

February 9, 2000

Mr. Alex Marion  
Nuclear Energy Institute  
1776 I Street, N.W., Suite 400  
Washington, D.C. 20006-3708

SUBJECT: STAFF RESPONSE TO NUCLEAR ENERGY INSTITUTE PROPOSED FLOW  
CHART ON PROCESS FOR VOLUNTARY INDUSTRY INITIATIVES  
ACTIVITIES

Dear Mr. Marion:

On Tuesday, December 21, 1999, I and several members of the U.S. Nuclear Regulatory Commission's (NRC) staff met with you and Mr. David Modeen (Nuclear Energy Institute - NEI), Mr. Gary Vine (Electric Power Research Institute - EPRI) and other interested stakeholders in a public meeting at the NRC's headquarters in Rockville, MD. This meeting was the third public meeting the staff has held with interested stakeholders on developing guidelines for voluntary industry initiatives (VIIs). This meeting was held at your request, made during the second stakeholders meeting in Rosemont, IL, on October 27, 1999. The meeting summaries for these two meetings, dated November 18, 1999, and February 3, 2000, respectively, are publicly available.

During the December 21, 1999, meeting, you presented a flow chart entitled "Simplified Process for Voluntary Industry Initiatives (VIIs) - Proposed," (Enclosure 1) which describes NEI's proposed actions to be taken by both the NRC and the industry when an issue is identified as a candidate for a VII. You requested staff comments on this flow chart. During a telephone conference call with you and Mr. Modeen on Wednesday, January 18, 2000, I discussed your flow chart with you.

Also during the January 18, 2000, telephone call with you, I again asked if NEI plans to provide specific written comments to the staff on developing a process for implementation of VIIs. This offer had been extended to all interested parties in general, and NEI in particular, during both of the above meetings, and in a Federal Register notice dated December 13, 1999 (64 FR 238). Specifically, the staff solicited comments, up to and including proposed guidelines *in toto*, from NEI and other stakeholders by January 15, 2000. This date was selected to allow the staff time to incorporate comments received into the staff's response to the May 27, 1999, staff requirements memorandum (SRM) from the Commission on "The Use by Industry of Voluntary Initiatives in the Regulatory Process," SECY-99-063, dated March 2, 1999.

During both public meetings, you indicated NEI will provide formal comments regarding the staff's proposed guidelines. During the recent telephone call, you stated that you intend to provide some initial principles related to VIIs in early February 2000, and additional comments by early March 2000, following an NEI meeting with senior nuclear utility executives. The staff welcomes your comments, and will consider your input, based on schedule considerations, in the staff's response to the SRM, which is due to the Commission by May 24, 2000.

Regarding the December 21, 1999, flow chart, the staff has studied your proposal, and finds that the process you described can be further clarified and streamlined, as shown in the NRC's flow chart (Enclosure 2). Specifically, the reasoning behind the NRC's flow chart is as follows:

- Box 1 - Issue Identified By / To NRC: The NRC staff becomes aware of an issue of potential concern (either by being informed by the industry, the public, another government entity, through its own investigations, or other means). The staff will evaluate the issue per 10 CFR 50.109, to determine if it involves adequate protection, a needed safety enhancement, and/or is a compliance exception to existing Rules and/or regulations. The issue will be evaluated through the Office of Nuclear Reactor Regulation (NRR) Executive Team to ensure that the issue is of sufficient importance to inform and meet with the industry, or to take regulatory action, if justified. The staff informs the industry of this concern, and schedules a meeting with industry to discuss potential actions.
- Box 2 - Issue Identified By / To Industry: The industry becomes aware of an issue of potential concern (either by being informed by the staff, through its own investigations, or other means), and evaluates the issue to determine proposed response. The industry informs the staff of this concern, and schedules a meeting with the staff to discuss proposed industry actions.
- Box 3 - NRC / Industry Meets on Issue: If the staff identified the issue, the industry is presented with the staff's findings, and is invited to evaluate the issue and develop a response to present to the staff to adequately disposition the issue. If industry identifies the issue, the staff is presented with the industry's findings, and is asked to evaluate and approve the industry's proposed response to adequately disposition the issue. The staff and industry may meet more than once at this point in the process.
- Box 4 - NRC Takes Regulatory Action: The NRC staff, having evaluated the issue and determined that it involves adequate protection, begins appropriate steps to take needed regulatory actions (e.g., Rule-making, issuing appropriate generic communications, Orders. etc.).
- Box 5 - NRC/Industry Agree on VII: If the industry and the staff, after having evaluated and met on the issue, reach a timely consensus on industry actions to be taken, which could include no immediate action but with long-term surveillance and future appropriate and applicable actions to be developed as the result of this surveillance, or specific actions and/or performance-based standards addressing the issue developed and implemented by either the industry as a whole, specific owners' groups, or multiple affected licensees, the staff will inspect, as appropriate, these agreed-upon actions.
- Box 6 - NRC / Industry Does NOT Agree on VII: If the industry and the staff, after having evaluated and met on the issue, cannot reach a timely consensus on industry actions to be taken, the NRC staff, having determined that the issue involves either a needed safety enhancement and/or compliance with existing Rules and/or regulations, begins appropriate steps to take needed regulatory actions (e.g., Rule-making, issuing appropriate generic communications, Orders. etc.)

Mr. Alex Marion

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A major key to the success of this approach is timely and frequent communications between the affected licensees/industry and the staff.

Please contact C. E. (Gene) Carpenter, Jr., of my staff at (301) 415-2169, if you have any further questions regarding this subject.

Sincerely,

Jack R. Strosnider, Director */ra/*  
Division of Engineering  
Office of Nuclear Reactor Regulation

Enclosure: As stated

cc: See next page

Mr. Alex Marion

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Jack R. Strosnider, Director  
Division of Engineering  
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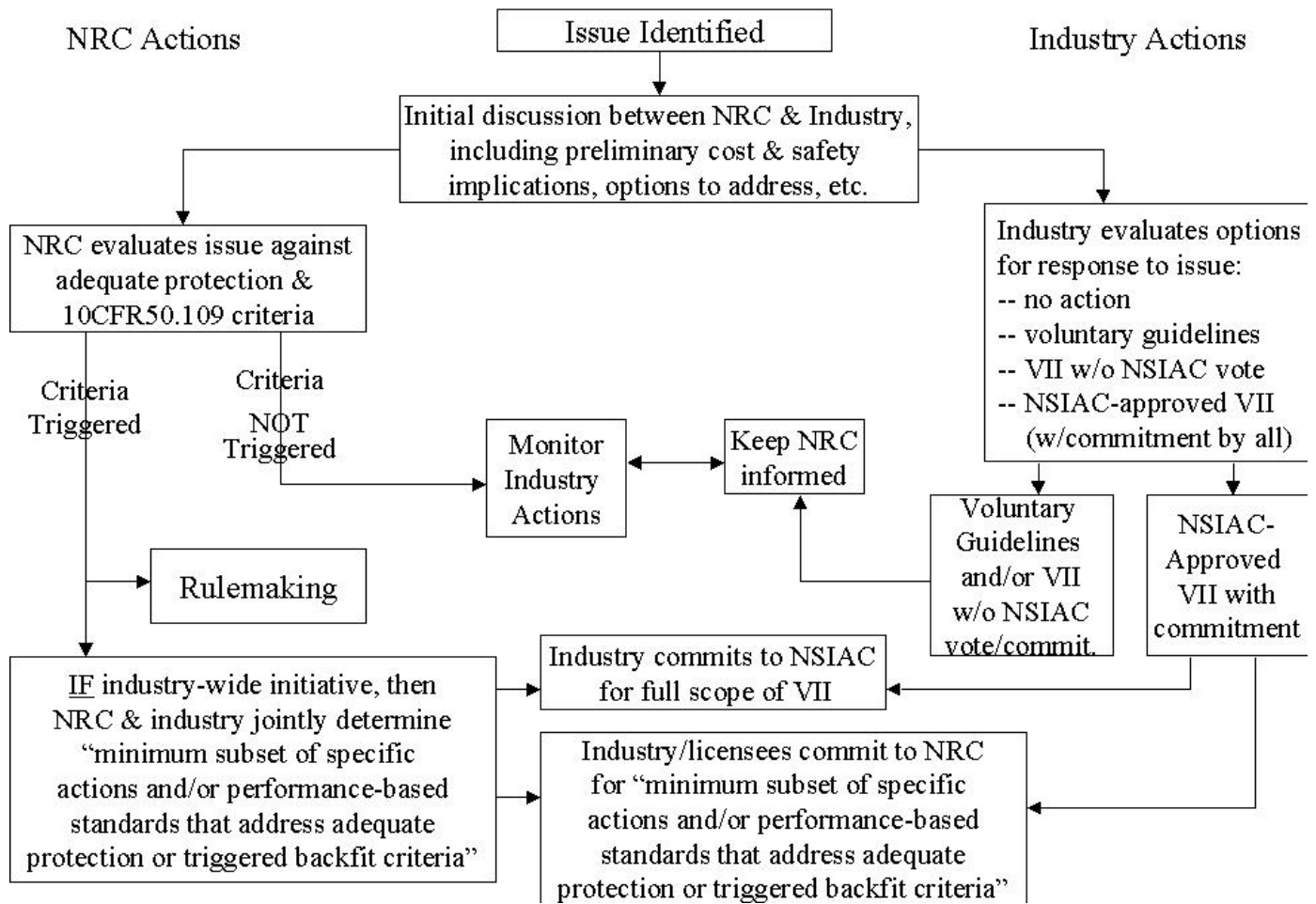
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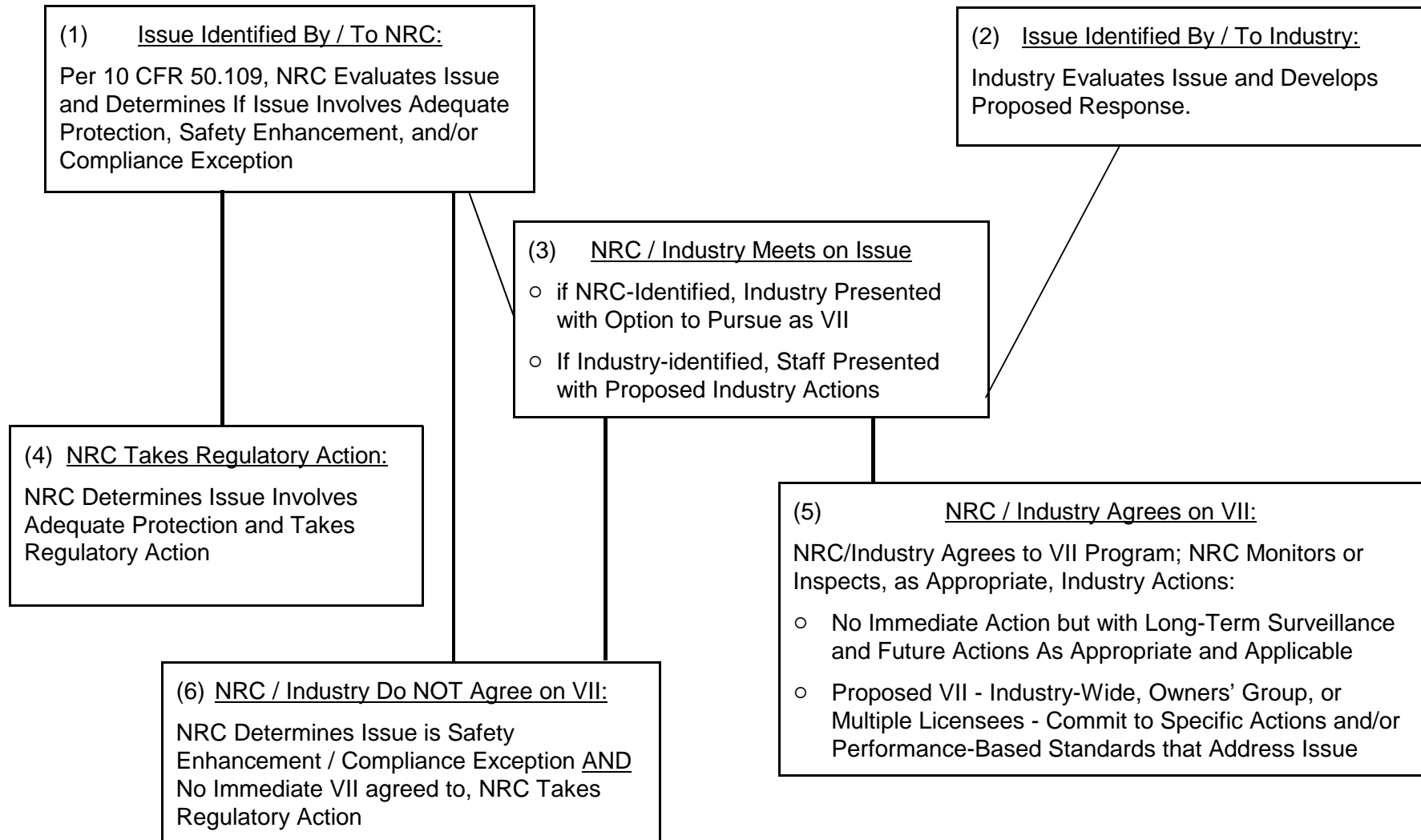
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# Simplified Process for Voluntary Industry Initiatives (VIIs) - Proposed



## NRC PROCESS FOR VOLUNTARY INDUSTRY INITIATIVES



Nuclear Energy Institute

Project No. 689

cc:

Mr. Ralph Beedle  
Senior Vice President  
and Chief Nuclear Officer  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Mr. H. A. Sepp, Manager  
Regulatory and Licensing Engineering  
Westinghouse Electric Company  
P.O. Box 355  
Pittsburgh, Pennsylvania 15230-0355

Mr. Alex Marion, Director  
Programs  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Mr. David Modeen, Director  
Engineering  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Mr. Anthony Pietrangelo, Director  
Licensing  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Mr. Jim Davis, Director  
Operations  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Ms. Lynnette Hendricks, Director  
Plant Support  
Nuclear Energy Institute  
Suite 400  
1776 I Street, NW  
Washington, DC 20006-3708

Mr. Charles B. Brinkman, Director  
Washington Operations  
ABB-Combustion Engineering, Inc.  
12300 Twinbrook Parkway, Suite 330  
Rockville, Maryland 20852

Boiling Water Reactor Owners Group

Project No. 691

cc:

Mr. W. Glenn Warren  
BWR Owners' Group Chairman  
Southern Nuclear Company  
42 Inverness Parkway  
PO Box 1295  
Birmingham, AL 35201

New York Power Authority  
14th Floor Mail Stop 14K  
Centroplex Building  
123 Main Street  
White Plains, NY 10601

Mr. James M. Kenny  
BWR Owners' Group Vice Chairman  
PP&L, Inc.  
Mail Code GENA6-1  
Allentown, PA 18101-1179

Mr. Thomas G. Hurst  
GE Nuclear Energy  
M/C 182  
175 Curtner Avenue  
San Jose, CA 95125

Mr. Thomas J. Rausch  
RRG Chairman  
Commonwealth Edison Company  
Nuclear Fuel Services  
1400 Opus Place, 4th Floor  
Downers Grove, IL 60515-5701

Mr. Thomas A. Green  
GE Nuclear Energy  
M/C 182  
175 Curtner Avenue  
San Jose, CA 95125

Mr. Drew B. Fetters  
PECO Energy  
Nuclear Group Headquarters  
MC 61A-3  
965 Chesterbrook Blvd.  
Wayne, PA 19087-5691

Mr. H. Lewis Sumner  
Southern Nuclear Company  
40 Inverness Parkway  
PO Box 1295  
Birmingham, GA 35201

Mr. Carl D. Terry  
Vice President, Nuclear Engineering  
Niagara Mohawk Power Corporation  
Nine Mile Point - Station  
OPS Bldg/2nd Floor  
PO Box 63  
Lycoming, NY 13093

Mr. George T. Jones  
PP&L, Inc.  
MC GENA6-1  
Two North Ninth Street  
Allentown, PA 18101

Mr. John Kelly



Boiling Water Reactor Vessel & Internals Project

Project No. 704

cc:

Bill Eaton, Executive Chair  
Inspection Committee  
Entergy Operations, Inc.  
PO Box 756, Waterloo Rd  
Port Gibson, MS 39150-0756

Carl Larsen, Technical Chairman  
BWRVIP Inspection Task  
P.O. Box 157  
Vernon, VT 05354

H. Lewis Sumner, Executive Chairman  
BWRVIP Mitigation Task  
Southern Nuclear Operating Co.  
M/S BIN B051, PO Box 1295  
40 Inverness Center Parkway  
Birmingham, AL 35201

John Wilson, Technical Chairman  
BWRVIP Mitigation Task  
Clinton Power Station, M/C T-31C  
P.O. Box 678  
Clinton, IL 61727

Harry P. Salmon, Executive Chairman  
BWRVIP Integration Task  
New York Power Authority  
123 Main St., M/S 11 D  
White Plains, NY 10601-3104

Vaughn Wagoner, Technical Chairman  
BWRVIP Integration Task  
Carolina Power & Light Company  
One Hannover Square 9C1  
P.O. Box 1551  
Raleigh, NC 27612

George T. Jones, Executive Chair  
BWRVIP Repair Task  
Pennsylvania Power & Light, Inc.  
M/S GEN A 61  
2 N 9<sup>th</sup> Street  
Allentown, PA 18101-1139

Bruce McLeod, Technical Chairman  
BWRVIP Repair Task  
Southern Nuclear Operating Co.  
Post Office Box 1295  
40 Inverness Center Parkway  
Birmingham, AL 35201

Robert Carter, EPRI BWRVIP  
Assessment Manager  
Greg Selby, EPRI BWRVIP  
Inspection Manager  
EPRI NDE Center  
P. O. Box 217097  
1300 W. T. Harris Blvd.  
Charlotte, NC 28221

Tom Mulford, EPRI BWRVIP  
Integration Manager  
Raj Pathania, EPRI BWRVIP  
Mitigation Manager  
Ken Wolfe, EPRI BWRVIP  
Repair Manager  
Electric Power Research Institute  
P. O. Box 10412  
3412 Hillview Ave.  
Palo Alto, CA 94303

Joe Hagan, BWRVIP Vice Chairman  
PEPCO Energy Co.  
MC 62C-3  
965 Chesterbrook Blvd  
Wayne, PA 19807-5691

James P. Pelletier, BWRVIP Liaison  
to EPRI Nuclear Power Council  
Nebraska Public Power District  
1200 Prospect Avenue  
PO Box 98  
Brownville, NE 68321-0098

Steve Lewis, Technical Chairman  
BWRVIP Assessment Task  
Entergy  
P. O. Box 756  
Waterloo Road  
Port Gibson, MS 39150

CE Owners Group

Project No. 692

cc:

Mr. Gordon C. Bischoff, Project Director  
CE Owners Group  
ABB Combustion Engineering Nuclear Power  
M.S. 9615-1932  
2000 Day Hill Road  
Post Office Box 500  
Windsor, CT 06095

Mr. Ralph Phelps, Chairman  
CE Owners Group  
Omaha Public Power District  
P.O. Box 399  
Ft. Calhoun, NE 68023-0399

Mr. Ian C. Rickard, Director  
Nuclear Licensing  
ABB Combustion Engineering Nuclear Power  
2000 Day Hill Road  
Post Office Box 500  
Windsor, CT 06095

Mr. Charles B. Brinkman, Manager  
Washington Operations  
ABB Combustion Engineering Nuclear Power  
12300 Twinbrook Parkway, Suite 330  
Rockville, MD 20852

Westinghouse Owners Group

Project No. 694

cc:

Mr. H. A. Sepp, Manager  
Regulatory and Licensing Engineering  
Westinghouse Electric Corporation  
P.O. Box 355  
Pittsburgh, PA 15230-0355

Mr. Andrew Drake, Project Manager  
Westinghouse Owners Group  
Westinghouse Electric Corporation  
Mail Stop ECE 5-16  
P.O. Box 355  
Pittsburgh, PA 15230-0355

Mr. Jack Bastin, Director  
Regulatory Affairs  
Westinghouse Electric Corporation  
11921 Rockville Pike  
Suite 107  
Rockville, MD 20852

cc:

Randy Hutchinson, Chairman  
B&WOG Executive Committee  
Vice President Operations  
Arkansas Nuclear One  
Entergy Operations, Inc.  
1448 S.R. 333  
Russellville, AK 72801-0967

Mr. W. W. Foster, Chairman  
B&WOG Steering Committee  
Director of Safety Assurance  
Duke Power Company  
Oconee Nuclear Station  
P.O. Box 1439  
Seneca, SC 29679

Mr. J. J. Kelly, Manager  
B&W Owners Group Services  
Framatome Technologies, Inc.  
P.O. Box 10935  
Lynchburg, VA 24506-0935

Mr. F. McPhatter, Manager  
Framatome Cogema Fuels  
3315 Old Forest Road  
P.O. Box 10935  
Lynchburg, VA 24506-0935

Mr. R. Schomaker, Manager  
Framatome Cogema Fuels  
3315 Old Forest Road  
P.O. Box 10935  
Lynchburg, VA 24506-0935

Mr. Michael Schoppman  
Licensing Manager  
Framatome Technologies, Inc.  
1700 Rockville Pike, Suite 525  
Rockville, MD 20852-1631

Electric Power Research Institute

Project No. 669

cc:

Mr. Gary L. Vine  
Senior Washington Representative  
Electric Power Research Institute  
2000 L Street, N.W., Suite 805  
Washington, DC 20036

Mr. James F. Lang  
Electric Power Research Institute  
Post Office Box 217097  
1300 W.T. Harris Boulevard  
Charlotte, NC 28262

Mr. Bindi Chexal  
Electric Power Research Institute  
Post Office Box 10412  
Palo Alto, CA 94303

Mr. Raymond C. Torok  
Project Manager, Nuclear Power Group  
Electric Power Research Institute  
Post Office Box 10412  
Palo Alto, CA 94303