a sort of interim category there that next you'll be
11 dealing with or two years from now, I guess, when you're
12 fully implemented.

13 CHAIRMAN JACKSON: I think it's fair to say that

14 much of the discussion, but you can correct me, Sam, focused
15 on in a certain sense the disposition of plants that had
16 already been examined by virtue of already being on the
17 previous watch list and/or ones that came up for special
18 discussion this time.

19 But I think your point is valid in the sense that
20 at a certain level if one were going to do this, one would
21 have to go through and do a sort of all the plants that have
22 some heightened level of regional attention and decide where
23 they fall out. But I think that because this is an interim
24 step that, you know, we're kind of moving down the path, and
25 you're right that in the end all of the plants according to

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1 the new graduated scheme are going to fall out somewhere.

2 MR. COLLINS: Right.

3 COMMISSIONER MERRIFIELD: Chairman?

4 CHAIRMAN JACKSON: Please. I'm sorry.

5 COMMISSIONER MERRIFIELD: Since Commissioner
6 McGaffigan opened the door, I've got a related question I
7 want to ask, actually, on the previous slide, slide 3.

8 You talk about enactment of Agency-level oversight
9 or inspection, and I just want to get some better grasp of
10 what you mean by that. Does that mean site visits by NRC
11 executives qualified for Agency-level oversight? Is it
12 high-level NRR support for licensee amendments that qualify
13 for Agency-level oversight? I expect we have a relatively
14 high threshold for this, and I just want to get some
15 understanding of what constitutes Agency focus and what kind
16 of bounds you intend to put on it, just so it's clear to
17 ourselves and to licensees.

18 MR. COLLINS: Sure. The intent was to focus on
19 the words above, where are involvement by the EDO and/or the
20 Commission, and that involvement being necessary to
21 coordinate resources, maintain cognizance, or take a
22 specific Agency action at that level. So using the examples
23 that you provided, Commissioner Merrifield, site visits for
24 the sake of status would not qualify. That would not be
25 considered to be an action. A meeting with the board of

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1 directors, which would prompt focusing on issues or
2 expression of concerns perhaps would if that meeting were
3 meant to be a tool to communicate a level of action. So
4 there is a threshold there where the same individuals can be
5 involved, but the intent would be different that would
6 qualify or not for Agency focus.

7 CHAIRMAN JACKSON: You might need to add "or take
8 specific action" as part of your boldfaced large print
9 definition of Agency focus, because what you described
10 initially is not perhaps being Agency focus would be
11 cognizance. But it would be a cognizance or a coordination
12 of resources that's special and/or taking a specific Agency
13 action, and your examples down below are specific Agency
14 actions.

15 MR. COLLINS: Right. Again, we believe -- it's
16 very hard to find one definition if it's all that fits on a
17 slide. And there is some tailing off. I think we'll see
18 examples of that as we discuss plants where in some cases
19 the actions that have been taken may reach a lower
20 threshold, but the interest of the Agency is still at a
21 heightened level because performance has not yet been
22 demonstrated, even though the inspection level to confirm
23 that performance may be at a lower level. So there is some
24 overlap, if you will, of the areas, and our intent here was

25 to defer to the higher level when that's appropriate.

23

1 COMMISSIONER MCGAFFIGAN: I finally looked at the
2 action matrix I had in front of me. Next year, I mean, if
3 the action matrix isn't changed, getting the one notch below
4 acceptable, which is EDO or Commission -- presumably that
5 translates to agency-level sort of focus; that they meet
6 with the senior licensee management, et cetera -- there, we
7 lump CALs and orders and 50.54F letters and demand for
8 informations as typical actions that might be occurring if
9 there's repetitive degraded cornerstones.

10 One category to the left, the one degraded
11 cornerstone has a regional administrator conduct the meeting
12 with the licensee, but the typical regulatory actions
13 discussed for this one category below is a docket response
14 to a degrading condition -- degraded condition -- degrading
15 condition.

16 So it looks like next year, really both regional
17 focus as you're defining it now and agency focus would be in
18 that right category, because here, you're making a
19 distinction between orders on the one hand and 0350
20 processes and CALs on the other hand, and in the action
21 matrix, they're all lumped as, you know, that's what you get
22 if you're in the next to the far right category. You may
23 need to rationalize that as the year goes on.

24 CHAIRMAN JACKSON: Well, the action matrix is just
25 an over-sort because it's saying who is going to take the

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1 action, you know, at what level is that action going to end
2 up being taken. But, you know, your point is right, that
3 one needs to rationalize the two, but let's just keep in
4 mind this is a migratory path and this is the interim step
5 on that migratory path. And so to try to force where we are
6 completely into where that is is not the appropriate thing
7 at this point.

8 DR. REYES: In fact, the objective is to do just
9 what Commissioner McGaffigan is pointing to: let the
10 actions that we've decided --

11 CHAIRMAN JACKSON: Right. Govern.

12 DR. REYES: -- appropriate speak for themselves as
13 opposed to, you know, the attribution of labels or
14 terminology.

15 MR. COLLINS: We have outstanding action to --
16 which I'll articulate at the end in the go forward direction
17 to reconcile where we are today with the go forward
18 direction of the oversight process. In fact, a decision has
19 not yet been made whether there will actually be terms used
20 to describe the agency response inasmuch as that response is
21 prompted by performance at the time that it happens, and
22 therefore, performance is as performance does.
23 I didn't invent that term, but I'll take advantage of it.
24 It fits so nicely.

25 [Laughter.]

25

1 CHAIRMAN JACKSON: Careful of creating a stick
2 --somebody may beat you with it.

3 MR. COLLINS: It's pointed at both ends, right?
4 Slide 5, please.

5 As was discussed here, the remainder of the
6 majority of the operating reactors are characterized by
7 warranting routine oversight based on licensee performance.
8 These plants receive oversight under the auspices of the NRC
9 inspection program as described in NRC Manual Chapter 2515,
10 Lightwater Reactor Inspection Program Operational Phase.

11 As was noted by Commissioner McGaffigan and
12 others, the 2515 inspection program includes both the
13 current core and regional initiative inspections, and
14 there's a fairly broad spectrum of inspection options that
15 are available as tools to the regional administrators under
16 that routine program.

17 May I have slide 6, please.

18 Slide 6 provides a summary of the overall results
19 of the recent senior management meeting. At this time, the
20 regional administrators will discuss the facilities that
21 warrant regional and routine oversight as a result of the
22 senior management meeting.

23 In addition to those plants listed on Slide 6,
24 there were three plants that were discussed as a result of
25 the previous categorization, which is a category 1 facility.

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1 Those plants had been previously removed from what used to
2 be termed the Watch List. They were discussed during the
3 senior management meeting to ensure that performance
4 improvements which prompted the removal from the Watch List
5 continued over the period of the next two senior management
6 meetings. Those plants were Crystal River 3, Salem 1, 2 and
7 Dresden 2 and 3. As a result of the discussions, those
8 plants will receive routine oversight in the future.

9 At this point, I would like to turn the discussion
10 over to regional administrator Hub Miller of Region 1, who
11 will lead the discussions of the Millstone facilities.

12 COMMISSIONER MERRIFIELD: Good morning, Chairman,
13 Commissioners.

14 The Millstone units were first discussed in June
15 1991 at the senior management meeting at that time and have
16 been discussed at each meeting since. Subsequent to the
17 June 1996 meeting, the Commission designated Millstone a
18 Category 3 facility requiring Commission approval of restart
19 of the units which were shut down at the time.

20 At the time of the recent senior management
21 meeting, the Commission had not approved startup of unit 2.
22 On this basis, the unit was identified as an agency-focus
23 plant. Although the Commission authorized restart
24 subsequent to the senior management meeting, the facility
25 remains an agency-focus plant pending completion of that

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1 restart and a period of sustained successful plant
2 operations.

3 Having recently discussed the status of unit 2
4 activities in some detail in the Commission meeting of April
5 14th in connection with the unit 2 restart, unless there are
6 questions, I will proceed to our assessment and decisions
7 regarding unit 3.

8 CHAIRMAN JACKSON: Is there any subtlety or
9 wrinkle with respect to providing differing levels of
10 oversight for two plants on the same site?

11 MR. MILLER: Well, much of the oversight in the
12 area of, for example, employee concerns is something that
13 cuts across both units, and in that sense, it's the same.
14 But unit 2 has not operated.

15 CHAIRMAN JACKSON: No, I'm saying relative to how
16 you carry out the job and --

17 MR. MILLER: Yes. I think on the restart of unit
18 2, we will have a kind of oversight for a period of time.

19 CHAIRMAN JACKSON: A different level --

20 MR. MILLER: Yes.

21 CHAIRMAN JACKSON: Okay.

22 MR. COLLINS: Chairman, we're also aware that
23 there's Commission level interest in the performance of
24 Millstone 2 since the plant has not restarted and does not
25 have a sustained period of operation. That was an

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1 additional reason for the categorization of agency focus.

2 MR. MILLER: Following Commission approval, unit 3
3 restarted on July 1st of last year. The unit has operated
4 at power most of the time since then and it was shut down
5 several days ago for a scheduled refueling outage.

6 While the licensee has characteristically made
7 safe conservative decisions in operating unit 3 and has
8 worked to raise standards, operational problems which
9 surfaced in the six months following restart gave rise to
10 some concerns.

11 This included several plant trips and entries into
12 technical specification action statements requiring
13 initiation of shutdowns that were related in part to
14 previously identified problems and equipment concerns.

15 The licensee took steps to address these concerns
16 by extending the outage associated with the last plant trip
17 in December to address a number of control room deficiencies
18 and operator burdens. This increased focus on supporting
19 plant operations has recently yielded some positive results
20 in operations.

21 In the area of corrective actions, progress has
22 been made in addressing the backlog of issues deferred at
23 the time of restart last July. However, a large station
24 workload associated with unit 2 restart, the unit 3
25 refueling outage and the still large backlog of corrective

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1 action items, constitute a significant continuing challenge
2 for the station. At the same time, the licensee will be
3 completing a major reorganization.

4 While progress has been made in developing a
5 safety-conscious work environment and handling of employee
6 concerns, continued heightened monitoring of these areas is
7 warranted.

8 For these reasons and the need to observe a more
9 sustained period of successful operation, the senior
10 managers determined that unit 3 warrants oversight as a
11 regional focus plant.

12 CHAIRMAN JACKSON: Commissioner Merrifield, did
13 you have a question?

14 COMMISSIONER MERRIFIELD: Yes. I just wanted to
15 get a -- I'm aware that I believe currently, unit 2 is under
16 a temporary restraining order by a -- I don't know if it's a
17 state judge or a Federal --

18 MR. MILLER: State.

19 COMMISSIONER MERRIFIELD: A state judge. And I'm
20 just wondering what the legal status of that is and what
21 --do you have any indication of where that stands?

22 DR. REYES: Perhaps OGC could address that.

23 MR. BURNS: Essentially. It was a -- a TRO was
24 sought by private parties before a state court judge in the
25 State of Connecticut dealing with matters regarding state

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1 environmental regulation. My understanding is although NU
2 may go back to the judge before the -- I think the TRO runs
3 out sometime early next month or at the end of this month.
4 Essentially, what the NRC has done, as is indicated from the
5 standpoint of its regulatory authority and responsibility
6 under the Atomic Energy Act, it has made the decisions or
7 determinations it needs to make with respect to authorizing

8 restart recognizing that there -- just as in any plant that
9 may require state approvals, a certificate of convenience
10 and necessity from a state PUC or something else. But those
11 are other matters that may be resolved.

12 As I say, you know, we -- the NRC itself has not
13 been a participant in those proceedings. You know, we try
14 to follow them as we can. But my understanding is that
15 although there may be an opportunity for the utility to go
16 back before the judge and seek some relief from the TRO, it
17 would ordinarily run out, I think, if I'm correct, at the
18 end of this month or in early June.

19 Part of it, as I understood, it was keyed to the
20 spawning season of certain fish species in the Long Island
21 Sound.

22 COMMISSIONER MERRIFIELD: As a related question,
23 obviously the licensee had been gearing itself up for
24 operation of that facility. What has been the response?
25 Have they continued to work on their backlog? Have they

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1 been progressing with the work that they had anticipated? I
2 just want to get a better understanding of how the licensee
3 is acting in response to this restraining order and how that
4 affects the operation of that plant.

5 MR. MILLER: It is on hot standby and have
6 continued to work on the backlog, do maintenance otherwise
7 prepare themselves for restart. As you know, we have an
8 expanded staff, resident inspectors and we are following
9 that. I think they are using this time to their advantage
10 from the feedback I am getting.

11 COMMISSIONER MERRIFIELD: Thank you.

12 MR. COLLINS: If there are no more questions, I
13 will acknowledge that as a result of the screening meetings,
14 there were no plants moved forward for discussion at the
15 Senior Management Meeting in Region II. At this time we
16 will proceed with those plants that were forwarded for
17 discussion that are located in Region III.

18 Jim Dyer, the Regional Administrator from Region
19 III, will discuss plants. We are going to start out with
20 the agency focus plant, D.C. Cook. Jim.

21 MR. DYER: Good morning, Chairman, Commissioners.
22 The first plant I would like to discuss is the D.C. Cook
23 Nuclear Station. Both units of D.C. Cook were shut down in
24 September 1997 after an NRC architect engineering inspection
25 identified significant concerns about the design and

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1 operation of several safety systems.

2 In March 1998 a restart plan was developed that
3 included system readiness reviews of safety systems that
4 were performed by American Electric Power staff and the NRC
5 entered the Manual Chapter 0350 process.

6 After the July 1998 Senior Management Meeting,
7 D.C. Cook received a Trending Letter and the NRC staff was
8 directed to validate the system readiness review process
9 with a safety system functional inspection. At the
10 licensee's request, the safety system functional inspection
11 was subsequently performed by an independent contractor with
12 NRC oversight.

13 Since the July 1998 Senior Management Meeting,
14 both units have remained shut down. The auxiliary feedwater
15 system, safety system functional inspection identified
16 significant operability issues that were missed by
17 licensee's earlier system readiness reviews. An NRC
18 inspection also identified concerns with numerous

19 motor-operated valves that should have been previously
20 resolved.

21 In January 1999, in response to these findings,
22 American Electric Power delayed the scheduled restart of
23 D.C. Cook indefinitely and revised the restart plan to
24 include expanded system readiness reviews of safety systems
25 using both their staff and independent contractor resources.

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1 The expanded system readiness reviews have identified
2 significant findings, some of which may require system
3 modifications and license amendments to resolve.

4 The NRC has continued to focus inspection
5 activities through the Manual Chapter 0350 restart panel.
6 To date, inspections of the expanded system readiness review
7 process indicates that* a thorough review by the licensee.
8 Our final validation of the expanded system readiness review
9 results will occur later this summer.

10 The Senior Managers' discussions focused on two
11 considerations in order to determine the appropriate level
12 of agency response. First, we considered the factors in
13 plant evaluation template for increasing or decreasing
14 attention at a NRC trending facility. The licensees'
15 initial systems readiness reviews failed to identify
16 existing problems and were considered an ineffective
17 self-assessment. However, the expanded system readiness
18 reviews appear to very thorough assessments.

19 American Electric Power is utilizing external
20 expertise to identify longstanding design problems,
21 instituting program changes to prevent recurrence and
22 delaying restart until an integrated solution is developed
23 to resolve the identified problems. As a result, the Senior
24 Managers determined that additional NRC action was not
25 necessary to address D.C. Cook performance at this time.

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1 Second, we considered the current level and
2 expected level of NRC resources required for support and
3 oversight of restart activities. We considered the current
4 level of NRC oversight during problem discovery activities
5 to currently be beyond the regional level. A Commission
6 meeting was held in November 1998 with American Electric
7 Power executives. Several NRC executives have already made
8 site visits. And a public restart meeting was held in NRC
9 headquarters to better coordinate agency support.

10 Additionally, the restart inspection efforts to
11 date have been augmented with contractor and staff resources
12 beyond Region III. In looking to the future with the
13 significant issues currently identified, additional
14 resources to support the expected licensing inspection for
15 the problem resolution activities are anticipated.

16 In summary, the Senior Managers determined that
17 D.C. Cook is currently receiving an agency focus level of
18 oversight. No additional regulatory actions are considered
19 necessary as the licensee's current restart plan appears to
20 be a thorough approach to identifying and resolving problems
21 at D.C. Cook.

22 We concluded that the continued agency focus is
23 appropriate for D.C. Cook oversight to ensure necessary NRC
24 resources are applied to the restart efforts. The NRC staff
25 will continue to monitor and inspect licensee performance

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1 through the NRC Manual Chapter 0350 process and evaluate
2 whether additional action is necessary in the future. The
3 NRC staff will also ensure the Commission remains informed
4 of licensee recovery efforts. This concludes my

5 presentation on D.C. Cook.

6 CHAIRMAN JACKSON: What assurances do we have the
7 difficulties in engineering performance and design areas are
8 limited to those areas?

9 MR. DYER: Well, I think the expanded system
10 readiness reviews go far beyond design. Some of the issues
11 that are just -- if I get the question right, some of the
12 issues that we are finding now, that the licensee is finding
13 now and we are observing in their process, have to do with
14 maintenance and operating procedures and expand beyond just
15 design control issues.

16 CHAIRMAN JACKSON: Are we sufficiently involved to
17 understand the significance of their findings?

18 MR. DYER: We are, well, right now, still in the
19 problem discovery phase and, as luck would have it, I drove
20 in, I came in this morning with Rich Barrett on the Metro
21 and we were talking about, I understand, you know, the
22 Office of Research is also conducting a review of what is
23 the integrated assessment of all the problems that are being
24 discovered at D.C. Cook of the initiated projects. So I
25 think that indicates some of the agency focus that we are

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1 still trying to get our arms around, as well as the
2 licensee.

3 CHAIRMAN JACKSON: Are they still trying to get
4 their arms around the scope of the issues?

5 MR. DYER: Yes, ma'am.

6 MR. COLLINS: Madam Chairman, we have two points
7 of focus for the agency oversight to ensure that the level
8 and the depth of attention is appropriate. Of course, Jim
9 Dyer, as a Regional Administrator, is a primary contact.
10 NRR is in a support role for the region as far as resources
11 and the licensing actions that may result from the design
12 basis discoveries.

13 Jim and I are both involved, I have been to two
14 0350 panels, one at the site, and the approach that is being
15 used is a little different than has been used in the past.
16 As you know, we have been involved in the discovery efforts
17 at D.C. Cook before.

18 Jim's approach -- Jim, I am going to hand it off
19 her to you in just a moment -- is to allow the licensee to
20 go through an initial discovery phase with us understanding
21 the process that is being used, and then, after an initial
22 implementation of that process with a number of systems, we
23 will go forth and test the results independently, therefore,
24 validating the process and the scope and depth of the
25 process. And then we would allow the licensee to proceed

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1 with the implementation of that process. That is opposed to
2 waiting until the end of the process and coming in and doing
3 a confirmatory review. And Jim is managing this process
4 day-to-day. Is that accurate, Jim?

5 MR. DYER: Yes, sir.

6 CHAIRMAN JACKSON: Taking off from my colleague,
7 Dr. Diaz, you know, language is always important, and as you
8 were describing the level of activity, you used terms like
9 "support restart," and if they are still in a discovery
10 phase and they are still bounding the problem, and we have
11 yet to go through these measured steps that Mr. Collins
12 outlined, we should be careful that we are not sending the
13 wrong message in talking about supporting restart. In the
14 end, our job is to support oversight of restart when they
15 get to that point. So, I just would like to sensitize you

16 in that area. Please.

17 COMMISSIONER DICUS: It is my understanding that
18 D.C. Cook uses a lot of outside contractor support to
19 perform their work. Is that fairly accurate?

20 MR. DYER: Yes, ma'am.

21 COMMISSIONER DICUS: There is a point in time, of
22 course, they need to rely less on contractor support, but
23 are they trending in that direction or are they so far away
24 from being able to not have contractor support that it is
25 premature to even consider that?

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1 MR. DYER: Right now, I would say I know of no
2 plans to back away from their current contractor support
3 efforts. We haven't really focused on any of their restart
4 activities for resolution of the problems yet, and what
5 their plans are. The contracted support was brought in to
6 provide the independent review of their systems and one of
7 the principal problems or root causes for missing the issues
8 with the system readiness reviews was a lack of this
9 contracted or independent assessment. So at this stage,
10 very much still in the problem discovery phase.

11 I think as a status, the licensee identified three
12 -- grouped their systems into two or three different groups.
13 The first phase was the most safety significant systems, of
14 which there was around 20 or 19 systems. That discovery
15 phase, right now, when we held our last 0350 restart panel
16 about two weeks ago, was the first system, containment
17 systems, had** report had been just been issued, and they
18 still have -- the other ones were still in various stages of
19 development. And so, as Sam was saying, our review of that
20 discovery phase will occur when they finish this first
21 group. But it is still very much contractor driven.

22 MR. COLLINS: Commissioner Dicus, I think there is
23 -- just to be sure that we are clear in your question and
24 the response, the plant being in discovery and then recovery
25 has many layers in these processes which are not typical of

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1 an operating reactor. The majority of the support for those
2 unique reviews and the layers of review are individuals who
3 are from the outside as contractors, to use a general term.

4 There is the second aspect which is that the
5 majority of their senior staff have come in from the
6 outside, other utilities, other recovery plants. The
7 majority of those individuals are permanent employees, but
8 they are, in fact, new to the site.

9 COMMISSIONER DICUS: Okay.

10 MR. COLLINS: So there is a difference between
11 those two views. Is that fair, Jim?

12 MR. DYER: Yes. And I think one other thing that
13 would, whether it is a contracted or AEP employees doing the
14 design engineering work afterwards, as part of the expanded
15 system readiness reviews, they are developing a library of
16 design basis information that is retrievable, computer
17 assisted in that. Part of the problems in the past with
18 D.C. Cook is they haven't had the recoverable calculations,
19 drawings, to capture all the modifications to systems, and
20 that is part of the problem that we had in not penetrating
21 and finding these problems earlier through our inspection
22 process, as well as their engineers facilitating, doing
23 comprehensive design change reviews and that.

24 COMMISSIONER DICUS: Thank you.

25 COMMISSIONER MERRIFIELD: Although I haven't had

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1 an opportunity to go up to D.C. Cook yet and it is my

2 intention to do so soon, I did ask one of the members of my
3 staff, Brian McCabe, to accompany Sam Collins there to get a
4 report on what was going on, and which he did provide to me.

5 One of the issues that I have raised concerns
6 about in the past is the -0350 and whether we are
7 appropriately bounding that process in our review of these
8 plants.

9 I would be interested in knowing how the -0350
10 process has enhanced our oversight efforts at D.C. Cook and
11 what steps you and your folks in the region have taken to
12 make sure that we are utilizing that process with the
13 appropriate bounding efforts.

14 MR. DYER: From my perspective, the true value of
15 the -0350 process is I have a designated SES level manager.
16 In the case of D.C. Cook it is Jack Rowe, the Director,
17 Division of Reactor Safety, who briefed the Commission at
18 the November 30th Commission meeting and Jack runs the -0350
19 process and it is really an effective way of managing our
20 resources we are dedicating to the site.

21 We have a significant amount of resources that we
22 are in the ready position to inspect the licensee based on
23 when they accomplish specific milestones. As they are going
24 through this process, these dates slip. They change.
25 Sometimes they move up, sometimes they move back as things

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1 go well or poorly during their restart process, and us
2 targeting key milestones such as completion of a discovery
3 phase, if that is extended I need to have a manager who
4 knows to reprogram a rather significant amount of resources
5 and particularly in the case of D.C. Cook we were receiving
6 inspector, contractor support from NRR. We were also
7 receiving inspectors from the other regions --

8 CHAIRMAN JACKSON: What is the value added from a
9 health and safety point of view of our -0350 oversight?

10 MR. DYER: It is prompt identification of
11 problems.

12 MR. COLLINS: I think it is an efficiency and
13 effectiveness argument -- how do we focus our resources, how
14 do we determine what is important, talking process-wise, not
15 the specifics that Jim just articulated.

16 Also, perhaps one of the greatest benefits is
17 being able to create a forum by which the licensee and the
18 NRC, and these meetings are open to the public. At the
19 meeting that Mr. McCabe was at we had other stakeholders
20 present and we talked to those other stakeholders as a
21 result of the meeting, so that there is a common
22 understanding of what issues are within the regulatory
23 purview of the NRC, how we will handle those, and what is
24 within the control and auspices of the licensees which we do
25 not intend to confirm.

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1 That common understanding then drives the overview
2 processes and that changes at every meeting as discovery
3 continues. We also have a unique aspect of D.C. Cook.
4 Cecil Thomas is the SES Manager who is represented on the
5 -0350 panel. There is a potential of a significant amount
6 of licensing activity to come forward as a result of the
7 reconstitution of the design of the plant. Those licensing
8 actions in the arena that I operate in are very important
9 for us to schedule and to provide resources towards and they
10 may have a tendency to drive other initiatives in other
11 arenas, so that is not an insignificant benefit to the -0350
12 process.

13 MR. MILLER: Could I add just a little bit from
14 the experience at Millstone, Salem, and some of the other
15 cases. I think this might go to your question.

16 In addition to assuring that the reviews are
17 comprehensive, the -0350 process brings a discipline to our
18 reviews and among other things, what we are sensitive to is
19 not using restart as a way to have new issues come in that
20 really aren't critical to restart, to do a sort on the
21 issues and to among other things say that for example here's
22 an issue that comes up that somebody on the Staff has had
23 for some period of time. It's a good issue but it is not a
24 restart issue -- so it kind of works both ways.

25 The discipline that is brought by Senior Managers,

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1 and it is not just from the region, it is from the program
2 office that is an another important facet of this.

3 COMMISSIONER MERRIFIELD: Just so it's clear,
4 based on the information that my staff has provided me I do
5 think your folks up in Region III are doing a good job at
6 that process. I didn't want to leave that ambiguity with
7 you.

8 CHAIRMAN JACKSON: So you have been inspected and
9 passed the test.

10 MR. MILLER: Yes, ma'am.

11 CHAIRMAN JACKSON: Shall we go on?

12 MR. McGAFFIGAN: Madam Chairman, just one
13 question --

14 CHAIRMAN JACKSON: Oh, I'm sorry.

15 MR. McGAFFIGAN: -- on D.C. Cook, just to try to
16 get us all on the same page. The plant performance review
17 letter and the press release that Region III issued, the
18 press noted this was among three plants, and I will get to
19 the other two later, where we did not give a pass or fail
20 grade or acceptable or unacceptable grade. We sort of
21 punted. Since I am uncomfortable having somebody ungraded,
22 where today if you were sending a PPR letter and issuing a
23 PPR press release would D.C. Cook fit?

24 MR. DYER: I think I would punt again.

25 MR. COLLINS: Let me answer --

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1 MR. DYER: I think Sam --

2 MR. COLLINS: Jim, you can answer the specifics.
3 In fact, we didn't punt. What we did was follow program
4 office guidance and the program office guidance would
5 indicate that if a plant is in an extended shutdown then the
6 assessment of the plant performance should focus on those
7 recovery efforts and not the anticipation, if you will, that
8 the plant is operating at an overall acceptable arena like a
9 plant that is operating under their license conditions, so
10 what we need to do in the future, in the go-forward area,
11 Commissioner McGaffigan, is to be sure that we are clear, if
12 we continue to use these letters, that when we do use a word
13 like "acceptable" -- and we may in the future, to help that
14 clarity issue -- for a plant that is shut down, it would be
15 focused towards those recovery efforts and whether those
16 recovery efforts are making sufficient acceptable progress
17 or not.

18 MR. McGAFFIGAN: My recollection is, and Dr.
19 Travers can correct me, that during the entire Millstone era
20 where he where he was head of the Special Projects Office,
21 we tended to say things like they are acceptable for the
22 condition that they are in when he would have public
23 meetings there, so I am not sure why he did one thing at
24 Millstone and we are doing another at D.C. Cook.

25 You know, the question is are the acceptable in

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1 the mode that they are in at the moment, which is a shutdown
2 mode, and are their actions acceptable, so that is why I am
3 a little confused.

4 CHAIRMAN JACKSON: Well he, as far as I recall, I
5 think I heard him right, did say as part of his presentation
6 on D.C. Cook that the path they are on is acceptable.

7 MR. McGAFFIGAN: Right, yes.

8 CHAIRMAN JACKSON: And that is as far as it goes,
9 and they are not ready to restart. There's the -0350
10 process and so the path they are on is acceptable. They are
11 already shut down. Now if they were operating, then there
12 is an issue there --

13 MR. McGAFFIGAN: -- in a minute --

14 [Laughter.]

15 MR. TRAVERS: But Commissioner, in response to
16 your question, you are right. I mean there is -- first of
17 all, we are in transition. We are sort of looking at how
18 best to communicate these kinds of things, but from my
19 experience at Millstone, since you related it, there was
20 some considerable interest in the safety of whatever mode
21 the plant happens to be in at the time, whether it is
22 shutdown or not and there may be some value in expressing
23 that in some way in connection with these communications
24 following the PPR, and Sam and I have been discussing that.

25 I am sure we are going to look at that very

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1 seriously.

2 MR. COLLINS: We are doing a lessons learned based
3 on the overall process, which includes not only the letters
4 we are sending out for the PPR and how they communicate, but
5 the press releases, whether the PPR process gets us to where
6 we need to go as far as inspection resources and that input
7 along with others by OPA, Office of Public Affairs, that we
8 have received will be part of the lessons learned.

9 CHAIRMAN JACKSON: Would you go on then.

10 MR. DYER: Okay. The next plant I would like to
11 discuss is the Clinton Power Station. Clinton shut down
12 September, 1996 after a recirc pump seal failure event
13 raised questions about operator and equipment performance.
14 After the January, 1997 Senior Management Meeting Clinton
15 was issued a trending letter for declining performance and
16 an NRC Manual Chapter -0350 restart panel was established.

17 At the June, 1997 Senior Management Meeting,
18 Senior Managers concluded that the trend was not arrested
19 and that an independent safety assessment with NRC safety
20 evaluation team oversight should be conducted. This was an
21 alternative to the diagnostic evaluation program.

22 At the January, 1998 Senior Management Meeting
23 Clinton was identified as a Category 2 Watch List plant
24 after inadequate corrective actions of circuit breaker
25 problems were discovered and the independent safety

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1 assessment identified broad problems in all functional
2 areas.

3 Later in January, 1998 Illinois Power issued a
4 three-year contract to PECO Energy to provide management
5 service to the Clinton Power Station. PECO Energy brought
6 in a new management team and created the "Plan for
7 Excellence," which include the actions necessary for
8 restart. After the July, 1998 Senior Management Meeting,
9 Clinton remained a Category 2 Watch List facility.

10 Since the July, 1998 Senior Management Meeting,
11 Clinton has focused on the actions in the "Plan for
12 Excellence" necessary for restart and delayed some of the
13 non-restart actions. Three areas were of most concern for
14 restart -- operations, corrective actions, and engineering.
15 NRC inspections revealed that with PECO Energy's
16 support, engineering products were sound. However, the
17 operations and corrective action programs were slow to
18 improve and achieved acceptable performance for restart only
19 after extensive remediation and mentoring by contracted
20 personnel.
21 Shortly before the Senior Management Meeting, the
22 NRC -0350 restart panel completed its review of the
23 case-specific checklist items for restart. After the Senior
24 Management Meeting on April 27th, 1999, I closed out the
25 Manual Chapter -0350 restart action items after consultation

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1 with the EDO and the Director of NRR.

2 To help assure that long-term performance remained
3 acceptable after restart we decided to continue the Manual
4 Chapter -0350 panel to review the results of the NRC restart
5 inspections and the licensee's updated "Plan for Excellence"
6 with the new milestones for completion of non-restart items
7 and to develop a post-restart inspection plan for the
8 Clinton Station.

9 In determining the appropriate NRC response to
10 Clinton performance the Senior Managers considered the
11 factors in the evaluation matrix. Clinton performance
12 improved sufficiently for restart with the support of
13 outside contractors. Self-assessments were identifying
14 issues but the corrective action program was not ensuring
15 timely resolution. Senior Managers were concerned about the
16 continuity of performance at Clinton given the high reliance
17 on contractor support for improvements, and the possible
18 change in ownership of the Clinton Station. It was decided
19 that continued direct attention of the Regional
20 Administrator was necessary to coordinate the increased
21 inspection and monitoring activities.

22 As a result, Senior Managers concluded that
23 Clinton should receive a regional focus level of oversight.
24 This concludes my presentation on Clinton.

25 CHAIRMAN JACKSON: Do we have confidence in the

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1 licensees' ability to find and correct -- "correct" being
2 capitalized -- problems?

3 MR. DYER: Under their -- with their current
4 management structure and augment and support from
5 contractors, yes.

6 COMMISSIONER MCGAFFIGAN: Madam Chairman?

7 CHAIRMAN JACKSON: Please.

8 COMMISSIONER MERRIFIELD: The next punt, Clinton
9 was one of the other plants that, as of the April 5th,
10 perhaps for the reasons that Mr. Collins mentioned earlier,
11 did not have an acceptable or unacceptable grade since they
12 are now operating? Do you want to give us a grade if you
13 were issuing the PPR today?

14 MR. DYER: Yes, sir. Given that they're operating
15 now, their performance would be acceptable.

16 COMMISSIONER MCGAFFIGAN: Okay. Thank you.

17 MR. COLLINS: Our understanding is Clinton is in
18 the startup --

19 MR. DYER: They're currently starting up.

20 MR. COLLINS: It's in the startup mode.

21 CHAIRMAN JACKSON: Well, you know my basic

22 position. Performance is as performance does, and if we're
23 going to punt most things over to the corrective action
24 program, we better be darn sure that the corrective action
25 program on its own legs works at these plants. We can't

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1 just say that's the closet into which everything gets swept
2 and not open the door to the closet and ensure that it gets
3 cleaned out.

4 MR. DYER: The 0350 restart panel is, in fact, one
5 of the -- one of the planned inspections that are going to
6 come out of that is an approach for addressing the
7 corrective action program post-restart. We do need to focus
8 on that area. We're very concerned of any kind of a
9 backsliding in that arena.

10 CHAIRMAN JACKSON: Commissioner?

11 COMMISSIONER DICUS: I had a question about the
12 corrective action program. The Chairman asked it for me, so
13 I appreciate that.

14 CHAIRMAN JACKSON: You're welcome.

15 COMMISSIONER DICUS: But I would emphasize the
16 importance of it and the confidence level that you would
17 have in their corrective action program as they go forward.

18 The other thing is just a short question. Did
19 they replace the breakers or did they repair them?

20 MR. DYER: They replaced some and refurbished
21 some. It was --

22 COMMISSIONER DICUS: 50/50 or --

23 MR. DYER: I don't know. I saw --

24 CHAIRMAN JACKSON: Maybe you can get that
25 information.

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1 MR. DYER: Yes. We'll have to get back.

2 CHAIRMAN JACKSON: Commissioner Merrifield?

3 COMMISSIONER MERRIFIELD: I know Dr. Travers
4 recently wrote a letter to Illinois Power in which a point
5 was made that PECO Energy was providing significant
6 management and technical support at Clinton, and it
7 reflected, as was commented on by Mr. Deyer, that we had a
8 concern that a substantial reduction in the enhanced support
9 provided by PECO could have -- may be of concern and may
10 necessitate increased inspection and monitoring.

11 Subsequently, there has been an announcement that
12 Amergen is pursuing an interest in purchasing the Clinton
13 plant and they have signed some documents related to that.
14 But I remember when we had our meeting regarding the restart
15 of Millstone Unit 2, I think it was Commissioner Diaz who
16 asked the question, is the licensee ready to stand on its
17 own and effectively operate the plant? If Amergen woke up
18 tomorrow and decided that Clinton was not such a good
19 investment and decided to pull its folks out of there, can
20 this licensee stand on its own and operate that plant?

21 MR. DYER: Yes. And if Amergen -- well, Amergen
22 is separate from PECO Energy, is our understanding --

23 COMMISSIONER MERRIFIELD: Presumably --

24 MR. DYER: -- and they have a contract, a
25 three-year contract, to provide the management services to

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1 Illinois Power separate from the Amergen purchase, is my
2 understanding.

3 COMMISSIONER MERRIFIELD: So they're locked in
4 there irrespective of the decision made on Amergen --

5 MR. DYER: Yes, sir.

6 CHAIRMAN JACKSON: And with their outside support.

7 MR. DYER: With their outside support. And should
8 that -- I mean, if PECO Energy would pull all its support
9 away, the licensed operators, we would have to evaluate the
10 overall management team that's left and what's going on at
11 the site and make a decision.

12 COMMISSIONER MERRIFIELD: Thank you.

13 CHAIRMAN JACKSON: Okay.

14 MR. COLLINS: If there are no more questions,
15 we'll proceed with LaSalle units 1 and 2.

16 MR. DYER: The next plant I would like to discuss
17 is the LaSalle nuclear station. At the January 1997 senior
18 management meeting, LaSalle was placed on the Watch List as
19 a category 2 facility following the shutdown of both units
20 to address a number of human performance and hardware
21 deficiencies.

22 ComEd implemented a restart plan and performance
23 improved; however, as of the July 1998 senior management
24 meeting, both units remained shut down and LaSalle remained
25 a Category 2 Watch List facility.

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1 Since the July 1998 senior management meeting,
2 both units have restarted and we have observed improved
3 safety performance. Overall, recovery from the extended
4 outages at both units was conducted well. Unit 1 restarted
5 in August 1998 and experienced a scram and forced outage due
6 to equipment problems shortly after restart. Operators
7 handled these transients well. A short unit 1 maintenance
8 outage was also successfully conducted in December 1998.

9 Unit 2 restarted in April 1999 without problems of
10 note, and to date, dual unit operations have not created any
11 additional problems.

12 During a recent radiological controls inspection,
13 we did note problems with radiological worker performance;
14 however, a recent follow-up inspection identified that
15 corrective actions had been implemented by the station to
16 address these concerns.

17 The senior managers discussed LaSalle performance
18 in relation to the factors and the evaluation matrix to
19 determine an appropriate agency response.

20 The root cause of previous problems had been
21 identified and corrected, self-assessment and corrective
22 action programs were improved, and management oversight had
23 been enhanced and an NRC assessment had been successfully
24 completed.

25 The only remaining question was whether LaSalle

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1 could sustain successful plant operation under dual unit
2 operating conditions. The senior manager determined that
3 additional focused inspections were not necessary based on
4 the observed performance of unit 1 and the successful
5 startup of unit 2.

6 Overall, the senior managers concluded that
7 LaSalle had made sufficient progress at improving
8 performance to warrant routine oversight under the auspices
9 of the NRC inspection program.

10 This concludes my presentation on LaSalle.

11 COMMISSIONER MCGAFFIGAN: I'll ask my --

12 MR. DYER: Sure.

13 COMMISSIONER MCGAFFIGAN: This was sort of a half
14 punt because the press release in the title said NRC finds
15 performance acceptable, but the letter -- where that
16 normally occurs in these letters says, overall, performance
17 at LaSalle improved as discussed below. So where is LaSalle
18 today?

19 MR. DYER: Performance today is acceptable.

20 COMMISSIONER MCGAFFIGAN: Thank you.

21 Can you explain why couldn't we say that back on
22 March 31st?

23 MR. DYER: We struggled with LaSalle in particular
24 because, as I said and Sam said, the program office guidance
25 is, the performance is either acceptable or they were shut

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1 down as part of a restart -- 0350 or another restart
2 process. In LaSalle's case, we had started up one unit, one
3 unit had been started up and we had assessed that. The
4 second unit was still shut down and still coming out of the
5 0350 restart process. We had scheduled as a result of the
6 PPR two restart inspections, one a significant engineering
7 review, and second, an operational readiness inspection.

8 We were worried about sending mixed messages with
9 one unit shut down, one unit started up, going out and doing
10 significant team inspections to support the restart plans
11 and the final closeout of the 0350 process, and so we
12 deferred to the non-conservative approach for fear of, if
13 things did not go well in the inspection, then we would be
14 saying acceptable in March, and in April, we would be saying
15 unacceptable.

16 COMMISSIONER MCGAFFIGAN: I think there's a lesson
17 to be learned, but I'm not sure what it is. I honestly
18 think that we should go back to the practice that we had at
19 Millstone of deciding whether a plant's acceptably being
20 --for the condition it's in, whether the performance is
21 acceptable, rather than have this ambiguous area where if
22 they happen to be shut down, they don't get a grade. I
23 think that we would be better off communicating to the
24 public our overall view of the plant as it exists at the
25 time. But that's just one --

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1 CHAIRMAN JACKSON: I think the difficulty is -- I
2 don't disagree with that. If it's acceptable or the path
3 they're on is acceptable for the condition they're in, we
4 should so state. But we also should be saying, you know,
5 this is what we found, this is what we didn't find, but this
6 is why they're acceptable for the state they're in.

7 COMMISSIONER MCGAFFIGAN: But the whole rest of
8 the LaSalle letter uses words "improved" in every paragraph,
9 "effective" almost in every paragraph, a few notes of the
10 sort of thing that Mr. Deyer has talked about. So it's
11 among the more positive of the letters we sent out, and then
12 there is the ambiguous message.

13 MR. COLLINS: Your point is well taken, and we
14 have that under advisement. The one phrase I would want to
15 be cautious with is that the intent of the PPR letters was
16 never to give a grade. The intent of the PPR letters was to
17 acknowledge trends in performance and the agency's proposed
18 response to those in terms of resources and process to set
19 the stage to have open communication with the licensee in a
20 public forum about those topics. The word acceptable is a
21 threshold, I think, that we should strive to acknowledge.
22 If a plant is not acceptable in any condition, then we
23 should be taking a subsequent action. So I agree with your
24 point.

25 COMMISSIONER MCGAFFIGAN: I think that what

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1 happens, you know, any effort to communicate with the public
2 inevitably results in somebody trying to do NRCology, you
3 know, like criminology, and, you know, you end up using

4 other adjectives -- consistent, improved, you know,
5 declining in a couple of them -- and so people then try to
6 figure out, you know, compared to baseline, what is the
7 impact of these letters. As soon as we can get to something
8 that's more scrutable, the better off we'll be, which is I
9 know what you think, too. But everything you do is going to
10 be read.

11 CHAIRMAN JACKSON: Okay.

12 MR. DYER: Next plant I'd like to discuss is the
13 Quad Cities Nuclear Station. After the January 1998 senior
14 management meeting, Quad Cities received a trending letter
15 following the shutdown of both units to address concerns
16 regarding the ability to safely shut down the plants in the
17 event of a fire. At the July 1998 senior management
18 meeting, senior managers noted that ComEd had implemented an
19 improvement plan at both units, and both units had started
20 up from extended outages. However, the plants experienced
21 several transients after startup, and both units scrambled
22 shortly before the senior management meeting. Because of
23 this inconsistent performance, the senior managers concluded
24 that the adverse trend had not been arrested.

25 Since the July senior management meeting, overall

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1 safety performance at the Quad Cities Nuclear Stations has
2 improved, although challenges continue to occur from
3 configuration management and material condition problems.
4 Both units started up from their scram successfully and
5 showed improved operational performance with fewer
6 challenges. Unit 1 operated at power for the period with
7 the exception of one scram due to an operator error and a
8 successful 28-day refueling outage. Unit 2 operated at
9 power during the period with the exception of an equipment
10 outage and a planned maintenance outage. During the
11 maintenance outage, an improper valve lineup resulted in
12 unintended transfer of approximately 7,000 gallons of
13 coolant from the vessel to the torus. This event was a
14 process control breakdown that did not threaten the safety
15 of the fuel.

16 The senior managers discussed Quad Cities'
17 performance in relation to the factors of the performance
18 evaluation template for increasing or decreasing Agency
19 attention to a trending facility. As discussed earlier,
20 operational performance of the units has improved.
21 Additionally, as discussed during a previous Commission
22 meeting, the risk from fire had been reduced through better
23 understanding of some system configuration, improved
24 procedures, and system modifications. The self-assessment
25 program --

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1 CHAIRMAN JACKSON: Don't you really mean that the
2 estimation of the risk was reduced because of analysis? The
3 risk was reduced because of modifications.

4 MR. DYER: Yes, ma'am.

5 CHAIRMAN JACKSON: Okay. There's a difference.

6 MR. DYER: I merged it all together.

7 The self-assessment program, corrective action
8 process, and surveillance testing program were also
9 improved, and material condition backlogs were reduced.

10 In summary, the senior managers concluded that
11 Quad Cities had arrested the observed declining trend in
12 safety performance, and that routine oversight was
13 appropriate under the auspices of the NRC inspection
14 program.

15 CHAIRMAN JACKSON: Commissioner McGaffigan.

16 COMMISSIONER MCGAFFIGAN: Just a general question.
17 I mean, if I were a member of the public looking at this, I
18 would say there's a very large vote of confidence by the
19 senior managers and Mr. Kingsley, Mr. Rowe, and ComEd,
20 because all of their plants now are in routine oversight.
21 And yet I remember the last time we had a Commission meeting
22 Mr. Kingsley warning us that he was still, you know, there
23 was a road to go there, and you still have the C POP.

24 So how does -- what is the message with regard to
25 the overall performance? Am I reading it properly, that

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1 this is a large vote of confidence in where ComEd is today?

2 MR. DYER: Yes. I mean, as much as I'm not
3 usually given to votes of confidence in licensee
4 performance, but ComEd performance has improved.

5 CHAIRMAN JACKSON: So if it's routine, there's no
6 more C POP?

7 MR. DYER: No, ma'am. Separately, one of the next
8 topics I was going to talk about was ComEd oversight,
9 overall oversight, and as part of the -- after the March 2
10 Commission meeting we owe you a termination criteria for C
11 POP.

12 COMMISSIONER DIAZ: Do you think you have the
13 information necessary to reach that decision?

14 MR. DYER: We are -- as a matter of fact, at the
15 senior management meeting we discussed the proposed
16 termination criteria. After this senior management meeting
17 there was one item left open. That item was to review with
18 ComEd their evaluation of their effectiveness reviews, of
19 implementation of the 13 strategic reform initiatives, and
20 we still have to schedule that.

21 As a result of the senior management meeting, we
22 had a few critiques of my proposed -- or our C POP's
23 proposed termination criteria, one of which was to come up
24 with a transition plan once C POP is gone to still review
25 ComEd performance on some sort of a periodic basis across

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1 all system-wide performance for the region. And the second
2 one is escaping me right now. Oh, and we had to define some
3 of our terminology better in our termination criteria.

4 MR. COLLINS: We were not insensitive to the
5 overall Commonwealth performance issue as well as our
6 outstanding obligation to the Commission on the status and
7 potential closeout of that program. That was discussed at
8 the senior management meeting.

9 COMMISSIONER DIAZ: As Commissioner Merrifield
10 already kindly pointed out, I'm a firm believer that once
11 the patient has recovered that we should let him recover by
12 himself instead of keeping giving him medicines when he
13 doesn't need them anymore.

14 MR. COLLINS: Jim referred to the periodic
15 updating of oversight of performance. When I had the
16 opportunity to be -- I was going to say advantaged but
17 opportunity to be in the region that type of meeting with a
18 very large utility in case -- in that case in Region IV it
19 was the Entergy organization to provide for a focused review
20 of the sites was very beneficial, given the size of the
21 organization and the influence over a number of different
22 types of technology, size of units, to review the
23 bench-marking initiatives, how the licensee, the generator
24 defined success and what are their initiatives in the
25 aggregate was very useful. It's that type of effort that I

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1 believe Jim is working with Commonwealth Edison.
2 MR. DYER: When I made the call to Mr. Kingsley to
3 advise him of the results of the senior management meeting
4 and invite him to the Commission meeting, that was one of
5 the things we talked about was the follow-on, whether or not
6 where we were going with C POP and the opportunities for
7 follow-on meetings, and in fact I did mention the Entergy
8 model that we'd used in Region IV.

9 CHAIRMAN JACKSON: Commissioner Merrifield.

10 COMMISSIONER MERRIFIELD: This raises to me a
11 somewhat bigger question. I know as part of the new
12 assessment process the intention is to go to next year where
13 we would have the EDO provide us a review and briefing of
14 the assessment of all the plants that we oversee, and I'm
15 wondering if you all have given any thought yet to what such
16 a meeting might look like. We have obviously 103 operating
17 plants. I think personally there is a lot of usefulness in
18 the opportunity to go through all of them and discuss where
19 they are, results good and bad.

20 CHAIRMAN JACKSON: Just schedule a 9 to 5 meeting.

21 COMMISSIONER MERRIFIELD: I don't know. I mean --

22 CHAIRMAN JACKSON: You may have to devote a day to
23 it, have a morning session and an afternoon session.

24 MR. COLLINS: The direct answer is we've thought
25 about it, but I'm not sure we have coalesced on the

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1 approach.

2 [Laughter.]

3 The potential that you articulated is certainly a
4 possibility. I think there's some opportunity to talk in
5 broad groupings of facilities and then focus on those that
6 hit certain thresholds or have trends. There are some
7 subtleties involved. An example would be that I believe a
8 plant that is on an improving trend for the sake of
9 discussion coming from the white into the green, although
10 it's still in the white, would warrant discussion, but
11 perhaps less discussion that a plant that is on a declining
12 trend, although still in the green but above the white.

13 So we have to be careful with going straight
14 colors, if you will, which we don't want to do anyway, but
15 just by going straight bands, and look more at trends and
16 the ability for those trends to be assessed and reversed by
17 appropriate licensee action or by NRC actions. I think that
18 should be the focus of the discussion. And then it's just a
19 matter of how the plants are grouped and to what extent we
20 need to talk about overall performance. That's yet to be
21 worked through, but certainly I would welcome any Commission
22 insights into that.

23 DR. TRAVERS: But I think in that context it's
24 probably important to emphasize our view of the senior
25 management meeting in context with the overall assessment

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1 processes that are used daily, monthly, quarterly,
2 semiannually and so forth.

3 A senior management meeting in this context, for
4 example, did not result in any significant changes in our
5 proposals and initiatives for regulatory oversight. In a
6 sense it's become an affirmation of where we already are in
7 the context of our oversight rollup from PPR and other
8 processes.

9 So in a real sense while we see it as a
10 value-added part of our overall process, it is just a part,
11 and we are making an effort to communicate the results of
12 PPRs and so forth on an ongoing basis so that what we have

13 is a scrutable, fairly transparent continuum of NRC
14 assessment for these plants.

15 We could certainly -- and I know there's some
16 interest in talking at some point in time in the year about
17 the overall, but I don't want to diminish what I see in the
18 context of this senior management meeting as a successful
19 really affirmation of where we've been over the course of
20 the year.

21 COMMISSIONER MERRIFIELD: I raise this issue
22 only -- and maybe we need to split it down differently in
23 order to avoid that, do it on a regional basis. But since
24 I've been here as a Commissioner, we really don't have any
25 process where the Commissioners can sit down and talk

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1 through all the different plants. On a yearly basis each of
2 us make efforts to try to get out to the extent we can to
3 various facilities.

4 There are some facilities the Commissioners
5 haven't visited for an awfully long time, and unless that
6 plant is in trouble and rises to the level we need to be
7 concerned, we don't really discuss that as a group. And I
8 think, you know, there's some usefulness even if it's
9 relatively briefly for us to go through those and gain some
10 understanding of how the plants are operating, what our
11 inspectors think, and get some better feeling for not just
12 the bad performers but -- the not-so-good performers but
13 also the good ones as well.

14 CHAIRMAN JACKSON: I think the pilot process
15 offers an opportunity to do some testing and for
16 normalization and for the Commission to understand how much
17 discussion is warranted, because in the end, those folks are
18 delegated the responsibility to oversee the plants. The
19 Commission has to decide again what level of performance
20 reporting it desires, but, you know, and only the Commission
21 can decide how much of an onerous burden it is to go through
22 103 reactors. But I think the pilot program offers an
23 opportunity to get some normalization points relative to the
24 fact that in the end they're the ones that have to carry out
25 the program.

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1 MR. McGAFFIGAN: Madam Chairman, is there concern
2 that we are declaring victory early? As I understand the
3 previous cyclical performance, we actually helped contribute
4 a little bit to it by declaring victory at times in the past
5 and then something would pop up again, so I just want to you
6 on the record say why you think this time merging -- getting
7 all the plants off of any Agency or regional focused
8 oversight, this time they really are on the right course and
9 if you would want to amplify -- any of you?

10 MR. DYER: From my perspective, and again I date
11 back with ComEd to some of the previous failures when I was
12 working in NRR as part of the cyclical performance, we never
13 looked at strategically ComEd-wide, never -- the strategic
14 reform initiatives, if you would, have looked at the
15 consistency of implementation across all the sites.

16 We would chase the problems, and I think we would
17 follow them chasing the problems and I don't know that we
18 really as a regulator focused on ComEd-wide. I think that
19 is why the feedback from the Senior Management Meeting about
20 when we stop C POP to focus, still have some vehicle for
21 focusing ComEd-wide is a very important aspect of it.

22 MR. McGAFFIGAN: So this time we did it right,
23 thanks to the order and whatever, and by helping them focus

24 ComEd-wide we focused ComEd-wide and now we have confidence
25 that ComEd-wide they are in good shape. Is that a fair

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1 essence?

2 MR. DYER: Yes.

3 MR. COLLINS: I think there is another factor,
4 although it may not be significant, Commissioner McGaffigan.
5 That is the Dresden facility was probably one of the more
6 notable plants that had cyclic performance, although in this
7 particular case it was a Category 1 facility. It is coming
8 off the list.

9 The Senior Managers hesitated to take that plant
10 off the list in the past for those very reasons that you
11 articulated, even though overall performance perhaps would
12 indicate that they had reached the threshold of no longer
13 being a Category 2 facility. That hesitation provided more
14 time for that facility to mature and it's since been proven
15 that performance is much more stable and then it comes up to
16 the point that we are here today.

17 At this time that concludes the discussions from
18 the most recent Senior Management Meeting. As has been
19 discussed here in the context of this meeting, we expect to
20 have one more Senior Management Meeting, in the spring of
21 2000 timeframe, as we progress towards full implementation
22 of the revised oversight process.

23 Presently, depending on the length of the pilot
24 program, that meeting could be similar to the meeting we
25 have here today, based on the same types of processes with

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1 the insights on the definitions of the plants, or it could
2 be a combination of plants that have been through a pilot
3 and the pilot was completed in the January timeframe and we
4 had the rest of the fleet of reactors which have four to
5 five months within the pilot program -- that's if the pilot
6 terminates in January. If the pilot proceeds beyond that
7 into the April timeframe for the Senior Management Meeting
8 is adhered to, then we would have a meeting similar to here
9 today.

10 We will continue to incorporate the changes as
11 necessary to make a smooth transition to the revised
12 oversight process, and as indicated by the Commissioners,
13 the ongoing interaction with our stakeholders and
14 communication of our processes in a clear manner is
15 important to the success of our process as far as it being
16 understood and achieving its purpose.

17 If there's no more comments at this time, I would
18 like to summarize by indicating that when we define success
19 for this process, I believe one of the reasons we are going
20 forward with the oversight process was the lack of
21 scrutability and consistency and continuity between the SALP
22 and the Senior Management Meeting processes, just to take
23 two more recent examples.

24 The result that Bill articulated, that from the
25 April Senior Management Meeting there are no new inspection

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1 or oversight initiatives shows that as our processes mature
2 and if they are revised, there is more scrutability. We
3 make those adjustments at the time that they are needed and
4 we make those decisions at the time that they are warranted.

5 This meeting, again in Bill's words, are an
6 affirmation of those past actions, and I think that is at
7 least to a large majority success in the process as it is
8 currently defined.

9 I would like to conclude the discussion on power

10 reactor performance and at this time turn the forum over to
11 Dr. Carl Paperiello, who will address the material facility
12 performance on Slide 7.

13 MR. MCGAFFIGAN: Could I ask just one question
14 just to tie one thing down that could be ambiguous?

15 There are no regional focus plants that have not
16 been discussed today? We have discussed the universe of
17 regional focus plants?

18 MR. TRAVERS: That's correct.

19 MR. MCGAFFIGAN: Okay.

20 DR. PAPERIELLO: Could I have Slide 7?

21 CHAIRMAN JACKSON: I have Slide 7.

22 [Laughter.]

23 MR. COLLINS: We tried to be clear on this, so
24 there's no questions on this slide.

25 DR. PAPERIELLO: Madam Chairman, Commissioners,
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1 NMSS together with the regions screened fuel cycle and major
2 material licensees. We used objective criteria such as
3 worker and public doses, effluents, lost material and events
4 both reportable and those resulting in violation. We
5 considered inspection results and performance since the
6 screening meetings conducted last year.

7 Based on these reviews, no facilities were
8 identified for discussion. Furthermore, facility
9 performance appeared either stable or improving in the past
10 year.

11 Finally, we are currently completely revising the
12 fuel cycle inspection program to emphasize risk insights and
13 outcomes, identify performance indicators, and create a more
14 objective basis for bringing public problem facilities to
15 Commission attention and making adjustments in the
16 inspection program. Thank you.

17 CHAIRMAN JACKSON: I am going to just go down the
18 line here and so we can try to do a close-out. Commissioner
19 Dicus?

20 COMMISSIONER DICUS: No further questions.

21 CHAIRMAN JACKSON: Commissioner Diaz?

22 COMMISSIONER DIAZ: I think just a comment,
23 reflecting on two and a half years back, I would like the
24 Staff to know that when I came here I had a lot of problems
25 with the "itys" in the Senior Management Meeting -- that was

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1 scrutability, objectivity, accountability -- you can keep
2 going down the line and the fact there was one time when
3 Commissioner McGaffigan and I thought the only way we were
4 going to understand what it was was to go to one and see
5 what you guys did on it.

6 I believe seriously that the discipline and focus
7 efforts that have been put into getting rid of the "itys"
8 and make them scrutable and objective and accountable is a
9 serious effort that this Agency must take credit for and
10 thanks go to you for implementing what the Commission saw as
11 a major issue to be resolved.

12 I believe we are a long ways from where we were.
13 I am comfortable with the process and have a much more level
14 of confidence that these decisions are being made in a
15 proper sequence and disciplined manner, and I thank you for
16 it.

17 CHAIRMAN JACKSON: Commissioner McGaffigan.

18 MR. MCGAFFIGAN: I agree with Commissioner Diaz
19 and no further questions.

20 CHAIRMAN JACKSON: Commissioner Merrifield?

21 COMMISSIONER MERRIFIELD: No further questions.

22 CHAIRMAN JACKSON: Let me thank the Staff for a
23 clear and very organized presentation. Based upon the
24 information presented, the Staff has identified that the
25 performance at some plants warrants increased focus at

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1 various levels while sustained performance at other plants
2 warrants moving to a routine level of Agency oversight. The
3 improvements noted by the Staff have resulted from
4 appropriate action taken by the licensees for those
5 facilities.

6 Let me just address one significant aspect, as I
7 close on my meeting of this type. I mean I think we have
8 come a long way down the line. Commissioners McGaffigan and
9 Diaz have focused on what has happened in the last two years
10 of the time since they have been here. I think that you
11 know and I know that a lot of these issues came up early-on,
12 including bringing in Arthur Andersen to look at issues
13 having to do with developing objective performance
14 indicators for making judgments in the Senior Management
15 Meeting context.

16 I know I have pushed you very hard to make a
17 number of changes. I won't go into great detail in that
18 regard, but I am encouraged by what I see.

19 As I mentioned in the opening, the Agency is in a
20 transition period, and further changes are planned and more
21 changes will occur as the Agency continues to review the
22 ways in which we can improve how we inspect, assess, and
23 enforce, and while we are in a time of flux, you know, a
24 principle of change management that is essential is not to
25 lose sight of the fundamental purpose for any of the actions

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1 that we take, so I urge you to continue to ensure adequate
2 oversight of the facilities to the end of protecting public
3 health and safety, and to remember to keep the public in
4 public health and safety, and therefore there is a
5 responsibility to keep the public fully informed.

6 I am sure that these changes will continue and I
7 believe that their continuation after my departure is the
8 ultimate legacy, but it all depends upon you and I think you
9 have done a great job under a lot of pressure, and so I
10 thank you for that.

11 If there are no further comments, we are
12 adjourned.

13 [Whereupon, at 10:49 a.m., the meeting was
14 concluded.]

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