November 19, 1999

The Honorable James M. Inhofe, Chairman
Subcommittee on Clean Air, Wetlands,
Private Property and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Fiscal Year 2000 Energy and Water Development Appropriations Act, Senate Report 106-58 and House Report 106-253, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. As further directed in House Report 106-253, we have expanded the monthly report to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to harmonize NRC security regulations with Part 50. I am pleased to transmit the first report for FY 2000 -- and the eleventh report overall -- which covers the month of October (Enclosure 1).

The September report provided information on several important staff activities. In particular, the Commission approved a final rule that amends the regulations applicable to gaseous diffusion plants to simplify the certification and amendment process applicable to those plants. NRC also approved an agreement which allows the state of Ohio to assume part of NRC's regulatory authority over the use of certain radioactive materials. The NRC also amended the regulations governing the use of respiratory protection equipment and other controls to restrict internal exposure to radioactive material. In addition, NRC reported, as confirmed by onsite reviews, that there are no Y2K-related problems which affect the performance of safety systems needed to safely shut down the plants at any of the 103 operational U.S. nuclear power plants.

We continue to remain focused on our preparations for the Year 2000 transition. On October 15, 1999, we conducted a full-scale exercise of NRC's Year 2000 contingency plan. The exercise included participation by NRC Headquarters, all 4 NRC regions, 11 nuclear power plants, and 3 fuel cycle facilities. Also participating were 12 other countries: Austria, Belgium, Canada, Finland, France, Germany, Japan, South Korea, Netherlands, Spain, Switzerland, and Taiwan. The exercise successfully demonstrated the NRC's ability to communicate with its licensees, deal with issues regarding enforcement discretion, and respond to events. This exercise yielded lessons learned that are being incorporated into the continuing effort to prepare for the Y2K transition.

We have now received notification by all 103 operating nuclear power plants that they have completed remediation efforts to be fully "Y2K-ready" -- that is, all plant systems involved with safety, power generation, and plant support are now prepared to roll over into the Year 2000 without computer problems. Based on our review of responses from the nuclear power industry concerning Y2K readiness, our independent inspection efforts at all 103 plants, and our ongoing regulatory oversight activities, we believe that the Y2K problem should not

adversely affect the continued safe operation of U.S. nuclear power plants and should contribute to grid stability during the transition period.

Since our September report, the Commission also:

- Provided detailed comments on the Environmental Protection Agency's (EPA) proposed radiation protection standards for a possible future high-level waste repository at Yucca Mountain, Nevada. As the agency responsible for licensing the possible repository, the NRC believes the standards should have a sound scientific and technical basis and that the standards should be fully justified on health and safety grounds and supported by a cost-benefit analysis. Enclosure 2 summarizes the basis for NRC's objection to the EPA's approach in the proposed rule.

- Revised NRC's Enforcement Policy for safety significant violations by eliminating the term "regulatory significance" and the practice of escalating the severity level of a violation based on aggregation or repetitiveness.

- Published a proposed rule revising Appendix K to 10 CFR Part 50 that would give licensees the option to apply a reduced margin for ECCS evaluation. This action would allow interested licensees to pursue small, but cost-beneficial, power uprates and would reduce unnecessary regulatory burden without compromising the margin of safety of the facility. While all plants could conceivably benefit from this risk-informed rulemaking, if only 50 plant licensees pursue a marginal power uprate, they would share an annual benefit ranging from $50 million to $135 million.

  Related to the rulemaking, the staff completed technical reviews for the power uprate and Appendix K exemption request for Comanche Peak Unit 2 based on the use of the Caldon, Inc., Leading Edge Flow Meter feedwater flow measurement system. The staff is also reviewing a topical report for the ABB Crossflow feedwater flow meter and the associated exemption request for Duane Arnold.

- Published a final rule that amends the regulations concerning licensing requirements for the independent storage of spent nuclear fuel and high-level radioactive waste. The final rule clarifies the obligations of those who hold or apply for a Certificate of Compliance and allows the Commission to take enforcement action against these certificate holders when legally binding requirements are violated.

- Approved a proposed rule amending 10 CFR Part 72 for storage of spent fuel from nuclear power plants to allow cask manufacturers to begin fabrication--at their own risk--before NRC approves use of the cask. The proposed rule would require NRC approval of the quality assurance program before cask fabrication can commence. The proposed amendments would also provide that previously approved cask designs could not be challenged during a licensing hearing. While maintaining adequate assurance of cask design sufficiency and quality assurance, these changes should reduce the regulatory burden and provide flexibility to both applicants and licensees.

- Announced on Monday, September 27, 1999, together with representatives from the Federal Bureau of Investigation (FBI), the Department of Justice (DOJ), and the Environmental Protection Agency (EPA), that Northeast Nuclear Energy Company and

Northeast Utilities Service Company would pay $5 million each in fines based on guilty pleas to 25 felony counts for false statements made to the NRC and environmental violations at the Millstone site in Waterford, Connecticut, and the Devon fossil plant in Milford, Connecticut. The statements to the NRC were made during the period 1992 - 1996 and involved false certifications of completion of training requirements for operator licenses prior to the NRC administering operator license examinations. The false claims first came to light when six out of seven Millstone Unit 1 operator license candidates failed the licensing exam administered by the NRC in December 1996. The $5 million fine to be paid by Northeast Nuclear Energy Company is the largest penalty, either civil or criminal, in the history of the commercial nuclear power industry.

- Issued the final rulemaking on 10 CFR 50.59 and 72.48 (Changes, Tests and Experiments) and related sections. The rulemaking relates to the conditions under which reactor licensees and spent fuel storage facility licensees or cask certificate holders may make changes to their facilities without prior NRC approval.

- Issued NUREG-1437, Supplement 1, “Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 1 Regarding the Calvert Cliffs Nuclear Power Plant.” In the report, the NRC staff concludes there are no impacts that would preclude renewal of the license for environmental reasons.

- Consistent with the Kansas Gas and Electric Company adjudicatory decision mentioned in the June monthly report, issued a proposed rule to amend its regulations to clarify that it will no longer conduct antitrust reviews of license transfer applications submitted by the owners of operating nuclear power plants, eliminating a review that is duplicated by other Federal and state agencies and that is not required by the Atomic Energy Act. The NRC will continue to conduct reviews of nuclear power plant license transfer applications to ensure, among other matters, that prospective owners meet financial qualifications and decommissioning funding assurance requirements.

- Conducted a Commission meeting with stakeholders to discuss methods to improve stakeholder interaction in the area of nuclear materials safety and safeguards.

Since the last report, the NRC staff also:

- Forwarded a risk-informed final rule to the Commission that would allow operating reactor licenses to replace the traditional source term used in design basis accident analyses with alternative source terms. If the final rule is approved, licensees could propose an alternative source term that, if accepted, would reduce unnecessary or ineffective requirements in the facility design basis. There is an expectation that many of the alternative source term applications may provide concomitant improvements in overall safety and in reduced occupational exposure, as well as economic benefits.

- Submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees’ capability to respond to safeguards contingency events. The staff’s proposal includes a requirement for periodic drills and exercises. The exercise requirement would include a mock adversary force employed to simulate force-on-force.

- Conducted a public meeting to discuss draft copies of a rulemaking plan and an Advanced Notice of Proposed Rulemaking to risk-inform the treatment of reactor plant structures, systems, and components. The rulemaking plan was submitted to the Commission on October 29.

- Conducted the second and third of four facilitated public meetings to discuss issues and alternatives related to control of solid materials at licensed facilities. Attending the meeting were representatives of licensees and licensee organizations, the Environmental Protection Agency, the Department of Energy, state agencies, scrap and recycling companies, and steel manufacturers.

- Conducted a reactor decommissioning workshop to discuss the agency's program for inspection of nuclear power plants undergoing decommissioning and to give the public an opportunity to discuss with the NRC staff any concerns or questions regarding the NRC's oversight activities at permanently shutdown plants.

- Approved for use ABB Combustion Engineering's (CE) Alloy 800 steam generator tube repair technique at Baltimore Gas & Electric's Calvert Cliffs plant. BG&E is expected to become the first U.S. plant to apply this repair method, which uses differential thermal expansion to repair steam generator tubes. According to ABB CE, the sleeve's non-welded design allows quick installation and easier in-service inspection.

- Conducted a public meeting to present information on the General Electric (GE) Vallecitos Nuclear Center and answer questions from local officials and the general public. The meeting was requested by public officials representing Alameda County and the City of Pleasanton to discuss Federally-licensed activities at GE Vallecitos, shipments of irradiated nuclear fuel received at the facility, and the work done with the fuel after it arrives.

- Convened a public workshop to solicit views on potential changes to processes and procedures governing public hearings. The effort will help the NRC determine what changes should be made and will assist in the development of proposed rules.

I have enclosed (Enclosure 3) the October update to the Tasking Memorandum, which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/s/ Richard A. Meserve

Richard A. Meserve

Enclosures:
1. October Monthly Report
2. NRC Letter to EPA dated November 2, 1999
3. Tasking Memorandum

cc: Senator Bob Graham

November 19, 1999

The Honorable Joe Barton, Chairman
Subcommittee on Energy and Power
Committee on Commerce
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Fiscal Year 2000 Energy and Water Development Appropriations Act, Senate Report 106-58 and House Report 106-253, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. As further directed in House Report 106-253, we have expanded the monthly report to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to harmonize NRC security regulations with Part 50. I am pleased to transmit the first report for FY 2000 -- and the eleventh report overall -- which covers the month of October (Enclosure 1).

The September report provided information on several important staff activities. In particular, the Commission approved a final rule that amends the regulations applicable to gaseous diffusion plants to simplify the certification and amendment process applicable to those plants. NRC also approved an agreement which allows the state of Ohio to assume part of NRC's regulatory authority over the use of certain radioactive materials. The NRC also amended the regulations governing the use of respiratory protection equipment and other controls to restrict internal exposure to radioactive material. In addition, NRC reported, as confirmed by onsite reviews, that there are no Y2K-related problems which affect the performance of safety systems needed to safely shut down the plants at any of the 103 operational U.S. nuclear power plants.

We continue to remain focused on our preparations for the Year 2000 transition. On October 15, 1999, we conducted a full-scale exercise of NRC’s Year 2000 contingency plan. The exercise included participation by NRC Headquarters, all 4 NRC regions, 11 nuclear power plants, and 3 fuel cycle facilities. Also participating were 12 other countries: Austria, Belgium, Canada, Finland, France, Germany, Japan, South Korea, Netherlands, Spain, Switzerland, and Taiwan. The exercise successfully demonstrated the NRC's ability to communicate with its licensees, deal with issues regarding enforcement discretion, and respond to events. This exercise yielded lessons learned that are being incorporated into the continuing effort to prepare for the Y2K transition.

We have now received notification by all 103 operating nuclear power plants that they have completed remediation efforts to be fully "Y2K-ready" -- that is, all plant systems involved with safety, power generation, and plant support are now prepared to roll over into the Year 2000 without computer problems. Based on our review of responses from the nuclear power industry concerning Y2K readiness, our independent inspection efforts at all 103 plants, and our ongoing regulatory oversight activities, we believe that the Y2K problem should not adversely affect the continued safe operation of U.S. nuclear power plants and should contribute to grid stability during the transition period.

Since our September report, the Commission also:

- Provided detailed comments on the Environmental Protection Agency's (EPA) proposed radiation protection standards for a possible future high-level waste repository at Yucca Mountain, Nevada. As the agency responsible for licensing the possible repository, the NRC believes the standards should have a sound scientific and technical basis and that the standards should be fully justified on health and safety grounds and supported by a cost-benefit analysis. Enclosure 2 summarizes the basis for NRC's objection to the EPA's approach in the proposed rule.

- Revised NRC's Enforcement Policy for safety significant violations by eliminating the term "regulatory significance" and the practice of escalating the severity level of a violation based on aggregation or repetitiveness.

- Published a proposed rule revising Appendix K to 10 CFR Part 50 that would give licensees the option to apply a reduced margin for ECCS evaluation. This action would allow interested licensees to pursue small, but cost-beneficial, power uprates and would reduce unnecessary regulatory burden without compromising the margin of safety of the facility. While all plants could conceivably benefit from this risk-informed rulemaking, if only 50 plant licensees pursue a marginal power uprate, they would share an annual benefit ranging from $50 million to $135 million.

  Related to the rulemaking, the staff completed technical reviews for the power uprate and Appendix K exemption request for Comanche Peak Unit 2 based on the use of the Caldon, Inc., Leading Edge Flow Meter feedwater flow measurement system. The staff is also reviewing a topical report for the ABB Crossflow feedwater flow meter and the associated exemption request for Duane Arnold.

- Published a final rule that amends the regulations concerning licensing requirements for the independent storage of spent nuclear fuel and high-level radioactive waste. The final rule clarifies the obligations of those who hold or apply for a Certificate of Compliance and allows the Commission to take enforcement action against these certificate holders when legally binding requirements are violated.

- Approved a proposed rule amending 10 CFR Part 72 for storage of spent fuel from nuclear power plants to allow cask manufacturers to begin fabrication--at their own risk--before NRC approves use of the cask. The proposed rule would require NRC approval of the quality assurance program before cask fabrication can commence. The proposed amendments would also provide that previously approved cask designs could not be challenged during a licensing hearing. While maintaining adequate assurance of

cask design sufficiency and quality assurance, these changes should reduce the regulatory burden and provide flexibility to both applicants and licensees.

- Announced on Monday, September 27, 1999, together with representatives from the Federal Bureau of Investigation (FBI), the Department of Justice (DOJ), and the Environmental Protection Agency (EPA), that Northeast Nuclear Energy Company and Northeast Utilities Service Company would pay $5 million each in fines based on guilty pleas to 25 felony counts for false statements made to the NRC and environmental violations at the Millstone site in Waterford, Connecticut, and the Devon fossil plant in Milford, Connecticut. The statements to the NRC were made during the period 1992 - 1996 and involved false certifications of completion of training requirements for operator licenses prior to the NRC administering operator license examinations. The false claims first came to light when six out of seven Millstone Unit 1 operator license candidates failed the licensing exam administered by the NRC in December 1996. The $5 million fine to be paid by Northeast Nuclear Energy Company is the largest penalty, either civil or criminal, in the history of the commercial nuclear power industry.

- Issued the final rulemaking on 10 CFR 50.59 and 72.48 (Changes, Tests and Experiments) and related sections. The rulemaking relates to the conditions under which reactor licensees and spent fuel storage facility licensees or cask certificate holders may make changes to their facilities without prior NRC approval.

- Issued NUREG-1437, Supplement 1, “Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 1 Regarding the Calvert Cliffs Nuclear Power Plant.” In the report, the NRC staff concludes there are no impacts that would preclude renewal of the license for environmental reasons.

- Consistent with the Kansas Gas and Electric Company adjudicatory decision mentioned in the June monthly report, issued a proposed rule to amend its regulations to clarify that it will no longer conduct antitrust reviews of license transfer applications submitted by the owners of operating nuclear power plants, eliminating a review that is duplicated by other Federal and state agencies and that is not required by the Atomic Energy Act. The NRC will continue to conduct reviews of nuclear power plant license transfer applications to ensure, among other matters, that prospective owners meet financial qualifications and decommissioning funding assurance requirements.

- Conducted a Commission meeting with stakeholders to discuss methods to improve stakeholder interaction in the area of nuclear materials safety and safeguards.

Since the last report, the NRC staff also:

- Forwarded a risk-informed final rule to the Commission that would allow operating reactor licenses to replace the traditional source term used in design basis accident analyses with alternative source terms. If the final rule is approved, licensees could propose an alternative source term that, if accepted, would reduce unnecessary or ineffective requirements in the facility design basis. There is an expectation that many of the alternative source term applications may provide concomitant improvements in overall safety and in reduced occupational exposure, as well as economic benefits.

- Submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees' capability to respond to safeguards contingency events. The staff's proposal includes a requirement for periodic drills and exercises. The exercise requirement would include a mock adversary force employed to simulate force-on-force.

- Conducted a public meeting to discuss draft copies of a rulemaking plan and an Advanced Notice of Proposed Rulemaking to risk-inform the treatment of reactor plant structures, systems, and components. The rulemaking plan was submitted to the Commission on October 29.

- Conducted the second and third of four facilitated public meetings to discuss issues and alternatives related to control of solid materials at licensed facilities. Attending the meeting were representatives of licensees and licensee organizations, the Environmental Protection Agency, the Department of Energy, state agencies, scrap and recycling companies, and steel manufacturers.

- Conducted a reactor decommissioning workshop to discuss the agency's program for inspection of nuclear power plants undergoing decommissioning and to give the public an opportunity to discuss with the NRC staff any concerns or questions regarding the NRC's oversight activities at permanently shutdown plants.

- Approved for use ABB Combustion Engineering's (CE) Alloy 800 steam generator tube repair technique at Baltimore Gas & Electric's Calvert Cliffs plant. BG&E is expected to become the first U.S. plant to apply this repair method, which uses differential thermal expansion to repair steam generator tubes. According to ABB CE, the sleeve's non-welded design allows quick installation and easier in-service inspection.

- Conducted a public meeting to present information on the General Electric (GE) Vallecitos Nuclear Center and answer questions from local officials and the general public. The meeting was requested by public officials representing Alameda County and the City of Pleasanton to discuss Federally-licensed activities at GE Vallecitos, shipments of irradiated nuclear fuel received at the facility, and the work done with the fuel after it arrives.

- Convened a public workshop to solicit views on potential changes to processes and procedures governing public hearings. The effort will help the NRC determine what changes should be made and will assist in the development of proposed rules.

I have enclosed (Enclosure 3) the October update to the Tasking Memorandum, which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/s/ Richard A. Meserve

Richard A. Meserve

Enclosures:
1. October Monthly Report
2. NRC Letter to EPA dated November 2, 1999
3. Tasking Memorandum

cc: Representative Ralph M. Hall

November 19, 1999

The Honorable Ron Packard, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Fiscal Year 2000 Energy and Water Development Appropriations Act, Senate Report 106-58 and House Report 106-253, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. As further directed in House Report 106-253, we have expanded the monthly report to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to harmonize NRC security regulations with Part 50. I am pleased to transmit the first report for FY 2000 -- and the eleventh report overall -- which covers the month of October (Enclosure 1).

The September report provided information on several important staff activities. In particular, the Commission approved a final rule that amends the regulations applicable to gaseous diffusion plants to simplify the certification and amendment process applicable to those plants. NRC also approved an agreement which allows the state of Ohio to assume part of NRC's regulatory authority over the use of certain radioactive materials. The NRC also amended the regulations governing the use of respiratory protection equipment and other controls to restrict internal exposure to radioactive material. In addition, NRC reported, as confirmed by onsite reviews, that there are no Y2K-related problems which affect the performance of safety systems needed to safely shut down the plants at any of the 103 operational U.S. nuclear power plants.

We continue to remain focused on our preparations for the Year 2000 transition. On October 15, 1999, we conducted a full-scale exercise of NRC’s Year 2000 contingency plan. The exercise included participation by NRC Headquarters, all 4 NRC regions, 11 nuclear power plants, and 3 fuel cycle facilities. Also participating were 12 other countries: Austria, Belgium, Canada, Finland, France, Germany, Japan, South Korea, Netherlands, Spain, Switzerland, and Taiwan. The exercise successfully demonstrated the NRC's ability to communicate with its licensees, deal with issues regarding enforcement discretion, and respond to events. This exercise yielded lessons learned that are being incorporated into the continuing effort to prepare for the Y2K transition.

We have now received notification by all 103 operating nuclear power plants that they have completed remediation efforts to be fully "Y2K-ready" -- that is, all plant systems involved with safety, power generation, and plant support are now prepared to roll over into the Year 2000 without computer problems. Based on our review of responses from the nuclear power industry concerning Y2K readiness, our independent inspection efforts at all 103 plants, and our ongoing regulatory oversight activities, we believe that the Y2K problem should not adversely affect the continued safe operation of U.S. nuclear power plants and should contribute to grid stability during the transition period.

Since our September report, the Commission also:

- Provided detailed comments on the Environmental Protection Agency's (EPA) proposed radiation protection standards for a possible future high-level waste repository at Yucca Mountain, Nevada. As the agency responsible for licensing the possible repository, the NRC believes the standards should have a sound scientific and technical basis and that the standards should be fully justified on health and safety grounds and supported by a cost-benefit analysis. Enclosure 2 summarizes the basis for NRC's objection to the EPA's approach in the proposed rule.

- Revised NRC's Enforcement Policy for safety significant violations by eliminating the term "regulatory significance" and the practice of escalating the severity level of a violation based on aggregation or repetitiveness.

- Published a proposed rule revising Appendix K to 10 CFR Part 50 that would give licensees the option to apply a reduced margin for ECCS evaluation. This action would allow interested licensees to pursue small, but cost-beneficial, power uprates and would reduce unnecessary regulatory burden without compromising the margin of safety of the facility. While all plants could conceivably benefit from this risk-informed rulemaking, if only 50 plant licensees pursue a marginal power uprate, they would share an annual benefit ranging from $50 million to $135 million.

  Related to the rulemaking, the staff completed technical reviews for the power uprate and Appendix K exemption request for Comanche Peak Unit 2 based on the use of the Caldon, Inc., Leading Edge Flow Meter feedwater flow measurement system. The staff is also reviewing a topical report for the ABB Crossflow feedwater flow meter and the associated exemption request for Duane Arnold.

- Published a final rule that amends the regulations concerning licensing requirements for the independent storage of spent nuclear fuel and high-level radioactive waste. The final rule clarifies the obligations of those who hold or apply for a Certificate of Compliance and allows the Commission to take enforcement action against these certificate holders when legally binding requirements are violated.

- Approved a proposed rule amending 10 CFR Part 72 for storage of spent fuel from nuclear power plants to allow cask manufacturers to begin fabrication--at their own risk--before NRC approves use of the cask. The proposed rule would require NRC approval of the quality assurance program before cask fabrication can commence. The proposed amendments would also provide that previously approved cask designs could not be challenged during a licensing hearing. While maintaining adequate assurance of

cask design sufficiency and quality assurance, these changes should reduce the regulatory burden and provide flexibility to both applicants and licensees.

- Announced on Monday, September 27, 1999, together with representatives from the Federal Bureau of Investigation (FBI), the Department of Justice (DOJ), and the Environmental Protection Agency (EPA), that Northeast Nuclear Energy Company and Northeast Utilities Service Company would pay $5 million each in fines based on guilty pleas to 25 felony counts for false statements made to the NRC and environmental violations at the Millstone site in Waterford, Connecticut, and the Devon fossil plant in Milford, Connecticut. The statements to the NRC were made during the period 1992 - 1996 and involved false certifications of completion of training requirements for operator licenses prior to the NRC administering operator license examinations. The false claims first came to light when six out of seven Millstone Unit 1 operator license candidates failed the licensing exam administered by the NRC in December 1996. The $5 million fine to be paid by Northeast Nuclear Energy Company is the largest penalty, either civil or criminal, in the history of the commercial nuclear power industry.

- Issued the final rulemaking on 10 CFR 50.59 and 72.48 (Changes, Tests and Experiments) and related sections. The rulemaking relates to the conditions under which reactor licensees and spent fuel storage facility licensees or cask certificate holders may make changes to their facilities without prior NRC approval.

- Issued NUREG-1437, Supplement 1, “Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 1 Regarding the Calvert Cliffs Nuclear Power Plant.” In the report, the NRC staff concludes there are no impacts that would preclude renewal of the license for environmental reasons.

- Consistent with the Kansas Gas and Electric Company adjudicatory decision mentioned in the June monthly report, issued a proposed rule to amend its regulations to clarify that it will no longer conduct antitrust reviews of license transfer applications submitted by the owners of operating nuclear power plants, eliminating a review that is duplicated by other Federal and state agencies and that is not required by the Atomic Energy Act. The NRC will continue to conduct reviews of nuclear power plant license transfer applications to ensure, among other matters, that prospective owners meet financial qualifications and decommissioning funding assurance requirements.

- Conducted a Commission meeting with stakeholders to discuss methods to improve stakeholder interaction in the area of nuclear materials safety and safeguards.

Since the last report, the NRC staff also:

- Forwarded a risk-informed final rule to the Commission that would allow operating reactor licenses to replace the traditional source term used in design basis accident analyses with alternative source terms. If the final rule is approved, licensees could propose an alternative source term that, if accepted, would reduce unnecessary or ineffective requirements in the facility design basis. There is an expectation that many of the alternative source term applications may provide concomitant improvements in overall safety and in reduced occupational exposure, as well as economic benefits.

- Submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees' capability to respond to safeguards contingency events. The staff's proposal includes a requirement for periodic drills and exercises. The exercise requirement would include a mock adversary force employed to simulate force-on-force.

- Conducted a public meeting to discuss draft copies of a rulemaking plan and an Advanced Notice of Proposed Rulemaking to risk-inform the treatment of reactor plant structures, systems, and components. The rulemaking plan was submitted to the Commission on October 29.

- Conducted the second and third of four facilitated public meetings to discuss issues and alternatives related to control of solid materials at licensed facilities. Attending the meeting were representatives of licensees and licensee organizations, the Environmental Protection Agency, the Department of Energy, state agencies, scrap and recycling companies, and steel manufacturers.

- Conducted a reactor decommissioning workshop to discuss the agency's program for inspection of nuclear power plants undergoing decommissioning and to give the public an opportunity to discuss with the NRC staff any concerns or questions regarding the NRC's oversight activities at permanently shutdown plants.

- Approved for use ABB Combustion Engineering's (CE) Alloy 800 steam generator tube repair technique at Baltimore Gas & Electric's Calvert Cliffs plant. BG&E is expected to become the first U.S. plant to apply this repair method, which uses differential thermal expansion to repair steam generator tubes. According to ABB CE, the sleeve's non-welded design allows quick installation and easier in-service inspection.

- Conducted a public meeting to present information on the General Electric (GE) Vallecitos Nuclear Center and answer questions from local officials and the general public. The meeting was requested by public officials representing Alameda County and the City of Pleasanton to discuss Federally-licensed activities at GE Vallecitos, shipments of irradiated nuclear fuel received at the facility, and the work done with the fuel after it arrives.

- Convened a public workshop to solicit views on potential changes to processes and procedures governing public hearings. The effort will help the NRC determine what changes should be made and will assist in the development of proposed rules.

I have enclosed (Enclosure 3) the October update to the Tasking Memorandum, which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/s/ Richard A. Meserve

Richard A. Meserve

Enclosures:
1. October Monthly Report
2. NRC Letter to EPA dated November 2, 1999
3. Tasking Memorandum

cc: Representative Peter J. Visclosky

November 19, 1999

The Honorable Pete V. Domenici, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Fiscal Year 2000 Energy and Water Development Appropriations Act, Senate Report 106-58 and House Report 106-253, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. As further directed in House Report 106-253, we have expanded the monthly report to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to harmonize NRC security regulations with Part 50. I am pleased to transmit the first report for FY 2000 -- and the eleventh report overall -- which covers the month of October (Enclosure 1).

The September report provided information on several important staff activities. In particular, the Commission approved a final rule that amends the regulations applicable to gaseous diffusion plants to simplify the certification and amendment process applicable to those plants. NRC also approved an agreement which allows the state of Ohio to assume part of NRC's regulatory authority over the use of certain radioactive materials. The NRC also amended the regulations governing the use of respiratory protection equipment and other controls to restrict internal exposure to radioactive material. In addition, NRC reported, as confirmed by onsite reviews, that there are no Y2K-related problems which affect the performance of safety systems needed to safely shut down the plants at any of the 103 operational U.S. nuclear power plants.

We continue to remain focused on our preparations for the Year 2000 transition. On October 15, 1999, we conducted a full-scale exercise of NRC’s Year 2000 contingency plan. The exercise included participation by NRC Headquarters, all 4 NRC regions, 11 nuclear power plants, and 3 fuel cycle facilities. Also participating were 12 other countries: Austria, Belgium, Canada, Finland, France, Germany, Japan, South Korea, Netherlands, Spain, Switzerland, and Taiwan. The exercise successfully demonstrated the NRC's ability to communicate with its licensees, deal with issues regarding enforcement discretion, and respond to events. This exercise yielded lessons learned that are being incorporated into the continuing effort to prepare for the Y2K transition.

We have now received notification by all 103 operating nuclear power plants that they have completed remediation efforts to be fully "Y2K-ready" -- that is, all plant systems involved with safety, power generation, and plant support are now prepared to roll over into the Year 2000 without computer problems. Based on our review of responses from the nuclear power industry concerning Y2K readiness, our independent inspection efforts at all 103 plants, and our ongoing regulatory oversight activities, we believe that the Y2K problem should not adversely affect the continued safe operation of U.S. nuclear power plants and should contribute to grid stability during the transition period.

Since our September report, the Commission also:

- Provided detailed comments on the Environmental Protection Agency's (EPA) proposed radiation protection standards for a possible future high-level waste repository at Yucca Mountain, Nevada. As the agency responsible for licensing the possible repository, the NRC believes the standards should have a sound scientific and technical basis and that the standards should be fully justified on health and safety grounds and supported by a cost-benefit analysis. Enclosure 2 summarizes the basis for NRC's objection to the EPA's approach in the proposed rule.

- Revised NRC's Enforcement Policy for safety significant violations by eliminating the term "regulatory significance" and the practice of escalating the severity level of a violation based on aggregation or repetitiveness.

- Published a proposed rule revising Appendix K to 10 CFR Part 50 that would give licensees the option to apply a reduced margin for ECCS evaluation. This action would allow interested licensees to pursue small, but cost-beneficial, power uprates and would reduce unnecessary regulatory burden without compromising the margin of safety of the facility. While all plants could conceivably benefit from this risk-informed rulemaking, if only 50 plant licensees pursue a marginal power uprate, they would share an annual benefit ranging from $50 million to $135 million.

  Related to the rulemaking, the staff completed technical reviews for the power uprate and Appendix K exemption request for Comanche Peak Unit 2 based on the use of the Caldon, Inc., Leading Edge Flow Meter feedwater flow measurement system. The staff is also reviewing a topical report for the ABB Crossflow feedwater flow meter and the associated exemption request for Duane Arnold.

- Published a final rule that amends the regulations concerning licensing requirements for the independent storage of spent nuclear fuel and high-level radioactive waste. The final rule clarifies the obligations of those who hold or apply for a Certificate of Compliance and allows the Commission to take enforcement action against these certificate holders when legally binding requirements are violated.

- Approved a proposed rule amending 10 CFR Part 72 for storage of spent fuel from nuclear power plants to allow cask manufacturers to begin fabrication--at their own risk--before NRC approves use of the cask. The proposed rule would require NRC approval of the quality assurance program before cask fabrication can commence. The proposed amendments would also provide that previously approved cask designs could not be challenged during a licensing hearing. While maintaining adequate assurance of

cask design sufficiency and quality assurance, these changes should reduce the regulatory burden and provide flexibility to both applicants and licensees.

- Announced on Monday, September 27, 1999, together with representatives from the Federal Bureau of Investigation (FBI), the Department of Justice (DOJ), and the Environmental Protection Agency (EPA), that Northeast Nuclear Energy Company and Northeast Utilities Service Company would pay $5 million each in fines based on guilty pleas to 25 felony counts for false statements made to the NRC and environmental violations at the Millstone site in Waterford, Connecticut, and the Devon fossil plant in Milford, Connecticut. The statements to the NRC were made during the period 1992 - 1996 and involved false certifications of completion of training requirements for operator licenses prior to the NRC administering operator license examinations. The false claims first came to light when six out of seven Millstone Unit 1 operator license candidates failed the licensing exam administered by the NRC in December 1996. The $5 million fine to be paid by Northeast Nuclear Energy Company is the largest penalty, either civil or criminal, in the history of the commercial nuclear power industry.

- Issued the final rulemaking on 10 CFR 50.59 and 72.48 (Changes, Tests and Experiments) and related sections. The rulemaking relates to the conditions under which reactor licensees and spent fuel storage facility licensees or cask certificate holders may make changes to their facilities without prior NRC approval.

- Issued NUREG-1437, Supplement 1, “Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 1 Regarding the Calvert Cliffs Nuclear Power Plant.” In the report, the NRC staff concludes there are no impacts that would preclude renewal of the license for environmental reasons.

- Consistent with the Kansas Gas and Electric Company adjudicatory decision mentioned in the June monthly report, issued a proposed rule to amend its regulations to clarify that it will no longer conduct antitrust reviews of license transfer applications submitted by the owners of operating nuclear power plants, eliminating a review that is duplicated by other Federal and state agencies and that is not required by the Atomic Energy Act. The NRC will continue to conduct reviews of nuclear power plant license transfer applications to ensure, among other matters, that prospective owners meet financial qualifications and decommissioning funding assurance requirements.

- Conducted a Commission meeting with stakeholders to discuss methods to improve stakeholder interaction in the area of nuclear materials safety and safeguards.

Since the last report, the NRC staff also:

- Forwarded a risk-informed final rule to the Commission that would allow operating reactor licenses to replace the traditional source term used in design basis accident analyses with alternative source terms. If the final rule is approved, licensees could propose an alternative source term that, if accepted, would reduce unnecessary or ineffective requirements in the facility design basis. There is an expectation that many of the alternative source term applications may provide concomitant improvements in overall safety and in reduced occupational exposure, as well as economic benefits.

- Submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees' capability to respond to safeguards contingency events. The staff's proposal includes a requirement for periodic drills and exercises. The exercise requirement would include a mock adversary force employed to simulate force-on-force.

- Conducted a public meeting to discuss draft copies of a rulemaking plan and an Advanced Notice of Proposed Rulemaking to risk-inform the treatment of reactor plant structures, systems, and components. The rulemaking plan was submitted to the Commission on October 29.

- Conducted the second and third of four facilitated public meetings to discuss issues and alternatives related to control of solid materials at licensed facilities. Attending the meeting were representatives of licensees and licensee organizations, the Environmental Protection Agency, the Department of Energy, state agencies, scrap and recycling companies, and steel manufacturers.

- Conducted a reactor decommissioning workshop to discuss the agency's program for inspection of nuclear power plants undergoing decommissioning and to give the public an opportunity to discuss with the NRC staff any concerns or questions regarding the NRC's oversight activities at permanently shutdown plants.

- Approved for use ABB Combustion Engineering's (CE) Alloy 800 steam generator tube repair technique at Baltimore Gas & Electric's Calvert Cliffs plant. BG&E is expected to become the first U.S. plant to apply this repair method, which uses differential thermal expansion to repair steam generator tubes. According to ABB CE, the sleeve's non-welded design allows quick installation and easier in-service inspection.

- Conducted a public meeting to present information on the General Electric (GE) Vallecitos Nuclear Center and answer questions from local officials and the general public. The meeting was requested by public officials representing Alameda County and the City of Pleasanton to discuss Federally-licensed activities at GE Vallecitos, shipments of irradiated nuclear fuel received at the facility, and the work done with the fuel after it arrives.

- Convened a public workshop to solicit views on potential changes to processes and procedures governing public hearings. The effort will help the NRC determine what changes should be made and will assist in the development of proposed rules.

I have enclosed (Enclosure 3) the October update to the Tasking Memorandum, which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/s/ Richard A. Meserve

Richard A. Meserve

Enclosures:
1. October Monthly Report
2. NRC Letter to EPA dated November 2, 1999
3. Tasking Memorandum

cc: Senator Harry Reid

November 19, 1999

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

Dear Senator Domenici:

The Fiscal Year 2000 Energy and Water Development Appropriations Act, Senate Report 106-58 and House Report 106-253, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. As further directed in House Report 106-253, we have expanded the monthly report to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to harmonize NRC security regulations with Part 50. I am pleased to transmit the first report for FY 2000 -- and the eleventh report overall -- which covers the month of October (Enclosure 1).

The September report provided information on several important staff activities. In particular, the Commission approved a final rule that amends the regulations applicable to gaseous diffusion plants to simplify the certification and amendment process applicable to those plants. NRC also approved an agreement which allows the state of Ohio to assume part of NRC's regulatory authority over the use of certain radioactive materials. The NRC also amended the regulations governing the use of respiratory protection equipment and other controls to restrict internal exposure to radioactive material. In addition, NRC reported, as confirmed by onsite reviews, that there are no Y2K-related problems which affect the performance of safety systems needed to safely shut down the plants at any of the 103 operational U.S. nuclear power plants.

We continue to remain focused on our preparations for the Year 2000 transition. On October 15, 1999, we conducted a full-scale exercise of NRC’s Year 2000 contingency plan. The exercise included participation by NRC Headquarters, all 4 NRC regions, 11 nuclear power plants, and 3 fuel cycle facilities. Also participating were 12 other countries: Austria, Belgium, Canada, Finland, France, Germany, Japan, South Korea, Netherlands, Spain, Switzerland, and Taiwan. The exercise successfully demonstrated the NRC's ability to communicate with its licensees, deal with issues regarding enforcement discretion, and respond to events. This exercise yielded lessons learned that are being incorporated into the continuing effort to prepare for the Y2K transition.

We have now received notification by all 103 operating nuclear power plants that they have completed remediation efforts to be fully "Y2K-ready" -- that is, all plant systems involved with safety, power generation, and plant support are now prepared to roll over into the Year 2000

without computer problems. Based on our review of responses from the nuclear power industry concerning Y2K readiness, our independent inspection efforts at all 103 plants, and our ongoing regulatory oversight activities, we believe that the Y2K problem should not adversely affect the continued safe operation of U.S. nuclear power plants and should contribute to grid stability during the transition period.

Since our September report, the Commission also:

- Provided detailed comments on the Environmental Protection Agency's (EPA) proposed radiation protection standards for a possible future high-level waste repository at Yucca Mountain, Nevada. As the agency responsible for licensing the possible repository, the NRC believes the standards should have a sound scientific and technical basis and that the standards should be fully justified on health and safety grounds and supported by a cost-benefit analysis. Enclosure 2 summarizes the basis for NRC's objection to the EPA's approach in the proposed rule.

- Revised NRC's Enforcement Policy for safety significant violations by eliminating the term "regulatory significance" and the practice of escalating the severity level of a violation based on aggregation or repetitiveness.

- Published a proposed rule revising Appendix K to 10 CFR Part 50 that would give licensees the option to apply a reduced margin for ECCS evaluation. This action would allow interested licensees to pursue small, but cost-beneficial, power uprates and would reduce unnecessary regulatory burden without compromising the margin of safety of the facility. While all plants could conceivably benefit from this risk-informed rulemaking, if only 50 plant licensees pursue a marginal power uprate, they would share an annual benefit ranging from $50 million to $135 million.

  Related to the rulemaking, the staff completed technical reviews for the power uprate and Appendix K exemption request for Comanche Peak Unit 2 based on the use of the Caldon, Inc., Leading Edge Flow Meter feedwater flow measurement system. The staff is also reviewing a topical report for the ABB Crossflow feedwater flow meter and the associated exemption request for Duane Arnold.

- Published a final rule that amends the regulations concerning licensing requirements for the independent storage of spent nuclear fuel and high-level radioactive waste. The final rule clarifies the obligations of those who hold or apply for a Certificate of Compliance and allows the Commission to take enforcement action against these certificate holders when legally binding requirements are violated.

- Approved a proposed rule amending 10 CFR Part 72 for storage of spent fuel from nuclear power plants to allow cask manufacturers to begin fabrication--at their own risk--before NRC approves use of the cask. The proposed rule would require NRC approval of the quality assurance program before cask fabrication can commence. The proposed amendments would also provide that previously approved cask designs could not be challenged during a licensing hearing. While maintaining adequate assurance of cask design sufficiency and quality assurance, these changes should reduce the regulatory burden and provide flexibility to both applicants and licensees.

- Announced on Monday, September 27, 1999, together with representatives from the Federal Bureau of Investigation (FBI), the Department of Justice (DOJ), and the Environmental Protection Agency (EPA), that Northeast Nuclear Energy Company and Northeast Utilities Service Company would pay $5 million each in fines based on guilty pleas to 25 felony counts for false statements made to the NRC and environmental violations at the Millstone site in Waterford, Connecticut, and the Devon fossil plant in Milford, Connecticut. The statements to the NRC were made during the period 1992 - 1996 and involved false certifications of completion of training requirements for operator licenses prior to the NRC administering operator license examinations. The false claims first came to light when six out of seven Millstone Unit 1 operator license candidates failed the licensing exam administered by the NRC in December 1996. The $5 million fine to be paid by Northeast Nuclear Energy Company is the largest penalty, either civil or criminal, in the history of the commercial nuclear power industry.

- Issued the final rulemaking on 10 CFR 50.59 and 72.48 (Changes, Tests and Experiments) and related sections. The rulemaking relates to the conditions under which reactor licensees and spent fuel storage facility licensees or cask certificate holders may make changes to their facilities without prior NRC approval.

- Issued NUREG-1437, Supplement 1, “Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 1 Regarding the Calvert Cliffs Nuclear Power Plant.” In the report, the NRC staff concludes there are no impacts that would preclude renewal of the license for environmental reasons.

- Consistent with the Kansas Gas and Electric Company adjudicatory decision mentioned in the June monthly report, issued a proposed rule to amend its regulations to clarify that it will no longer conduct antitrust reviews of license transfer applications submitted by the owners of operating nuclear power plants, eliminating a review that is duplicated by other Federal and state agencies and that is not required by the Atomic Energy Act. The NRC will continue to conduct reviews of nuclear power plant license transfer applications to ensure, among other matters, that prospective owners meet financial qualifications and decommissioning funding assurance requirements.

- Conducted a Commission meeting with stakeholders to discuss methods to improve stakeholder interaction in the area of nuclear materials safety and safeguards.

Since the last report, the NRC staff also:

- Forwarded a risk-informed final rule to the Commission that would allow operating reactor licenses to replace the traditional source term used in design basis accident analyses with alternative source terms. If the final rule is approved, licensees could propose an alternative source term that, if accepted, would reduce unnecessary or ineffective requirements in the facility design basis. There is an expectation that many of the alternative source term applications may provide concomitant improvements in overall safety and in reduced occupational exposure, as well as economic benefits.

- Submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees' capability to respond to safeguards contingency events. The staff's proposal includes a requirement for periodic drills and exercises. The exercise requirement would include a mock adversary force employed to simulate force-on-force.

- Conducted a public meeting to discuss draft copies of a rulemaking plan and an Advanced Notice of Proposed Rulemaking to risk-inform the treatment of reactor plant structures, systems, and components. The rulemaking plan was submitted to the Commission on October 29.

- Conducted the second and third of four facilitated public meetings to discuss issues and alternatives related to control of solid materials at licensed facilities. Attending the meeting were representatives of licensees and licensee organizations, the Environmental Protection Agency, the Department of Energy, state agencies, scrap and recycling companies, and steel manufacturers.

- Conducted a reactor decommissioning workshop to discuss the agency's program for inspection of nuclear power plants undergoing decommissioning and to give the public an opportunity to discuss with the NRC staff any concerns or questions regarding the NRC's oversight activities at permanently shutdown plants.

- Approved for use ABB Combustion Engineering's (CE) Alloy 800 steam generator tube repair technique at Baltimore Gas & Electric's Calvert Cliffs plant. BG&E is expected to become the first U.S. plant to apply this repair method, which uses differential thermal expansion to repair steam generator tubes. According to ABB CE, the sleeve's non-welded design allows quick installation and easier in-service inspection.

- Conducted a public meeting to present information on the General Electric (GE) Vallecitos Nuclear Center and answer questions from local officials and the general public. The meeting was requested by public officials representing Alameda County and the City of Pleasanton to discuss Federally-licensed activities at GE Vallecitos, shipments of irradiated nuclear fuel received at the facility, and the work done with the fuel after it arrives.

- Convened a public workshop to solicit views on potential changes to processes and procedures governing public hearings. The effort will help the NRC determine what changes should be made and will assist in the development of proposed rules.

I have enclosed (Enclosure 3) the October update to the Tasking Memorandum, which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

/s/ Richard A. Meserve

Richard A. Meserve

Enclosures:
1. October Monthly Report
2. NRC Letter to EPA dated November 2, 1999
3. Tasking Memorandum

MONTHLY STATUS REPORT ON THE
LICENSING ACTIVITIES AND REGULATORY DUTIES OF THE
UNITED STATES NUCLEAR REGULATORY COMMISSION

October 1999

Enclosure 1

TABLE OF CONTENTS

Page

II. Implementing Risk-Informed Regulations

In the area of implementing risk-informed regulations, the staff continues to make progress on tasks in five general areas: Rulemaking and Generic Communications; Licensing Activities; Reactor Oversight (Inspection, Enforcement and Licensee Performance Assessment); Events Assessment; and Probabilistic Risk Analysis (PRA) Methods and Standards. A noteworthy accomplishment in the area of Rulemaking and Generic Communications is summarized below:

Rulemaking - Risk-Informing 10 CFR Part 50:

The NRC staff has completed a draft rulemaking plan for the modification of the scope of the 'special treatment' regulations in 10 CFR Part 50. This plan will allow for an alternative regulatory framework that will enable licensees to use a risk-informed process to categorize structures, systems and components according to their safety significance. This draft plan lists the regulations that are candidates for modification, as well as the methodology and screening criteria used to identify these candidates. Also addressed in this draft rulemaking plan are the proposed criteria for categorization of structures, systems, and components; schedules for completion; the pilot program; and issues that need to be addressed prior to rulemaking. In formulating this draft plan, the staff has worked with the stakeholders and, to date, has held four public meetings on this subject. The rulemaking plan was submitted to the Commission on October 29. While awaiting Commission guidance, the staff will continue to interact with stakeholders to develop further ideas on the issues discussed in the draft.

II. Nuclear Plant Assessment, Inspection, and Enforcement Processes

The staff has continued to meet on a biweekly basis with the Nuclear Energy Institute and other stakeholders to refine the proposed changes to its assessment, inspection, and enforcement processes. Activities include the following:

- The NRR staff is monitoring implementation and reviewing results of the pilot program of the revised reactor oversight process. The staff has noted the need for additional program guidance and procedure revisions and has updated the guidance and procedures for use during the remainder of the pilot program. The date for full implementation of the revised oversight process is April 2, 2000. The NRC staff is making progress in meeting this schedule.

- A public meeting was held on October 7, 1999, between the NRC and Chief Nuclear Operating Officers of nuclear power plants to discuss the status of the revised reactor oversight process pilot program and implementation issues. This meeting provided valuable feedback and insights.

- NRR managers and members of the Inspection Program Branch are continuing to interface with NRC staff and stakeholders to discuss the revised oversight process, answer questions, and obtain feedback. The NRC staff recently participated in the Licensing Managers' meeting in Charlotte, North Carolina, and a maintenance rule workshop in Miami, Florida, sponsored by the Nuclear Energy Institute to provide information on the status of the revised reactor oversight process.

- During the week of October 12, 1999, the Technical Training Center (TTC) conducted a dry-run training evolution for the Revised Reactor Oversight Process Training Program. The purpose for this training was to allow the TTC instructors who will be teaching this course beginning in mid November to refine their presentations and to verify the accuracy of the training material. All region-based managers and inspectors will receive training on the new process beginning in mid-November 1999 through April 2000.

- The Office of Management and Budget has approved NRC's new information collection request titled "Voluntary Reporting of Performance Indicators." The approval was dated October 6, 1999 and expires October 31, 2002. This will allow the NRC to begin collecting performance indicator information from all nuclear plants beginning in January 2000. The performance indicators are used, along with inspection results, to assess licensee performance in the revised reactor oversight process.

III Status of Issues in the Reactor Generic Issue Program

Changes in the status or resolution dates for Generic Safety Issues since the September 1999 report and the reasons for the changes are described below:

GSI Number: 145

Title: Actions to Reduce Common Cause Failures

Status: Closed. On October 13, 1999, the NRC issued Regulatory Issue Summary 99-03, "Resolution of Generic Issue 145, Actions to Reduce Common-cause Failures," to notify nuclear power reactor licensees about the staff's resolution of Generic Issue 145, "Actions to Reduce Common-Cause Failures," and to communicate the broad insights that have been developed from the staff's review of the common-cause failure events identified in licensee event reports during the 15-year period between 1980 and 1995. No additional regulatory requirements were found to be necessary. The staff developed a common cause failure (CCF) database and analysis software package to aid in system-reliability analyses and related risk-informed applications. The industry was informed of the availability of the CCF database.

IV. Licensing Actions and Other Licensing Tasks

Licensing actions are defined as requests for license amendments, exemptions from regulations, relief from inspection or surveillance requirements, topical reports submitted on a plant-specific basis, notices of enforcement discretion, or other licensee requests requiring NRC review and approval before implementation by the licensee. The FY 1999 NRC Performance Plan incorporates three output measures related to licensing actions. These are size of the licensing action inventory, number of licensing action completions per year, and age of the licensing action inventory.

Other licensing tasks include licensee responses to NRC requests for information through generic letters or bulletins, NRC responses to 2.206 petitions, NRC review of licensee topical reports, NRR responses to regional requests for assistance, and NRC review of licensee 10 CFR 50.59 analyses and FSAR updates. The FY 1999 NRC Performance Plan incorporates an output measure related to such tasks, titled "Number of other licensing tasks completed."

The actual FY 1998 results, the FY 1999 goals, the actual FY 1999 results, and the FY 2000 goals for the four NRC Performance Plan output measures for licensing actions and other licensing tasks are shown in the table below.

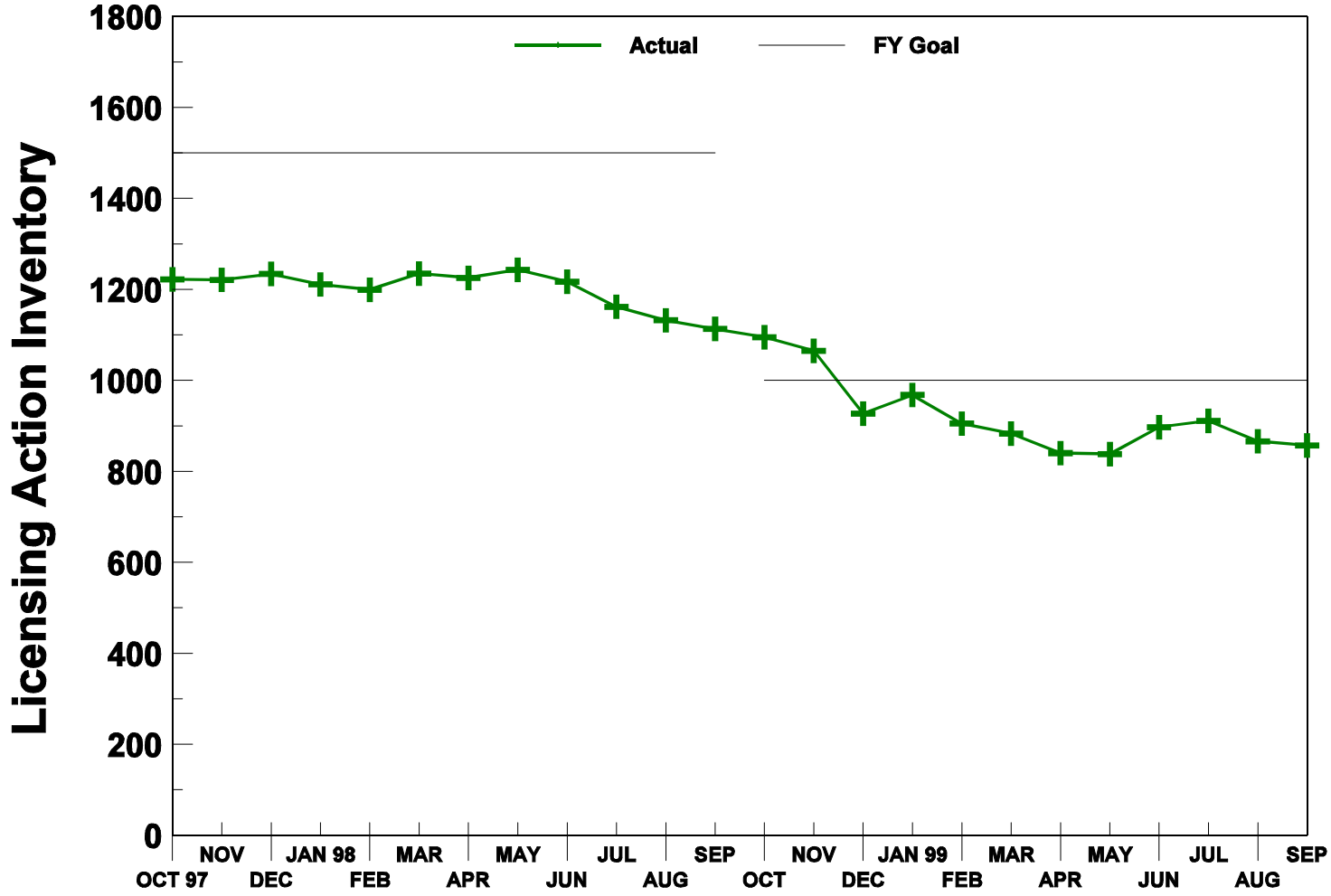
PERFORMANCE PLAN				
Output Measure	**FY 1998 Actual**	**FY 1999 Goal**	**FY 1999 Actual**	**FY 2000 Goal**
Licensing actions completed/year	1425	1670	1727	1500
Size of licensing actions inventory	1113	1000	857	600
Age of licensing action inventory	65.6% # 1 year; 86.0% # 2 years; and 95.4% # 3 years old	80% # 1 year; 95% # 2 years; and 100% # 3 years old	86.2%# 1 year; 100% # 2 years; and 100% # 3 years old	95% # 1 year and 100% # 2 years old
Other licensing tasks completed/year	1006	800	939	800

In FY 1999, NRC increased resources and undertook initiatives to achieve the licensing action and other licensing task output measure goals, especially the goal for licensing-action age, which historically has not been met. As shown in the table above and in the following charts, the NRC has met all of the licensing action and other licensing task goals for FY 1999. Note that the Performance Plan output measure goals in FY 2000 have changed.

The following charts demonstrate NRC's progress in meeting the four licensing action and other licensing task output measure goals.

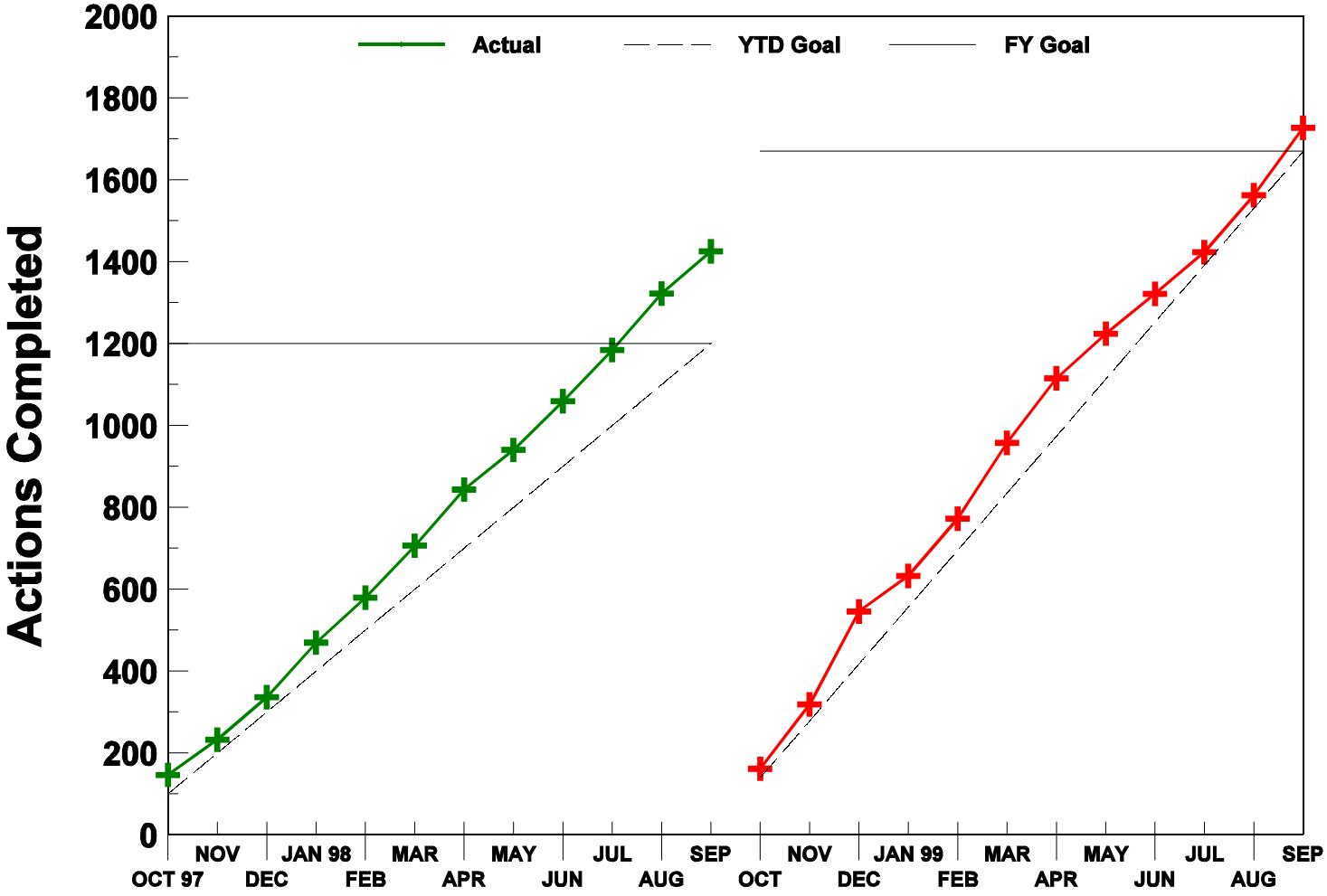
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



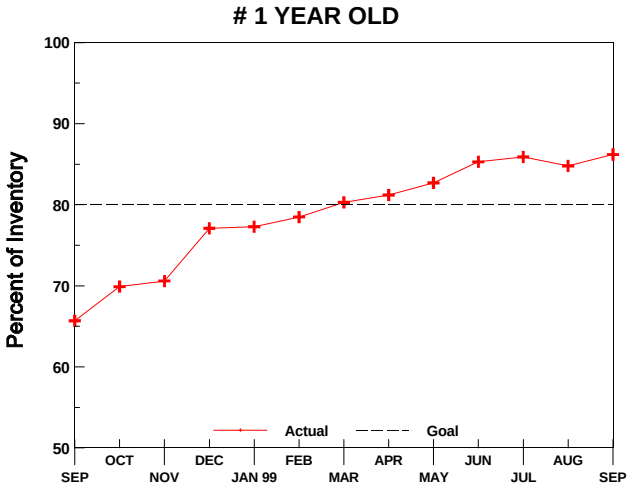
Nuclear Reactor Safety - Reactor Licensing

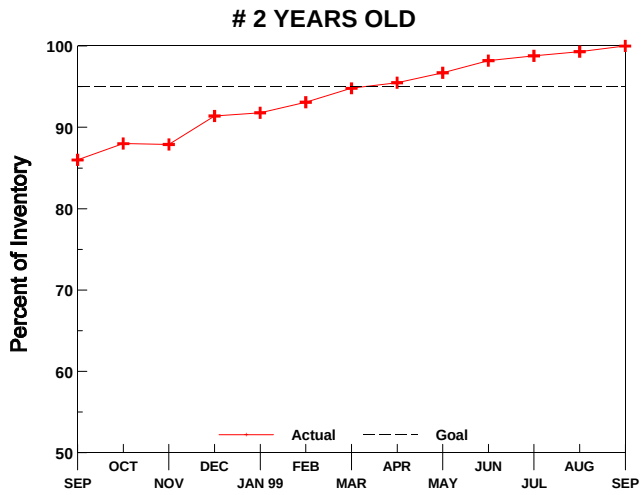
Performance Plan Target: Completed Licensing Actions

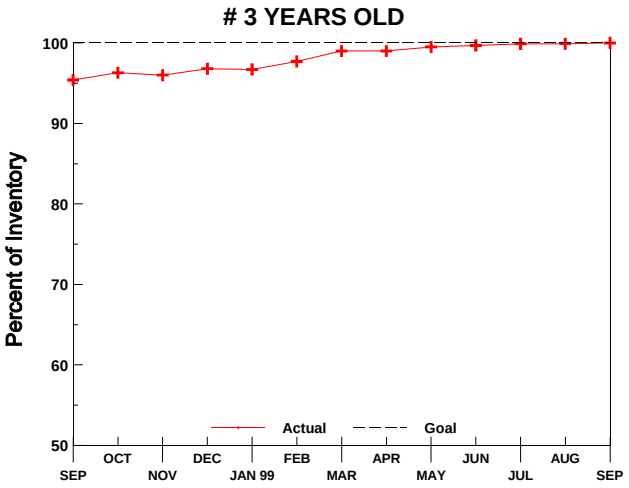


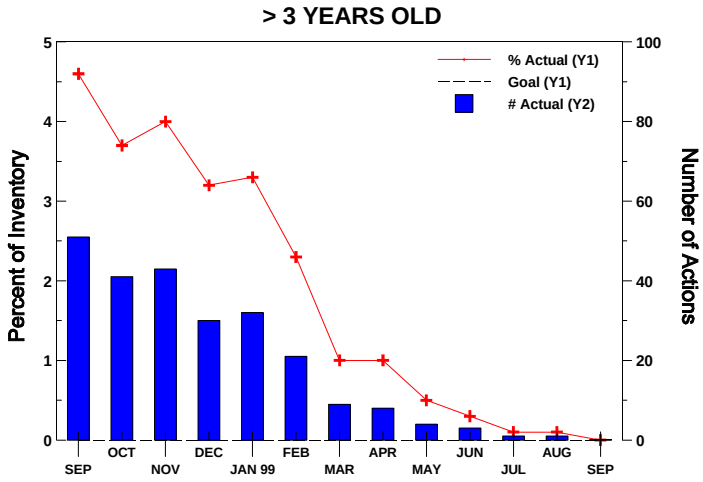
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Age of Licensing Action Inventory



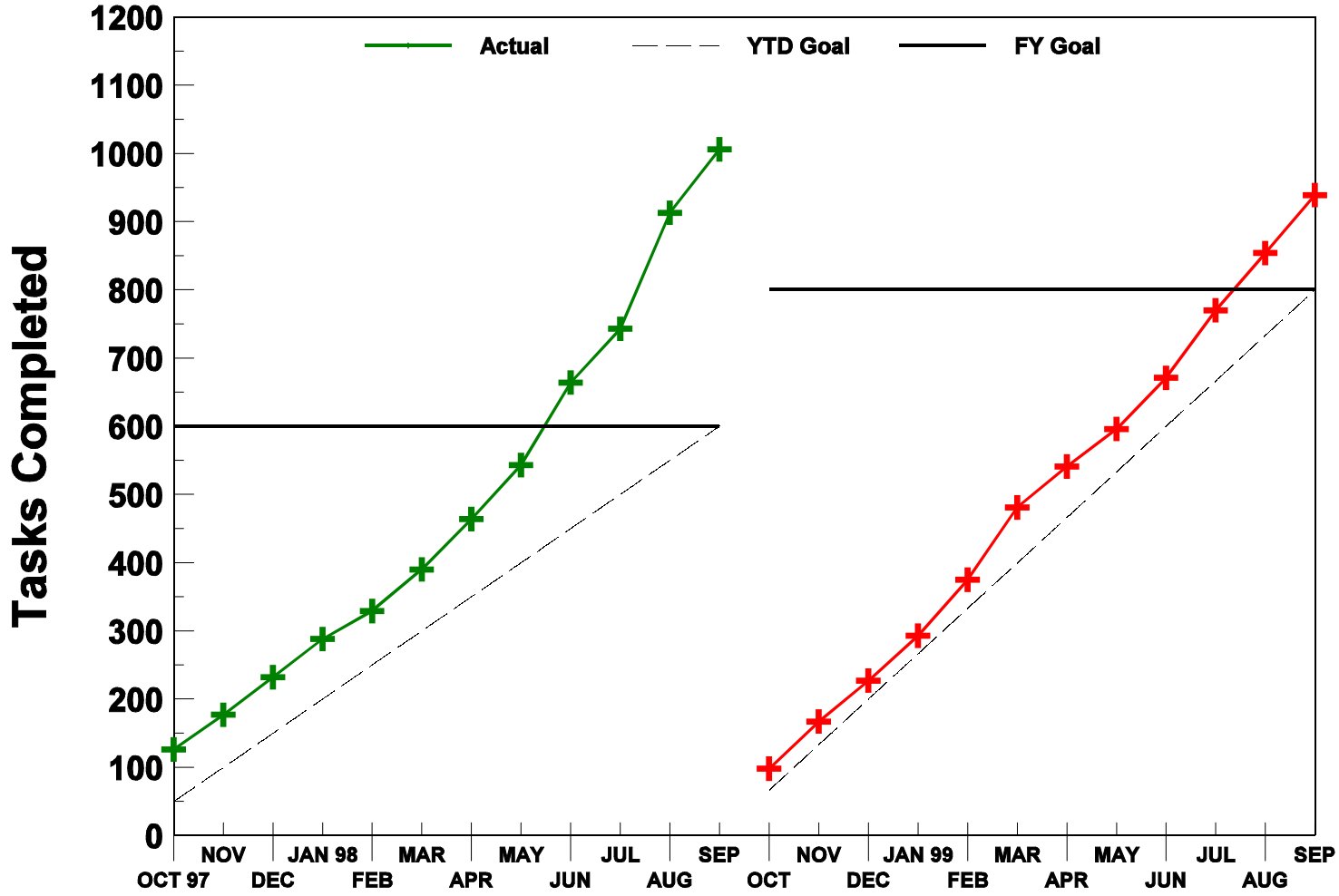






Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



V. Status of Calvert Cliffs License Renewal Application

All activities associated with the review of the Calvert Cliffs license renewal application are on schedule. The NRC staff reviewed Baltimore Gas and Electric's responses to the open and confirmatory items identified in the safety evaluation report (SER) and issued the SER on November 16, 1999.

The NRC staff issued the final supplemental environmental impact statement to the Environmental Protection Agency on October 5, 1999. No concerns were raised as of November 15, 1999. The environmental review for Calvert Cliffs Nuclear Power Plant is considered complete.

The Commission is evaluating the implications of the recent decision by the U.S. Court of Appeals for the D.C. Circuit, which held that the Commission had departed from its previously established policy in refusing to grant an intervenor an extension of time to submit a litigable contention.

VI. Status of Review of Private Fuel Storage, L.L.C.'s Application for a License to Operate an Independent Spent Fuel Storage Installation

Litigation continues in the adjudicatory proceeding concerning the application submitted by Private Fuel Storage, L.L.C. to operate an Independent Spent Fuel Storage Facility on the reservation of the Skull Valley Band of Goshute Indians. The State of Utah submitted another request to admit a late contention, which is pending before the Atomic Safety and Licensing Board at this time. The Atomic Safety and Licensing Board has issued a new schedule for adjudication of the remaining safety contentions, in accordance with the joint request of the parties in the proceeding. The initial number of safety contentions admitted in the adjudicatory proceeding had warranted scheduling two hearings; the first hearing was to begin in November of 1999 and the second in July of 2000. Because a significant number of contentions have been resolved through summary disposition and two of the three remaining Group I safety contentions are not yet ready for hearing, the parties jointly requested that the Group I and Group II safety contentions be consolidated into a single hearing to begin in June of 2000. The schedule for the hearing on the environmental contentions was not affected by this change, and that hearing is scheduled to begin in April of 2001. The change to the hearing schedule for the safety contentions does not affect the date for licensing of the facility because a license cannot be granted for the operation of the proposed facility unless: a) the final environmental impact statement is issued by the Nuclear Regulatory Commission (February 2001); b) the hearing on the environmental contentions is completed (June 2001); and c) the Atomic Safety and Licensing Board issues a favorable initial decision (October 2001).

During this reporting period, the Nuclear Regulatory Commission began the public comment process associated with amending its regulations at 10 CFR Part 72 to authorize the use of Holtec International's HI-STORM 100 as a cask that can be used by general licensees for the storage of spent nuclear fuel. At the end of this process, a final safety evaluation report and Certificate of Compliance allowing the use of the HI-STORM 100 will be issued, if appropriate. Private Fuel Storage, L.L.C. will then amend its license application to request Commission approval to use the HI-STORM 100 for storage at the proposed Private Fuel Storage Facility. Fuel would be shipped to the proposed Private Fuel Storage Facility using Holtec International's HI-STAR 100 transportation cask, which is compatible with the HI-STORM 100 storage cask.

The HI-STAR 100 transportation cask was approved for use by the Nuclear Regulatory Commission in March of 1999.

The Nuclear Regulatory Commission staff also continued to work on the site safety evaluation report. This report will consist of the staff's evaluation of the applicant's compliance with the regulatory requirements for most non-cask specific areas of review. The safety evaluation report will be issued in early November. As noted in the August 1999 status report, the safety evaluation report will be supplemented later when the staff has received and reviewed outstanding information from Private Fuel Storage Limited Liability Corporation.

VII. Summary of Reactor Enforcement by Region

	Reactor Enforcement Actions*					
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	Sept. 99	0	0	0	0	0
	FY 99 YTD	0	0	0	0	0
	FY 98 Total	0	0	0	0	0
Severity Level II	Sept. 99	0	0	0	0	0
	FY 99 YTD	5	0	2	0	7
	FY 98 Total	3	1	1	1	6
Severity Level III	Sept. 99	0	0	1	0	1
	FY 99 YTD	9	2	7	8	26
	FY 98 Total	46	11	15	19	91
Severity Level IV	Sept. 99	1	0	2	0	3
	FY 99 YTD	52	42	57	60	211
	FY 98 Total	383	271	392	261	1307
Non-Cited Severity Level IV	Sept. 99	41	38	32	33	144
	FY 99 YTD	330	268	334	305	1237
	FY 98 Total	372	240	307	214	1133

*Numbers of violations are based on enforcement action tracking (EATS) system data that may be subject to minor changes following verification. The number of Severity Level I, II, III listed refers to the number of Severity Level I, II, III violations or problems. The monthly totals generally lag by 30 days due to inspection report and enforcement development.

Description of Significant Actions (Severity Level I, II, III) taken in September 1999

Clinton Power Station, Illinois Power Company
Supplement VII, (EA 98-464)

A Notice of Violation was issued on September 30, 1999. This action was based on Severity Level III violation of NRC requirements involving a supervisor in the Clinton Power Station Quality Verification (QV) Department who discriminated against a QV inspector in retaliation for the inspector's previous contacts with the NRC about safety-related issues. An investigation was conducted from October 28, 1997, to September 21, 1998, by the U.S. Nuclear Regulatory Commission (NRC) Office of Investigations (OI) after the Illinois Power Company (IPC) notified the NRC on May 6, 1997, that a violation of 10 CFR 50.7, "Employee Protection," may have occurred. IPC conducted a separate investigation into this matter. Specifically, the QV supervisor did not recommend the inspector for a promotion due, in part, to the inspector's earlier discussions with the NRC. This violation was a significant concern to the NRC because it represents retaliation by a first line QV supervisor against an employee for discussing nuclear safety issues with the NRC. The NRC concluded that the inspector was discriminated against for raising a safety concern which constitutes a violation of 10 CFR Part 50.7. Since this violation was willful, the NRC considered whether credit was warranted for identification and corrective action. As a result of this evolution, no civil penalty was proposed in this case.

VIII. Regulatory Reform Efforts Involving Parts Other Than 10 CFR Part 50 That Affect Power Reactor Licensees

Physical Security Requirements for Exercising Power Reactor Licensees' Capability to Respond to Safeguards Contingency Events

On October 5, the staff submitted for Commission approval a rulemaking plan on physical security requirements for evaluating power reactor licensees' capability to respond to safeguards contingency events. This rulemaking plan responds to the staff requirements memorandum (SRM) dated June 29, 1999, directing the staff to develop a plan to modify the regulations to require power reactor licensees to identify target sets of equipment that must be protected to maintain safe operation or shutdown of the plant, develop protective strategies to protect against an armed assault by the design basis threat (DBT) of radiological sabotage, and exercise these strategies periodically.

The requirement for periodic drills and exercises, and the associated ability of the NRC to inspect the drills and exercises, would provide an alternative to the OSRE program. Under the current OSRE program, licensees demonstrate their protective-strategy capabilities every 8 years. The staff believes the proposed "exercise rule" would enhance licensee performance by requiring more frequent protective-strategy demonstrations. The results would be documented and incorporated into the performance indicator program monitored by the NRC. Thus, in the staff's view, this new process would result in a more timely NRC involvement when there is indication that performance may be declining.