

April 6, 2001

The Honorable George V. Voinovich, 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 2001 Energy and Water Development Appropriations Act, House Report 106-693, 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. The FY 2000 Energy and Water Development Appropriations Act, House Report 106-253, expanded the scope of the report requirement to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to evaluate NRC security regulations. In FY 2000, we also expanded the monthly report to include the status of all license renewal applications that are under active review and other NRC initiatives in developing implementation guidance for the license renewal rule. I am pleased to transmit the twenty-seventh report, which covers the month of February (Enclosure 1).

The January report provided information on a number of significant NRC activities, including the status of activities associated with a crack located at a weld where a large pipe attaches to the reactor vessel at the South Carolina Electric & Gas Co. V.C. Summer nuclear power plant. The V.C. Summer plant resumed power operations on March 3, after completing its root cause evaluation, making effective weld repairs, and satisfying applicable regulatory requirements.

During this reporting period, the NRC Atomic Safety and Licensing Board (ASLB) dismissed a challenge to Carolina Power & Light's (CP&L) 1998 amendment request for spent fuel pool expansion at its Shearon Harris nuclear power station. The ASLB said in a March 1 decision that North Carolina's Board of Commissioners of Orange County (BCOC) failed to raise any issues that warranted a further hearing and that the NRC staff demonstrated that an accident postulated by the BCOC was "remote and speculative." The NRC staff had granted the license amendment on December 21, 2000. The Harris plant was originally designed for four reactors, but only one was completed. However, the plant has four spent fuel pools, as originally planned. The original NRC operating license for Harris authorized CP&L to use two of those pools for storage of spent fuel from the Harris plant and from the company's other nuclear power reactors. CP&L's 1998 amendment request asked the NRC to approve placing

the two additional spent fuel pools in service at Harris in order to provide spent fuel storage capacity for all four of its nuclear units through the end of their current licenses.

Since our last report, the Commission and the NRC staff also:

- ! issued an amendment to the Certificate of Compliance for the United States Enrichment Corporation's Paducah, Kentucky, facility. The amendment increases the uranium-235 assay limit (or higher enrichment) for the Paducah facility from the current 2.75 percent up to 5.5 percent. Previously, uranium enriched at Paducah had to be further enriched at Portsmouth before it could be converted to usable fuel for nuclear power plants. The NRC staff has held several public meetings since last summer to inform the residents and workers of plans to increase the enrichment capability. The staff performed a final operational readiness review in February 2001 before issuing the final amendment for the higher assay limit. The amendment became final on March 19 and appeared in the Federal Register on March 28 (66 FRN 16690).
- ! issued a license amendment that replaced the Indian Point Unit 3 Technical Specifications (TS) in their entirety with new TS based on the improved Standard Technical Specifications (iSTS). With Indian Point Unit 3, 54 units have converted to the iSTS. Fourteen applications for conversions to the iSTS are currently under review, including reviews for 6 units (Dresden, Quad Cities, and La Salle) that are near completion.
- ! approved the transfer of operating licenses for the Millstone nuclear power plant Units 1,2, and 3 to Dominion Nuclear Connecticut, Inc., an indirect subsidiary of Dominion Energy, which is in turn owned by Dominion Resources, Inc. The licenses had been held by Northeast Nuclear Energy Co., which operated Units 2 and 3. Unit 1 was permanently shut down in 1998. Dominion Resources is the parent corporation of Virginia Power, which operates the Surry and North Anna nuclear power plants.
- ! dispatched a special inspection team to the Seabrook nuclear power plant in response to a winter storm-initiated loss of offsite power that was complicated with some safety-related equipment failures and resulted in the declaration of an Unusual Event on March 5, 2001. The special inspection is tasked to assess the licensee's root cause evaluation and corrective actions, independently evaluate the risk significance of the loss of offsite power and related equipment failures, and determine possible generic implications.
- ! issued a Certificate of Compliance (CoC) for the Model No. NPC package, designed for the transport of low-enriched uranium oxide powder. The package will be used by Global Nuclear Fuel - Americas, LLC, primarily for the shipment of uranium oxide powder to Japan.
- ! issued a direct final rule that amends the CoC for the FuelSolutions spent fuel storage system. The amendment will allow the Big Rock Point nuclear facility to store mixed-oxide fuel assemblies, partial assemblies, and damaged fuel assemblies in the FuelSolutions cask system. The rule becomes effective May 14, 2001.

- ! issued a direct final rule that amends the CoC for the HI-STAR100 spent fuel storage system. This amendment allows the holders of power reactor operating licenses to store spent fuel in the approved cask under a general license.
- ! issued a denial of a petition for rulemaking (66 FR 9055) submitted by the Prairie Island Coalition. The petitioner requested that the NRC undertake rulemaking to examine certain issues regarding spent fuel in dry cask storage. The NRC is denying the petition because there is an adequate technical basis for concluding that fuel integrity will be maintained during dry cask storage and that adequate assurances are in place to ensure safe cask unloading.
- ! hosted a steam generator public workshop on February 27 and 28 in Bethesda, Maryland. This was conducted as part of the staff's activities under the Steam Generator Action Plan. The workshop covered programmatic issues, NRC inspection oversight, non-destructive testing issues, and tube integrity issues.
- ! formed a Future Licensing Organization in the Office of Nuclear Reactor Regulation to prepare for and manage any future reactor and site licensing applications. The NRC intends to staff the organization in phases with the objective of having a fully functional Future Licensing Organization by the end of September.

I have enclosed (Enclosure 2) the 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,

*/RA/*

Richard A. Meserve

Enclosures:

1. Monthly Report
2. Tasking Memorandum

cc: Senator Joseph I. Lieberman

Identical letters sent to:

The Honorable George V. Voinovich, Chairman  
Subcommittee on Clean Air, Wetlands,  
Private Property and Nuclear Safety  
Committee on Environment and Public Works  
United States Senate  
Washington, D.C. 20510  
cc: Senator Joseph I. Lieberman

The Honorable Joe Barton, Chairman  
Subcommittee on Energy and Air Quality  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, D.C. 20515  
cc: Representative Rick Boucher

The Honorable Sonny Callahan, Chairman  
Subcommittee on Energy and Water Development  
Committee on Appropriations  
United States House of Representatives  
Washington, D.C. 20515  
cc: Representative Peter J. Visclosky

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

The Honorable W.J. "Billy" Tauzin, Chairman  
Committee on Energy and Commerce  
United States House of Representatives  
Washington, D.C. 20515  
cc: Representative John D. Dingell

The Honorable Bob Smith, Chairman  
Committee on Environment and Public Works  
United States Senate  
Washington, D.C. 20510  
cc: Senator Harry Reid

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

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

**February 2001**

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<sup>1</sup>Note: The period of performance covered by the report includes activities occurring between the first and last day of the month (e.g., February 28, 2001). The transmittal letter to Congress accompanying this report may provide more recent information in order to keep Congress fully and currently informed of NRC's licensing and regulatory activities.

## **XI. Implementing Risk-Informed Regulations**

The staff continues to make progress on tasks involving use of probabilistic risk information in many areas. The milestone schedule for the more significant risk-informed activities are included in the Commission Tasking Memorandum (Enclosure 2 to the letter from Richard A. Meserve, NRC Chairman, forwarding the February 2001 monthly report to Congress on the status of NRC licensing and regulatory duties).

### Risk-Informing Special Treatment Requirements for Power Reactors

The Commission decided in 1998 to consider promulgating new regulations that would provide an alternative risk-informed approach for special treatment requirements in the current regulations for power reactors. Special treatment may be defined as current requirements imposed on structures, systems, and components that go beyond industry-established requirements for equipment classified as "commercial grade" that provide additional confidence that the equipment is capable of meeting its functional requirements under design basis conditions. These special treatment requirements include additional design considerations, qualification, change control, documentation, reporting, maintenance, testing, surveillance, and other quality assurance requirements.

In April 2000, the Commission published an advance notice of proposed rulemaking (ANPR) inviting comments, advice, and recommendations from interested parties on the contemplated approach for this rulemaking (commonly known as Risk-Informed Part 50, Option 2). In SECY-00-194, "Risk-Informing Special Treatment Requirements," dated September 7, 2000, the staff provided preliminary views on the comments received on the ANPR and presented an approach for rulemaking.

NRC has been reviewing the industry probabilistic risk assessment (PRA) peer review process as a means of addressing PRA quality for implementation of risk-informed changes of special treatment requirements (Option 2). The staff plans to continue to work with the industry and other stakeholders on issues central to Option 2 such as PRA peer reviews and the categorization and treatment of structures, systems, and components.

On February 21-22, 2001, the NRC staff conducted a public workshop concerning Option 2. The objectives of the workshop were to inform stakeholders of the status of staff activities, to obtain the status of industry activities, and to provide a forum for stakeholder input on the issues that need to be resolved to move forward with Option 2. There were approximately 80 participants, including NRC staff, pilot plant representatives (including representatives from the nuclear vendor owners groups), NEI, three state officials, and representatives of ASME task groups on risk-informed code cases.

### South Texas Project Risk-Informed Exemption Requests From Special Treatment Requirements

On July 13, 1999, STP Nuclear Operating Company (STPNOC) requested risk-informed exemptions from certain special treatment requirements of 10 CFR Parts 21, 50, and 100 for safety-related structures, systems, and components that it had determined to be of low risk significance. The staff and STPNOC have had several meetings to discuss the exemption requests and on November 15, 2000, the staff provided its preliminary findings in a draft

Safety Evaluation (SE). The exemption request is based on a risk-informed categorization of components in the plant. The draft SE addressed each of the regulations from which an exemption was sought, expressed the extent to which the staff found the request reasonable, and identified those areas (open items) where additional interaction with the NRC is necessary.

On January 23, 2001, STPNOC submitted the last of their responses to the open items identified in the draft SE. The staff held a public meeting with STPNOC on February 15-16, 2001, to discuss the responses to the open items and to resolve issues regarding the treatment of some components. Further discussions are planned to attempt to resolve all the remaining issues so that the exemptions can be issued later this year.

## **II. Revised Reactor Oversight Process**

The NRC commenced initial implementation of its Reactor Oversight Process (ROP) at all nuclear plants in April 2000. It has continued meeting with interested stakeholders on a periodic basis to continue refining the ROP and collect feedback on the efficacy of the process. Recent activities include:

- a. The NRC's ROP Initial Implementation Evaluation Panel (IIEP) held its fourth public meeting on February 26-27, 2001, in Rockville, Maryland. The NRC established the panel to obtain advice and recommendations on the revised reactor oversight process in accordance with the Federal Advisory Committee Act (FACA). The meeting discussions focused on the following topics: initial prioritization of issues identified through the IIEP, and issues and views presented by stakeholders such as representatives from the State of Pennsylvania, Union of Concerned Scientists, Nuclear Energy Institute, NRC Offices of Public Affairs, and McGraw Hill's *Inside NRC*.
- b. The Inspection Program Branch (IIPB) staff is continuing efforts to interface with other NRC staff and public stakeholders to discuss ROP initial implementation issues. For example, the IIPB conducted a public meeting with industry's ROP working group on February 7-8, 2001, to discuss and review proposed changes to the first revision of NEI 99-02, "Regulatory Assessment Performance Indicator Guideline," and other ROP implementation issues. In addition, the IIPB staff conducted a Division of Reactor Projects and Division of Reactor Safety regional counterparts meeting on February 5-6, 2001, at Region IV in Arlington, TX, to discuss initial implementation issues with key internal managers.

## **III. Status of Issues in the Reactor Generic Issue Program**

Resolution of issues in the Reactor Generic Issue Program continues to be on track in accordance with the existing schedules. There have been no changes in the status or resolution dates for Generic Safety Issues since the January 2001 report.

## **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 it can be implemented by the licensee. The FY 2001 NRC Performance Plan incorporates three output measures related to licensing actions. These are: number of licensing action completions per year, size of the licensing action inventory, and age of the licensing action inventory.

Other licensing tasks are defined as: 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, NRC review of licensee 10 CFR 50.59 analyses and FSAR updates, or other licensee requests not requiring NRC review and approval before it can be implemented by the licensee. The FY 2001 NRC Performance Plan incorporates one output measures related to other licensing tasks. This is: number of other licensing tasks completed.

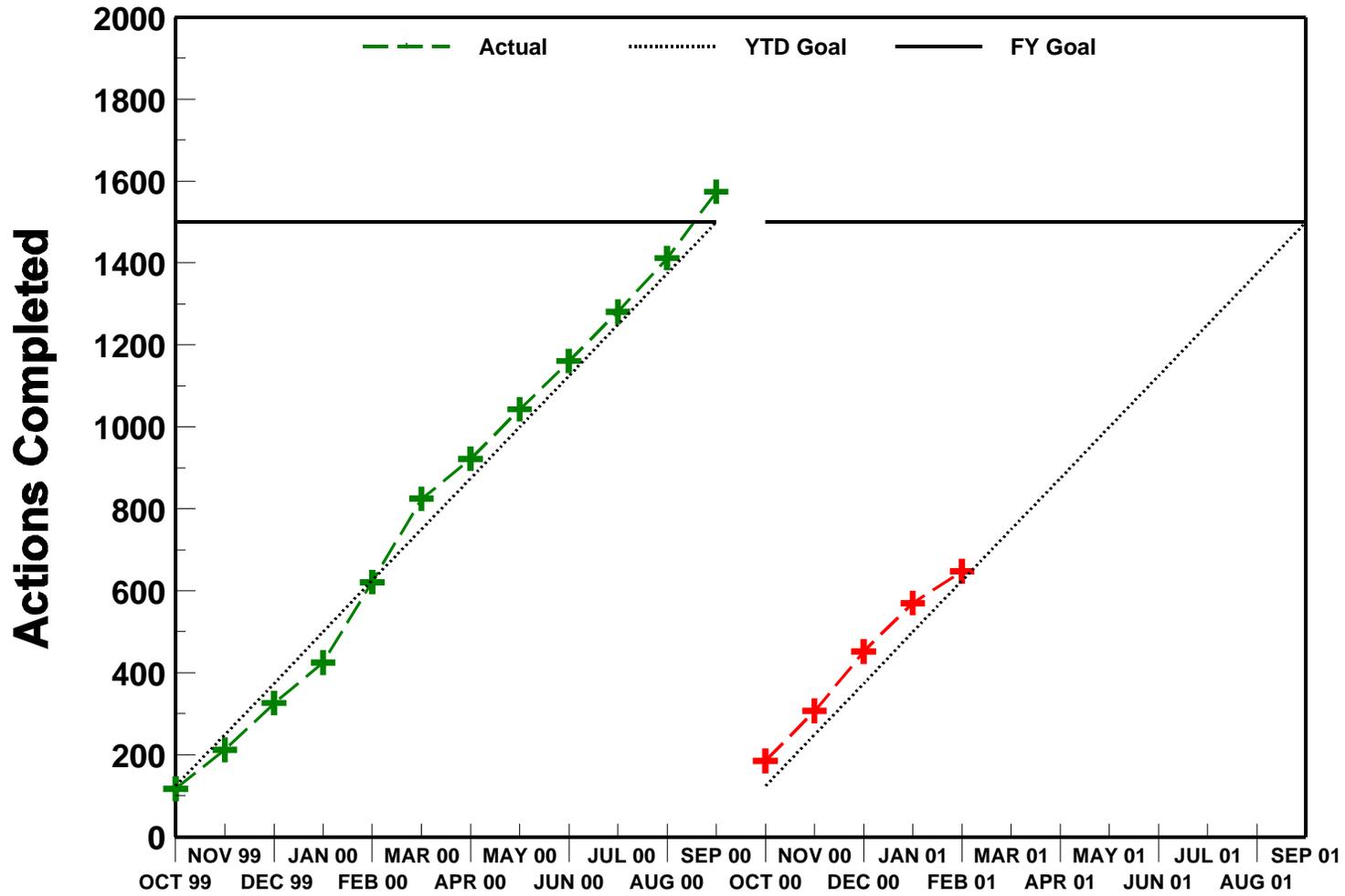
The actual FY 1999 and FY 2000 results, the FY 2001 goals and the actual FY 2001 results, as of February 28, 2001, for the four NRC Performance Plan output measures for licensing actions and other licensing tasks are shown in the table below.

| PERFORMANCE PLAN                   |                                    |                                   |                                     |                                  |
|------------------------------------|------------------------------------|-----------------------------------|-------------------------------------|----------------------------------|
| Output Measure                     | FY 1999 Actual                     | FY 2000 Actual                    | FY 2001 Goals                       | FY 2001 Actual (thru 02/28/2001) |
| Licensing actions completed        | 1727                               | 1574                              | \$ 1500                             | 715                              |
| Size of licensing action inventory | 857                                | 962                               | # 650                               | 884                              |
| Age of licensing action inventory  | 86.2% # 1 year; and 100% # 2 years | 98.3%# 1 year; and 100% # 2 years | 95% # 1 year and 100% # 2 years old | 92.8% # 1 year; 100.0% # 2 years |
| Other licensing tasks completed    | 939                                | 1100                              | \$ 775                              | 250                              |

The following charts demonstrate NRC's FY 2001 trends for the four licensing action and other licensing task output measure goals.

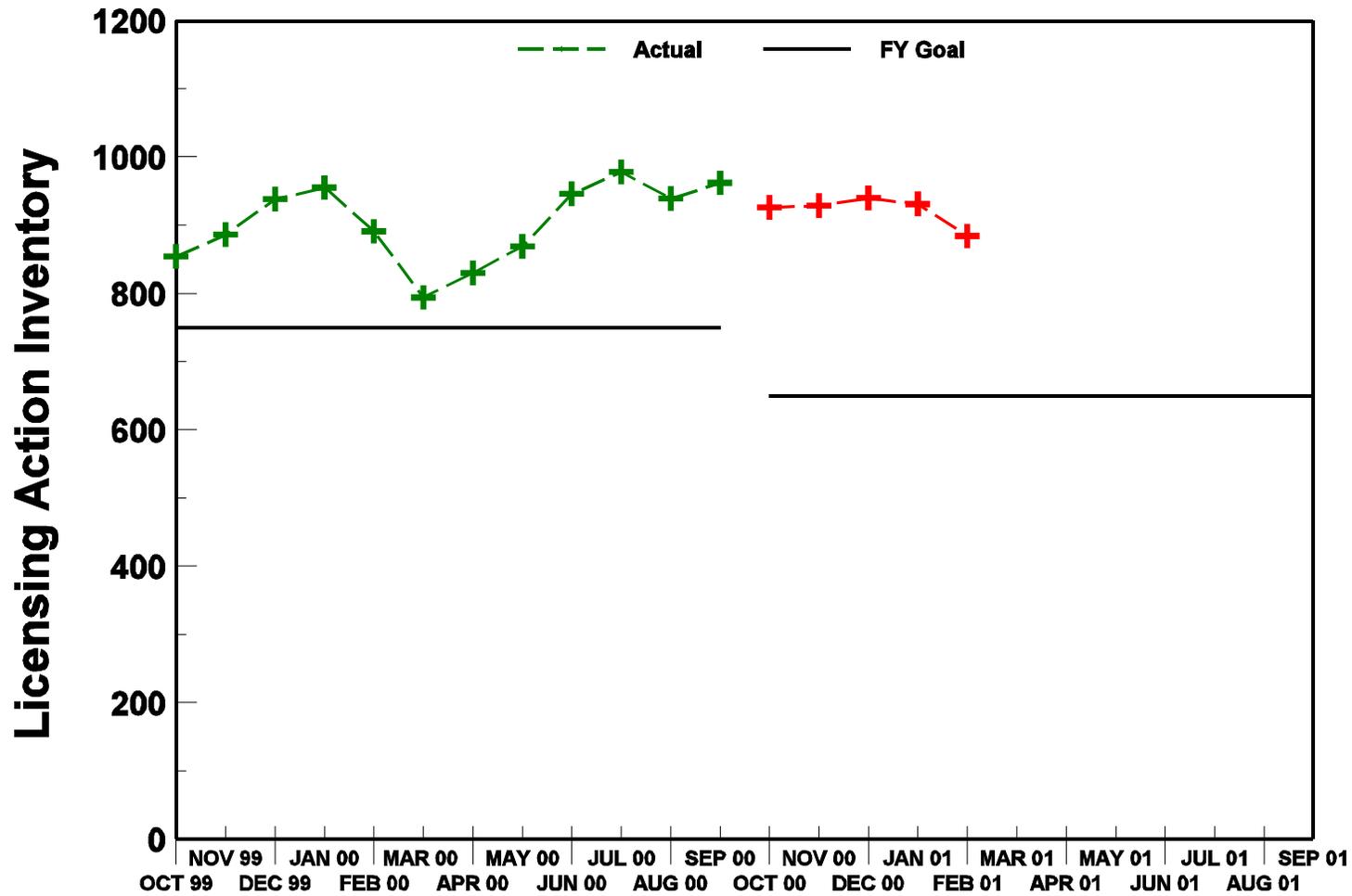
# Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Licensing Actions



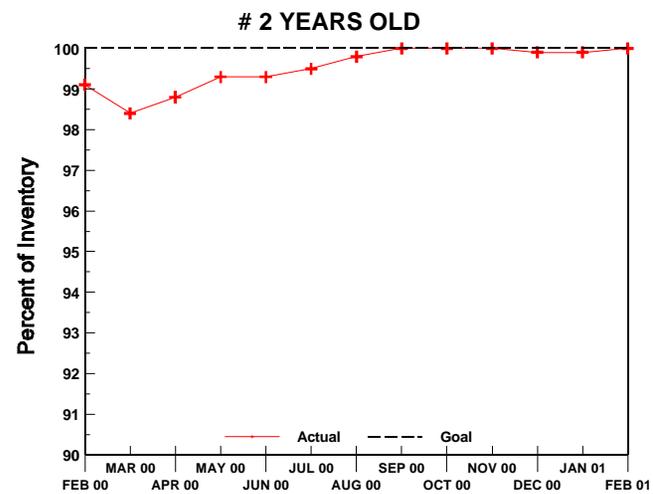
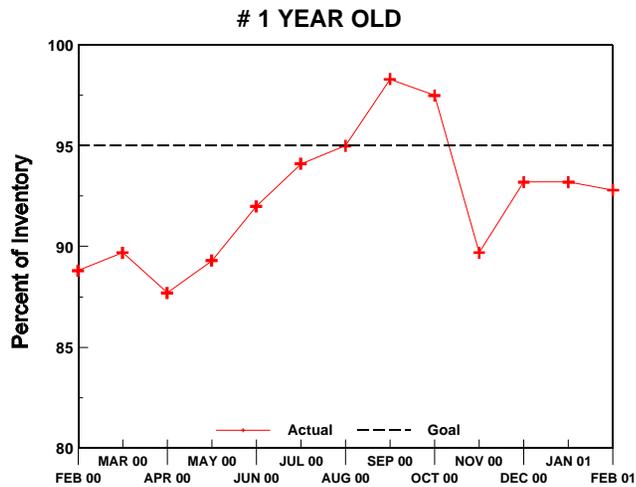
# Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



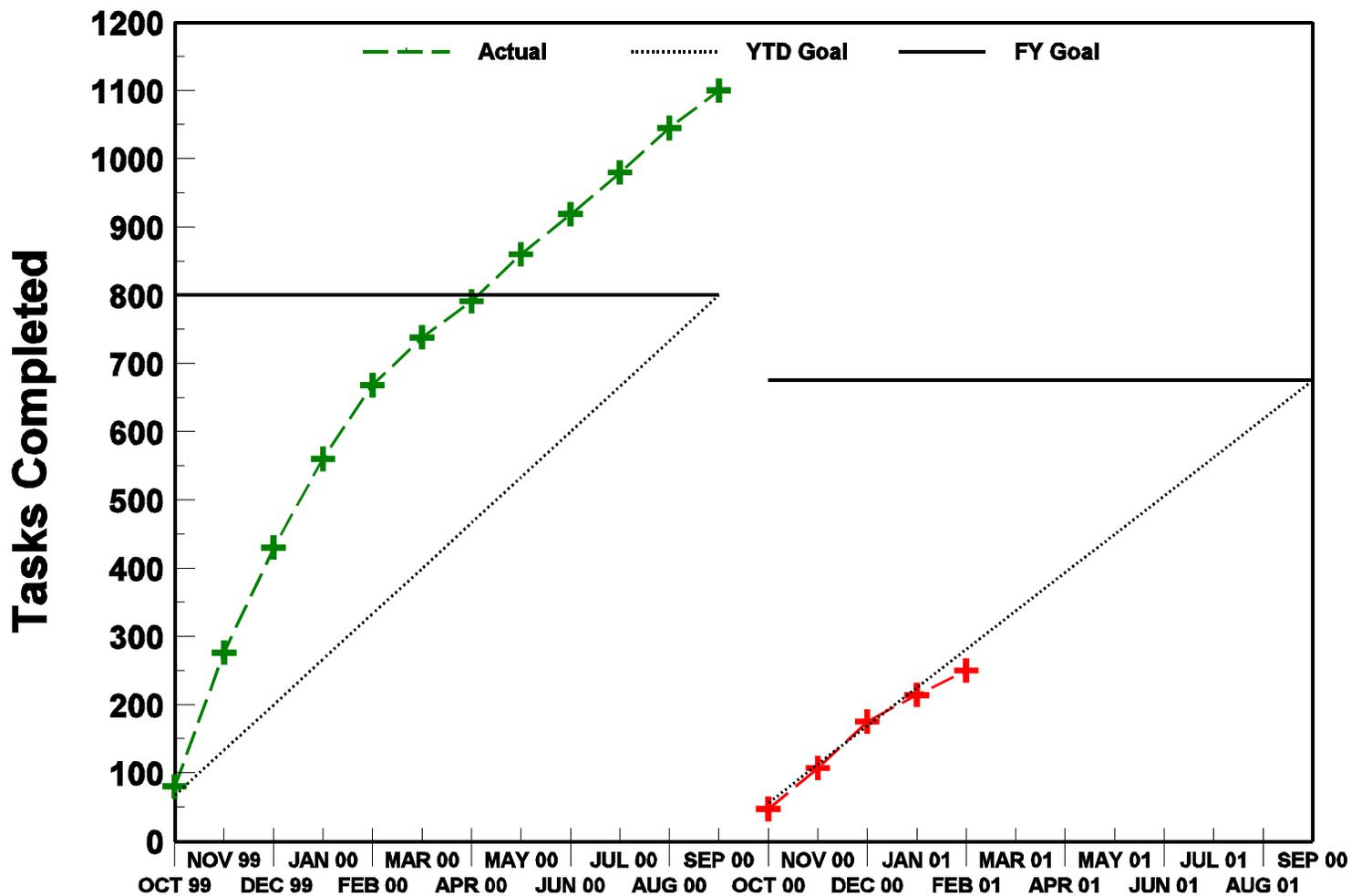
# Nuclear Reactor Safety - Reactor Licensing

## Performance Plan Target: Age of Licensing Action Inventory



# Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



## **V. Status of License Renewal Activities**

### Calvert Cliffs Renewal Application

The renewed licenses for Calvert Cliffs were issued on March 23, 2000, completing the NRC's review of the license renewal application.

### Oconee License Renewal Application

The renewed licenses for Oconee Units 1, 2, and 3 were issued on May 23, 2000, completing the NRC's review of the license renewal application.

### Arkansas Nuclear One, Unit 1, Renewal Application

The review of the Arkansas Nuclear One, Unit 1, renewal application is on schedule. The staff issued the safety evaluation report identifying open items in January 2001. The NRC staff and the applicant are working to resolve the open items and issue the completed report by September 2001.

The draft supplemental environmental impact statement was issued for public comment in October 2000 and the public comment period ended in January 2001. The staff is currently addressing the comments received and preparing to issue the final supplemental environmental impact statement by July 2001.

### Hatch, Units 1 and 2, Renewal Application

The review of the Hatch renewal application is on schedule. The staff issued the safety evaluation report identifying open items in February 2001. The NRC staff and the applicant are working to resolve the open items and issue the completed report by October 2001.

The draft supplemental environmental impact statement was published for public comment in November 2000 and the public comment period ended in January 2001. The staff is currently addressing the comments received and preparing to issue the final supplemental environmental impact statement by July 2001.

### Turkey Point, Units 3 and 4, Renewal Application

The review of the Turkey Point renewal application is on schedule. All safety and environmental requests for additional information (RAIs) were issued. The applicant is scheduled to provide responses to the environmental RAIs by March 2001 and the safety RAIs by April 2001.

Two requests for hearing were received in response to the public notice of an opportunity for hearing and an Atomic Safety and Licensing Board Panel (ASLB) was convened to consider the requests. The ASLB held a prehearing conference with the petitioners, applicant, and staff in Homestead, FL, on January 18, 2001. In an order dated February 26, 2001, the Board ruled that both parties have standing to intervene, however, neither petitioner identified admissible contentions. Therefore, the Board concluded that the intervention petitions were denied and the hearing proceedings terminated.

**VI. Status of Review of Private Fuel Storage, Limited Liability Corporation's Application for a License to Operate an Independent Spent Fuel Storage Installation on the Reservation of the Skull Valley Band of Goshute Indians**

During this reporting period, the NRC staff sent a letter to the applicant, Private Fuel Storage, Limited Liability Company (PFS), describing the potential scheduler consequences of the applicant's late submittal of a revised license application for the safety and environmental reviews of the proposed Private Fuel Storage Facility. The letter noted that, due to this late submittal of data regarding geotechnical and air craft crash information by PFS, the publication of the Final Environmental Impact Statement (FEIS) would be delayed and a supplement would likely have to be prepared for the NRC staff's Safety Evaluation Report. The NRC staff (lead agency) and the three other Federal agencies cooperating in the development of the Environmental Impact Statement (the Surface Transportation Board and the U.S. Department of the Interior's Bureau of Indian Affairs and Bureau of Land Management) determined that it would be prudent to delay the FEIS until after the late submittals were reviewed and evaluated to determine if the data would result in any changes to conclusions reached in the FEIS.

The NRC staff and the three cooperating Federal agencies met during this reporting period to complete review and interagency consultation activities for the FEIS and associated documents. As scheduled before the identification of new data by the applicant, the consultation with the cooperating Federal agencies was completed at the end of February 2001. The document will then be held until the review and evaluation of the new data is completed. If conclusions reached by the four Federal agencies remain unchanged, the FEIS will then be published. If any conclusions must be changed, the appropriate actions will be taken before the document is published.

Litigation in the adjudicatory proceeding on the PFS application continued during this reporting period with the following: (1) the State of Utah has filed a petition seeking Commission review of the Atomic Safety and Licensing Board's (ASLB) partial initial decision on emergency planning issues; (2) the Commission has denied the State of Utah's interlocutory appeal from the Licensing Board's rejection of four late-filed transportation contentions; (3) the NRC staff and the State of Utah filed responses to the Applicant's motions for summary disposition of three contentions, concerning geotechnical, aircraft crash, and financial (model service agreement) issues; (4) the NRC Staff has advised the ASLB that the Applicant's late submittal of information concerning aircraft crash and geotechnical issues may require publication of a supplement to the Staff's Safety Evaluation Report, will delay issuance of the FEIS, and could affect the hearing schedule and the scope of issues currently scheduled to be heard in the July-August 2001 hearings. Additionally, the ASLB has under consideration the State of Utah's motion to admit a late contention on transportation issues.

**VII. Enforcement Process and Summary of Reactor Enforcement by Region**

**Reactor Enforcement by Region**

|                                     |             | <b>Reactor Enforcement Actions*</b> |             |            |           |       |
|-------------------------------------|-------------|-------------------------------------|-------------|------------|-----------|-------|
|                                     |             | Region I                            | Region II** | Region III | Region IV | TOTAL |
| Severity Level I                    | Jan 2001    | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 2001 YTD | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 00 Total | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 99 Total | 0                                   | 0           | 0          | 0         | 0     |
| Severity Level II                   | Jan 2001    | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 2001 YTD | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 00 Total | 1                                   | 2           | 0          | 0         | 3     |
|                                     | FY 99 Total | 5                                   | 0           | 2          | 0         | 7     |
| Severity Level III                  | Jan 2001    | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 2001 YTD | 0                                   | 1           | 0          | 0         | 1     |
|                                     | FY 00 Total | 5                                   | 0           | 4          | 4         | 13    |
|                                     | FY 99 Total | 9                                   | 2           | 7          | 8         | 26    |
| Severity Level IV                   | Jan 2001    | 0                                   | 0           | 0          | 0         | 0     |
|                                     | FY 2001 YTD | 0                                   | 0           | 0          | 1         | 1     |
|                                     | FY 00 Total | 4                                   | 1           | 3          | 5         | 13    |
|                                     | FY 99 Total | 52                                  | 42          | 57         | 60        | 211   |
| Non-Cited Severity Level IV & Green | Jan 2001    | 37                                  | 24          | 20         | 17        | 98    |
|                                     | FY 2001 YTD | 111                                 | 48          | 82         | 53        | 294   |
|                                     | FY 00 Total | 313                                 | 190         | 289        | 258       | 1050  |
|                                     | FY 99 Total | 343                                 | 267         | 334        | 305       | 1249  |

| <b>Escalated Reactor Enforcement Actions Associated with the Revised Reactor Oversight Process*</b> |               |          |             |            |           |       |
|---|---------------|----------|-------------|------------|-----------|-------|
|   |               | Region I | Region II** | Region III | Region IV | Total |
| NOVs related to white, yellow or red findings   | Jan 2001 -Red | 0        | 0           | 0          | 0         | 0     |
|   | -Yellow       | 0        | 0           | 0          | 0         | 0     |
|   | -White        | 0        | 0           | 0          | 1         | 3     |
|   | FY 2001 YTD   | 2        | 2           | 0          | 1         | 5     |
|   | FY 00 Total   | 6        | 1           | 0          | 0         | 7     |

\*Numbers of violations are based on enforcement action tracking system (EATS) 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.

\*\* Violation totals for Region II reflect a shift from a 6 week inspection period to a quarterly inspection period.

### **Description of Significant Actions taken in January 2001**

#### **Union Electric Company (Callaway) EA 00-208**

On January 9, 2001, a Notice of Violation was issued for a violation associated with three white SDP findings involving performance deficiencies in the licensee's procedures and engineering controls designed to achieve occupational doses that are as low as is reasonably achievable (ALARA). The licensee appealed the staff's three significance determinations and denied the associated violation on February 7 and 15, respectively. The staff is currently reviewing the licensee's responses.

### **VIII. Power Reactor Security Regulations**

Based on directions given by the Commission in the Staff Requirements Memoranda dated June 29, 1999, November 22, 1999, and April 12, 2000, the staff has been involved in a project to re-evaluate and revise its regulations pertaining to security at power reactor facilities. This project is an outgrowth of the staff's recommendation in May 1999, to institute a requirement for licensees to conduct periodic exercises to test the capability of their security organizations to protect against the design basis threat (SECY-99-024, "Recommendations of the Safeguards Performance Assessment Task Force," January 22, 1999). Following this paper, the staff recommended that a comprehensive review of the power reactor security regulations (10 CFR 73.55) be undertaken, including a new requirement for exercising the capability of security organizations to protect against the design basis threat (SECY-99-241,

“Rulemaking Plan, Physical Security Requirements for Exercising Power Reactor Licensees’ Capability to Respond to Safeguards Contingency Events,” October 5, 1999). The Commission approved these recommendations and directed the staff to undertake the project.

The staff conducted a series of public meetings to ensure that external stakeholders had an opportunity to provide input to the process. The staff developed several position papers while drafting a proposed rule, including one which defined the approach the staff intended to take in the rulemaking. This approach included the use of performance criteria and critical safety functions as the basis for the rule (SECY-00-0063, “Staff Re-Evaluation of Power Reactor Physical Protection Regulations and Position on a Definition of Radiological Sabotage,” March 9, 2000). This approach was approved by the Commission and the staff was directed to publish SECY-00-0063 in the Federal Register and invite public comments. The staff has completed its evaluation of the public comments and incorporated issues raised in these comments into the proposed performance objectives for the exercise rule. The staff’s proposal was provided in an information paper for the Commission (SECY-01-0023, “Public Comments on SECY-00-0063, “Re-Evaluation of Power Reactor Physical Protection Regulations and Position on a Definition of Radiological Sabotage,” and Staff Review of Industry-recommended Safeguards Performance Assessment Program,” February 5, 2001). The paper included an outline of the status of several significant safeguards initiatives. The final performance criteria will be submitted to the Commission for approval in the proposed rulemaking by May 2001.

In addition to the above effort, considerable attention has been paid to related issues surrounding the conduct of the Operational Safeguards Response Evaluation (OSRE) program. The OSRE program is NRC’s current program for performance exercises conducted at nuclear power plants. The industry has developed a Safeguards Performance Assessment (SPA) pilot program to test concepts for the exercise portion of the new 10 CFR 73.55. The staff has interacted extensively with stakeholders on this program and expects to pilot the SPA program while the rulemaking, including the exercise requirement, is being processed. Lessons learned from the SPA will be incorporated into the final rulemaking. To date, four public meetings were held to discuss the SPA program. The most recent of these meetings, held December 13, 2000, discussed the final SPA guidance document and details regarding the proposed pilot program.

On January 25, 2001, the Commission approved use of the staff’s recommended interim revision to the Physical Protection Significance Determination Process (PPSDP), which addresses issues associated with application of the pre-existing PPSDP. In the reactor oversight program, the significance determination process is used to determine significance of findings and the appropriate action to be taken, including additional oversight. The staff plans to formally revise the PPSDP in a process involving all stakeholders.

The staff continues to conduct scheduled OSREs in accordance with an attachment to Inspection Procedures 71130.03 and 81110 which provides details on adversary characteristics, and a memorandum to all regional offices which provides guidance on critical issues in the scheduling and conduct of OSREs.