

March 1, 2000

MEMORANDUM TO: James T. Wiggins, Deputy Regional Administrator, RI
Bruce S. Mallett, Deputy Regional Administrator, RII
James L. Caldwell, Deputy Regional Administrator, RIII
Thomas P. Gwynn, Deputy Regional Administrator, RIV
Jack R. Goldberg, Office of the General Counsel

FROM: William M. Dean, Chief */RA/*
Inspection Program Branch
Division of Inspection Program Management
Office of Nuclear Reactor Regulation

SUBJECT: OPERATING REACTOR ASSESSMENT PROGRAM

Attached for your review and comment is Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program." IMC 0305 was revised to reflect lessons learned from the Pilot Program Lessons Learned Workshop held on January 10-13, 2000. IMC 0305 will be issued prior to initial implementation of the Revised Reactor Oversight Process on April 2, 2000.

The Office of the General Counsel is requested to provide comments on the legal aspects of this Manual Chapter such as the applicability section.

Please provide any comments by March 21, 2000. Questions should be directed to Robert Pascarelli at 301-415-1245 or e-mail (RJP3).

Attachment: As stated

cc: Robert Pascarelli

March 1, 2000

MEMORANDUM TO: James T. Wiggins, Deputy Regional Administrator, RI
Bruce S. Mallett, Deputy Regional Administrator, RII
James L. Caldwell, Deputy Regional Administrator, RIII
Thomas P. Gwynn, Deputy Regional Administrator, RIV
Jack R. Goldberg, Office of the General Counsel

FROM: William M. Dean, Chief */RA/*
Inspection Program Branch
Division of Inspection Program Management
Office of Nuclear Reactor Regulation

SUBJECT: OPERATING REACTOR ASSESSMENT PROGRAM

Attached for your review and comment is Inspection Manual Chapter (IMC) 0305, "Operating Reactor Assessment Program." IMC 0305 was revised to reflect lessons learned from the Pilot Program Lessons Learned Workshop held on January 10-13, 2000. IMC 0305 will be issued prior to initial implementation of the Revised Reactor Oversight Process on April 2, 2000.

The Office of the General Counsel is requested to provide comments on the legal aspects of this Manual Chapter such as the applicability section.

Please provide any comments by March 21, 2000. Questions should be directed to Robert Pascarelli at 301-415-1245 or e-mail (RJP3).

Attachment: As stated

cc: Robert Pascarelli

Distribution:
Central Files
IIPB R/F
Mike Tschiltz, EDO

ACCESSION # ML003687643
TEMPLATE = NRR-106

DOCUMENT NAME: G:\IPB\ASSESSMENT\REQUEST FOR COMMENT.WPD

* See previous concurrence.

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures "N" = No copy

OFFICE	IIPB:DIPM		IIPB:DIPM		IIPB:DIPM				
NAME	RJPascarelli *		MRJohnson *		WMDean *				
DATE	02/29/00		02/29/00		03/01/00				

OFFICIAL RECORD COPY

OPERATING REACTOR ASSESSMENT PROGRAM

1. PURPOSE

The Revised Reactor Oversight Process is the result of an effort by the NRC to improve the NRC's inspection, assessment, and enforcement programs. The result is a regulatory framework (exhibit 1) that is more objective, understandable, and predictable and focuses agency resources on areas that have the greatest impact on safe plant operation. The Operating Reactor Assessment Program evaluates the overall safety performance of operating commercial nuclear reactors and communicates those results to licensee management, members of the public, and other government agencies.

The assessment program (exhibit 2) collects information from the inspection program and performance indicators in order to enable the agency to arrive at objective conclusions about the licensee's safety performance. Based on this assessment information, the process determines the appropriate level of agency response including supplemental inspection, demands for information, confirmation of specific corrective actions, or orders, up to and including a plant shutdown. The assessment information and agency response are then communicated to the public. Follow-up agency actions, as applicable, are conducted to ensure that the corrective actions designed to address performance weaknesses were effective.

2. OBJECTIVES

- A. To collect information from inspection findings and performance indicators.
- B. To arrive at an objective assessment of licensee safety performance using performance indicators and inspection findings.
- C. To assist NRC management in making timely and predictable decisions regarding appropriate agency actions used to oversee, inspect, and assess licensee performance.
- D. To provide a method for informing the public and soliciting stakeholder feedback on the NRC's assessment of licensee performance.
- E. To provide a process to follow up on areas of concern.

3. APPLICABILITY

This chapter applies to all operating commercial nuclear reactors except those sites that are under IMC 0350, *Staff Guidelines For Assessment and Review of Plants That Are Not Under The Routine Reactor Oversight Process*. It should be noted that the contents of this manual chapter do not restrict the agency in taking any necessary actions to fulfill its responsibilities under the Atomic Energy Act of 1954 (as amended).

4. DEFINITIONS

- A. **Significance Determination Process (SDP)** - A risk characterization process that is applied to inspection findings such that the overall licensee performance assessment process can compare and evaluate the findings on a significance scale similar to the performance indicators.

- B. Degraded Cornerstone** - A cornerstone that has two or more white inputs or one yellow input.
- C. Repetitive Degraded Cornerstone** - A cornerstone that is degraded (2 white inputs or 1 yellow input) for five or more consecutive quarters
- D. Multiple Degraded Cornerstones** - Two or more cornerstones are degraded in any one quarter.
- E. Inspection Finding** - As used in IMC 0610* *Inspection Reports* , an observation that has been placed in context. Findings are assigned a color based on their risk significance as an outcome of the significance determination process. Listed below are the colors associated the risk significance of these findings:
 - Green Findings - Issues that, while not desirable, represent very low safety significance.
 - White Findings - Issues with low to moderate safety significance.
 - Yellow Findings - Issues with substantial safety significance and would require the NRC to take additional actions.
 - Red Findings - Issues with high safety significance and an unacceptable loss of safety margin which would result in the NRC taking significant actions that could include ordering the plant to be shutdown.
- F. Annual Assessment Cycle** - A combination of twelve months of assessment inputs (4 sets of PI data that is reported quarterly and 12 months of inspection findings) that is evaluated at the end-of-cycle review.

Note: An inspection finding is normally carried forward in the assessment process for a total of four calendar quarters. However, the inspection finding will not be removed from consideration of future agency actions (per the Action Matrix) until the weaknesses in the root cause evaluation are addressed and corrected.

5. RESPONSIBILITIES AND AUTHORITIES

A. Executive Director for Operations (EDO)

1. Oversees the activities described in this manual chapter.
2. Approves deviations from the multiple/repetitive degraded cornerstone column of the Action Matrix.

B. Director, Office of Nuclear Reactor Regulation (NRR)

1. Implements the requirements of this manual chapter within NRR.
2. Develop assessment program policies and procedures.
3. Ensure uniform program implementation and effectiveness.
4. Concur on all agency actions that deviate from the regulatory response and degraded cornerstone columns of the Action Matrix as described in paragraph 6.C of this manual chapter.

C. Regional Administrators

1. Implement the requirements of this manual chapter within their respective regions.
2. Develop and issue annual assessment letters to each licensee, which contain a concise assessment of licensee performance using information captured by performance indicators and NRC inspection findings.
3. Direct allocation of inspection resources within the regional office based on the Action Matrix.
4. Establish a schedule and determine a suitable location for the annual public meeting with each licensee to ensure a mutual understanding of the issues discussed in the annual assessment letter.
5. Suspend the end-of-year performance review for those plants that have been transferred to the Inspection Manual Chapter 0350 process.
6. Approve agency actions that deviate from the regulatory response and degraded cornerstone columns of the Action Matrix as described in paragraph 6.C of this manual chapter.

D. Chief, Inspection Program Branch

1. Develops program guidance.
2. Collects feedback from the regional offices and assesses execution of the Operating Reactor Assessment Program to ensure consistent application.
3. Recommends improvements to the Operating Reactor Assessment Program.

6. BASIC REQUIREMENTS

A. Assessment Process

The reactor assessment process (exhibits 3 and 4) reviews licensee performance over a 12-month period. A series of reviews are conducted which are described below.

The regional offices will conduct a continuous review of the performance of their assigned plants. Inspections are conducted on a continuous basis in accordance with IMC 2515 and performance indicators are reported quarterly by the licensee. Assessment activities occur at quarterly intervals. However, resident and regional inspectors shall maintain a continuous awareness of plant performance. If an inspection finding or performance indicator threshold is crossed, the regional office shall address this issue without waiting until the end of the quarter, if appropriate. For example, the regional office shall take the appropriate action per the Action Matrix (exhibit 5) if a plant has four occurrences of unplanned scrams prior to the end of the quarter. However, this does not imply that there shall be "real time" monitoring of performance indicators. Additionally, the agency will not wait until the annual Agency Action Review meeting to address plants with significant performance problems. Plants with significant performance problems are those plants that are in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

The inspectors will normally use the SDP to evaluate inspection findings. However, the NRC enforcement policy also describes violations which the SDP process does not evaluate (i.e., violations that involve actual safety significance, impede the regulatory process, or involve willfulness). The enforcement policy shall be followed for violations outside the SDP process. Regional management should notify the licensee in writing if additional inspection activities are scheduled to occur within the current quarter via an Assessment Follow Up letter (exhibit 7).

- 1. Quarterly Review.** The quarterly review utilizes PI data submitted by licensees and inspection findings compiled over the previous twelve months (which includes three new months of assessment inputs). This review will be conducted after the conclusion of each quarter of the annual assessment cycle. The regional office will review these results to determine appropriate agency actions per the Action Matrix. Current performance indicators and inspection findings shall be considered in determining agency action. This may include previous inspection findings as these findings are normally carried forward in the assessment process for four consecutive quarters. Inspection findings are considered in the assessment process upon the final significance determination as described in IMC 0609 *Significance Determination Process*.

The responsible DRP Branch Chief will review the most recently submitted PIs (which should be submitted 21 days after the end of the quarter) and the inspection findings contained in the plant issue matrix (PIM) to identify any changes in performance trends. The review should be completed within five weeks of the end of the quarter. The BC shall utilize the action matrix to identify the scope of NRC actions and notify the licensee via an Assessment Follow Up letter when either: a) assessment input thresholds are crossed or b) when a performance indicator enters the green band and this has a significant impact on the inspection plan (i.e. scheduled supplemental inspections will not be performed due to input re-entering the licensee response band). However, the regional office may still perform the supplemental inspection procedure even if a performance indicator re-enters the green band. The assessment follow-up letter should be issued within two weeks of completing the quarterly review, if applicable.

Additionally, for plants whose performance is in the Multiple/Degraded Cornerstone column of the Action Matrix consideration shall be given at each quarterly review for engaging senior licensee and agency management in discussions associated with 1) transferring the plant to the IMC 0350 process and 2) declaring licensee performance to be unacceptable in accordance with the guidance contained within this chapter.

- 2. Mid-Cycle Review.** The mid-cycle review utilizes current PI data for the quarter that has just ended and inspection findings compiled over the previous twelve months. This review incorporates activities from the quarterly review after the conclusion of the second quarter of the annual assessment cycle. The output of this review is a Mid-Cycle Letter (exhibit 8) instead of an Assessment Follow Up Letter. Additional activities include planning inspection activities for the next twelve months as well as discussing any insights into potential cross-cutting issues (problem identification and resolution, human performance, and safety-conscious work environment)

A **Mid-Cycle Review Meeting** will be chaired by a Division of Reactor Projects (DRP) or Division of Reactor Safety (DRS) Division Director (DD). The DRP Branch Chiefs responsible for directing inspection resources should take the lead in presenting the overall results of the review to the Division Director. The DRS Branch Chiefs shall coordinate with the appropriate DRP Branch Chiefs to provide adequate support for the presentation and the development of the inspection plan. Other participants shall include applicable regional and resident inspectors, a Senior Reactor Analyst, a representative from the Inspection Program Branch (IIPB), the regional Allegations Coordinator or the Agency Allegations Advisor, and any other additional resources deemed necessary by the regional offices. The Regional Administrator (or Deputy RA) should attend the meeting to provide a regional perspective. The Action Matrix will be used to determine the scope of agency actions in response to the assessment inputs. The mid-cycle review will be completed within six weeks of the end of the second quarter of the end of the annual assessment cycle.

The outputs of the mid-cycle review is a Mid-Cycle Letter (exhibit 8) and shall be issued within three weeks of the completion of the mid-cycle review. This letter shall contain:

- a) A summary of performance indicators and inspection findings that were outside of the licensee response band including a discussion of previous action taken by the licensee and the agency for the most recent quarter. However, performance issues from previous quarters may be discussed if:
 - 1) The agency's response to an issue had not been adequately captured in previous correspondence to the licensee.
 - 2) These issues, when combined with tripped assessment inputs from the most recent quarter, result in increased regulatory action per the Action Matrix that would not be apparent from reviewing only the most recent quarters results.
 - b) A qualitative discussion of distinct adverse trends as indicated by substantial cross-cutting issues that have not resulted in performance indicators or inspection findings outside of the licensee response band. Safety-conscious work environment issues shall only be discussed if the agency has previously engaged the licensee via a meeting or correspondence regarding a "chilled work environment".
 - c) A statement of actions to be taken by the agency as well as any actions previously taken by the licensee.
 - d) An inspection plan for the next twelve months that will be updated (as necessary) at the end-of-cycle meeting.
3. **End-of-Cycle Review.** The End-of Cycle Review is a comprehensive assessment of licensee performance using current PI and inspection data from the previous 12 months. This review incorporates activities from the quarterly review after the conclusion of the annual assessment cycle. The output of this review is an Annual Assessment letter (exhibits 9,10,11, or 12) instead of an Assessment Follow Up letter. Additional activities include planning inspection activities for the next twelve months, discussing any insights into potential cross-cutting issues (Problem Identification and Resolution, human performance, and safety-conscious work environment), and providing an input into the Agency Action Review meeting.

The **End-of-Cycle Review Meeting** will be chaired by the Regional Administrator or his/her designee. The DRP and DRS Division Directors (or designees) will present the results of the annual review. Other participants shall include a senior manager from NRR, DRP and DRS Branch Chiefs, Senior Reactor Analysts (SRAs), a representative from the Inspection Program Branch (IIPB), and the regional Allegations Coordinator or the Agency Allegations Advisor. The end-of-cycle meeting should be held within six weeks of the end of the assessment cycle. The Action Matrix will be used to determine the scope of agency actions in response to assessment inputs.

The output of the End-of-Cycle Review is the annual assessment letter (exhibits 9,10,11,and 12). This letter will be issued within one week after the Agency Action Review meeting and shall contain the following:

- a) A statement regarding overall plant performance based on the performance indicators and the previous 12 months of inspection findings.
- b) A summary of any PIs or inspection findings that are outside of the licensee response band including a discussion of followup action taken by the licensee and the agency.
- c) A qualitative discussion of adverse trends as indicated by substantial cross-cutting issues that have not resulted in performance indicators or inspection findings outside of the licensee response band. Safety-conscious work

environment issues shall only be discussed if the agency has previously engaged the licensee via a meeting or correspondence regarding a “chilled work environment”.

- d) A qualitative discussion of the results of the regional office’s assessment of the licensee’s problem identification and resolution program.
- e) A statement of actions to be taken by the agency.

4. **Agency Action Review.**

An **Agency Action Review Meeting** is conducted approximately two weeks after the End-of-Cycle Review by senior NRC managers and is chaired by the Executive Director for Operations (EDO). The purpose of the meeting is to ensure a coordinated, balanced, and consistent agency response for plants with significant performance problems. Plants with significant performance weaknesses are those plants that are in the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

The Regional Administrators and the Director of NRR will brief the EDO on overall industry performance, oversight process performance, and plants with significant performance weaknesses as determined by the Action Matrix. This review uses data compiled during the end-of-cycle review and involves a collegial review by NRC management and staff of the appropriateness of agency actions for plants with significant performance issues. The Deputy Executive Manager for Management Services, the Agency Allegations Advisor, representative(s) from the Office of Nuclear Material safety and safeguards (NMSS), Office of Investigations, Office of Enforcement, Office of Research, Office of Public Affairs, and NRR may attend based on the assessment results. All of the annual assessment letters (exhibits 9,10,11, and 12) shall be sent to the licensee no later than one week after completing the Agency Action Review meeting to ensure that the annual assessment letters are publicly available prior to the Commission meeting.

- 5. **Commission Meeting.** Annually the EDO will brief the Commission to convey the results of the Agency Action Review meeting to the Commission. The Commission should be briefed within eleven weeks of the end of the assessment cycle.

B. **Action Matrix**

The Action Matrix (exhibit 5) was developed with the philosophy that the licensee should be allowed to address performance issues first and agency action should be based on the effectiveness of the licensee’s corrective action program. The Action Matrix identifies the range of NRC and licensee actions and the appropriate level of communication for varying level of licensee performance. A few terms are used throughout the discussion of the Action Matrix. These are:

Regulatory Conference Regulatory conferences between licensees and the agency may be held for a variety of reasons to discuss licensee performance . These may be to discuss inspection findings, PIs, or events. Such conferences may include routine meetings between the SRI and licensee, meetings between agency management and licensees to discuss declining performance, and other meetings. It is expected that the appropriate agency manager (or designee) would meet with licensee management in the quarter following the assessment period to discuss licensee performance.

Licensee Action Anticipated actions by the licensee in response to the performance described in the appropriate column of the Action Matrix. If these actions are not being taken by the licensee then the agency may expand the scope of the applicable supplemental inspection to supplement these areas. This would not be considered a deviation from the Action Matrix in accordance with paragraph 6.C of this chapter.

NRC inspection The range of NRC inspection activities in response to the performance described in the appropriate column of the Action Matrix.

Regulatory actions Range of actions to be taken by the agency according to in response to the performance described in the appropriate column of the Action Matrix.

Below is a discussion of the components of the Action Matrix. Refer to exhibit 5 for a depiction of the Action Matrix.

1. Response

The Action Matrix lists expected NRC and licensee actions based on the inputs to the assessment process. Actions are graded such that the agency becomes more engaged with licensees as performance declines. Listed below are the range of expected NRC and licensee actions for each column of the Action Matrix:

Licensee Response Column - All assessment inputs are green. The licensee will receive only the baseline inspection program and identified deficiencies will be placed into the licensee's corrective action program. Regulatory conferences should consist of routine SRI and branch chief interactions with the licensee.

Regulatory Response Column - Assessment inputs result in one or two white inputs in different cornerstones. The licensee is expected to place the identified deficiencies in their corrective action program and perform an evaluation of the root and contributing causes. The licensee's evaluation will be reviewed during supplemental inspection procedure 95001 *Supplemental Inspection for One or Two White Inputs in a Strategic Performance Area*. Following completion of the supplemental inspection, the Branch Chief or Division Director should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee.

Degraded Cornerstone Column - Assessment inputs result in a degraded cornerstone or 3 white inputs to any Strategic Performance Area. The licensee is expected to place the identified deficiencies in their corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. The licensee's evaluation will be reviewed during supplemental inspection procedure 95002 *Supplemental Inspection For One Degraded Cornerstone Or Any Three White Inputs in a Strategic Performance Area*. Also, an independent assessment of the extent of condition will be performed by the region using inspection procedures chosen from the tables contained in Appendix B to Inspection Manual Chapter 2515. Following completion of the supplemental inspection, the Division Director or Regional Administrator should discuss the performance deficiencies and the licensee's proposed corrective actions with the licensee.

Multiple/Repetitive Degraded Cornerstone Column -Assessment inputs result in a repetitive degraded cornerstone, multiple degraded cornerstones, multiple yellow inputs or a red input. The licensee is expected to place the identified deficiencies in their corrective action program and perform an evaluation of the root and contributing causes for both the individual and the collective issues. This evaluation may consist of a third party assessment. Supplemental inspection procedure 95003 *Supplemental Inspection for Repetitive Degraded Cornerstones. Multiple degraded Cornerstones, Multiple Yellow Inputs, or One Red Input* will be performed to determine the breadth and depth of the performance deficiencies. Following the completion of the supplemental inspection, the EDO or his designee, in conjunction with the Regional Administrator and the Director of NRR will decide whether additional agency actions are warranted. These actions could include additional demands for information, confirmation of specific corrective actions, or orders, up to and including a plant shutdown. The EDO will then meet with senior licensee management to discuss the performance issues, planned agency actions, and licensee proposed corrective actions.

Unacceptable Performance Column - Licensee performance is unacceptable and continued plant operation is not permitted within this column. In general, it is expected that entry into the multiple/repetitive degraded cornerstone column of the Action Matrix is a prerequisite for reconsideration to the Unacceptable Performance Column. The Commission will meet with senior licensee management to discuss the licensee's degrading performance and the corrective actions which will need to be taken before operation of the facility can be resumed. The plant will also be placed under the guidance of IMC 0350. Situations that represent unacceptable performance include:

- Situations in which the NRC lacks reasonable assurance that the licensee can or will conduct its activities without undue risk to public health and safety.
- Multiple significant violations of the facility's license, technical specifications, regulations, or orders.
- Loss of confidence in the licensee's ability to maintain and operate the facility in accordance with the design basis (e.g., multiple safety significant examples where the facility was determined to be outside of its design basis, either due to inappropriate modifications, the unavailability of design basis information, inadequate configuration management, or the demonstrated lack of an effective problem identification and resolution program).
- A pattern of failure of licensee management controls to effectively address previous significant concerns to prevent their recurrence.

2. **Communication**

Communication between the licensee and the NRC is based on a graded approach. For decreasing licensee performance, higher levels of agency management will sign the assessment letters and conduct the annual public meeting.

3. **Supplemental inspection for a single white issue**

The regional office may elect not to conduct a supplemental inspection for a white finding that was identified as part of a licensee self-assessment activity. In deciding whether to exercise this option, the region should consider the results of past reviews of the licensee's corrective action program, specifically with regard to the effectiveness of previously performed root cause analyses. The DRP or DRS Division Director will authorize this option with the concurrence of the Inspection Program Branch Chief and should document the basis for their decision not to perform the supplemental inspection in an assessment follow-up letter to the licensee. This is not considered a deviation from the Action Matrix in accordance with paragraph 6.C. of this chapter.

4. **"Double-Counting" of performance indicators and inspection findings**

Some singular events may result in a simultaneous tripping of a performance indicator and an inspection finding. This would appear to result in two assessment inputs combining to cause increased regulatory action per the Action Matrix. For example, two white assessment inputs in the mitigating systems cornerstone would result in increased regulatory action per the degraded cornerstone column of the Action Matrix.

Singular events should not be "double-counted" in the assessment program. However, the most conservative color from the performance indicator and the inspection finding (i.e. yellow vs. white) shall be used to determine appropriate agency action according to the Action Matrix. This is not considered a deviation from the Action Matrix as defined in paragraph 6.C. of this chapter.

C. Deviations from the Action Matrix

There may be rare instances in which the actions dictated by the action Matrix may not be appropriate. In these instances, the agency may deviate from the Action Matrix (which is described in paragraph 6.B.1) to either increase or decrease agency action. A deviation is defined as any actions taken that are inconsistent with the range of actions discussed in paragraph 6.B.1 of this chapter. A deviation from the Action Matrix requires the appropriate level of regional management approval with concurrence from the appropriate level of NRR management. The agency manager responsible for approval of the assessment letter one column to the right of where the licensee's performance is in the Action Matrix shall authorize the deviation. For example, if the agency will deviate from the Regulatory Response column of the Action Matrix, the appropriate approval level would be the Regional Administrator with the concurrence of the Director of NRR. Deviations from the Action Matrix shall be captured in the appropriate letter to the licensee (i.e. assessment follow-up letter, mid-cycle or annual assessment letter). The Executive Director for Operations shall authorize proposed deviations from the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix.

D. Relationship with the IMC 0350 Process and Unacceptable Performance

The normal criteria for declaring licensee performance to be unacceptable is 1) entry in to the Multiple/ Repetitive Degraded cornerstone column of the Action Matrix **and** 2) meeting of one of the four criteria for the Unacceptable performance Column of the Action Matrix as described in paragraph 6.B.1.

The criteria for a plant entering IMC 0350 is 1) entry into the Multiple/Repetitive Degraded Cornerstone column or the Unacceptable Performance column of the Action Matrix, plant shutdown (whether voluntary or via an agency order to shutdown), and an agency management decision to place the plant in the IMC 0350 process or 2) Plant performance may be determined to be unacceptable. At this point, periodic assessments (quarterly, mid-cycle, and end-of-cycle) of licensee performance is transferred from the Operating Reactor Assessment Process to the IMC 0350 process. This process is more completely described in IMC 0350.

The following are examples of appropriate regulatory engagement between the agency and licensees once a plant has entered the Multiple/Repetitive Degraded cornerstone of the Action Matrix:

- 1) Plant A continues to operate and regulatory engagement is dictated by the Multiple/Repetitive Degraded Cornerstone column of the Action Matrix. The plant remains under this chapter and is not transferred to IMC 0350.
- 2) Plant B performs a voluntary shutdown to address performance issues. The agency performs supplemental inspection procedure 95003 (if not already performed) and issues a confirmatory action letter to document licensee commitments to the agency. The plant remains under this chapter and is not transferred to IMC 0350.
- 3) Plant C performs a voluntary shutdown to address performance issues. The entry conditions for IMC 0350 have been met and agency management determines that this process should be implemented using the criteria in IMC 0350. At this point, periodic assessments (quarterly, mid-cycle, and end-of-cycle) of licensee performance is transferred from the Operating Reactor Assessment Process to the IMC 0350 process. Plant performance is not determined to be unacceptable.
- 4) Plant D performs a voluntary shutdown to address performance issues. The agency determines that one of the four criteria in paragraph 6.B.1 are met and the licensee's performance is unacceptable. The plant is transferred to the Unacceptable Performance column of the Action Matrix. The plant is transferred to the IMC 0350 process.
- 5) Plant E is issued an order by the agency to shutdown. The licensee's performance is declared to be unacceptable and the plant will be transferred to IMC 0350.

E. Event Response

The resident inspector shall perform an initial determination of facility status and licensee actions to mitigate the event in accordance with inspection procedure 71153 *Event Follow Up*. These actions include observing plant parameters and current plant status, evaluating the performance of mitigating systems and actions taken by the licensee, and confirming that the licensee has properly classified the event in accordance with the emergency plan and made timely off-site notification of any event when required. A risk analyst will estimate the risk significance of the event using the best available PRA tools and insights. The initial risk determination will be used to consider appropriate followup inspection resources. Any resulting performance issues will be characterized for risk significance utilizing the Significance Determination Process (SDP). These performance issues will be combined with performance indicators and inspection findings to determine appropriate agency response per the Action Matrix.

7. Annual Meeting with Licensee

A. Scheduling

A public meeting with the licensee will be scheduled within 17 weeks of the end of the assessment period to discuss the results of the NRC's annual assessment of the licensee's performance. The 17 week requirement may occasionally be exceeded to accommodate the licensee's schedule. The meeting will be conducted onsite or in the vicinity of the site so that it will be accessible to members of the public. NRC management, as specified in the Action Matrix, will conduct the public meeting.

B. Meeting Preparation

The region shall notify those on distribution for the annual assessment letters of the meeting with the licensee. The region shall notify the media and State and local government officials of the issuance of the annual assessment letter and of the meeting with the licensee. Adequate notification of the meeting will be accomplished by distribution within at least 10 working days to the Public Document Room of the letter scheduling the meeting with the licensee.

C. Conduct of Licensee Meeting

The annual public meeting is intended to provide a forum for a candid discussion of issues related to the licensee's performance. NRC management, as specified in the Action Matrix, will discuss the agency's evaluation of licensee performance as documented in the annual assessment letter. The licensee will be given the opportunity to respond at the meeting to any information contained in the annual assessment letter.

The annual meeting will be a public meeting. The meeting must be closed for such portions of the meeting which involve matters that should not be publicly disclosed under Section 2.790 of Title 10 of the Code of Federal Regulations (10 CFR 2.790). Members of the public, the press, and government officials from other agencies should be treated as observers during the conduct of the meeting. Attendees will be given the opportunity to ask questions at the conclusion of the meeting.

Exhibit 1 - REGULATORY FRAMEWORK

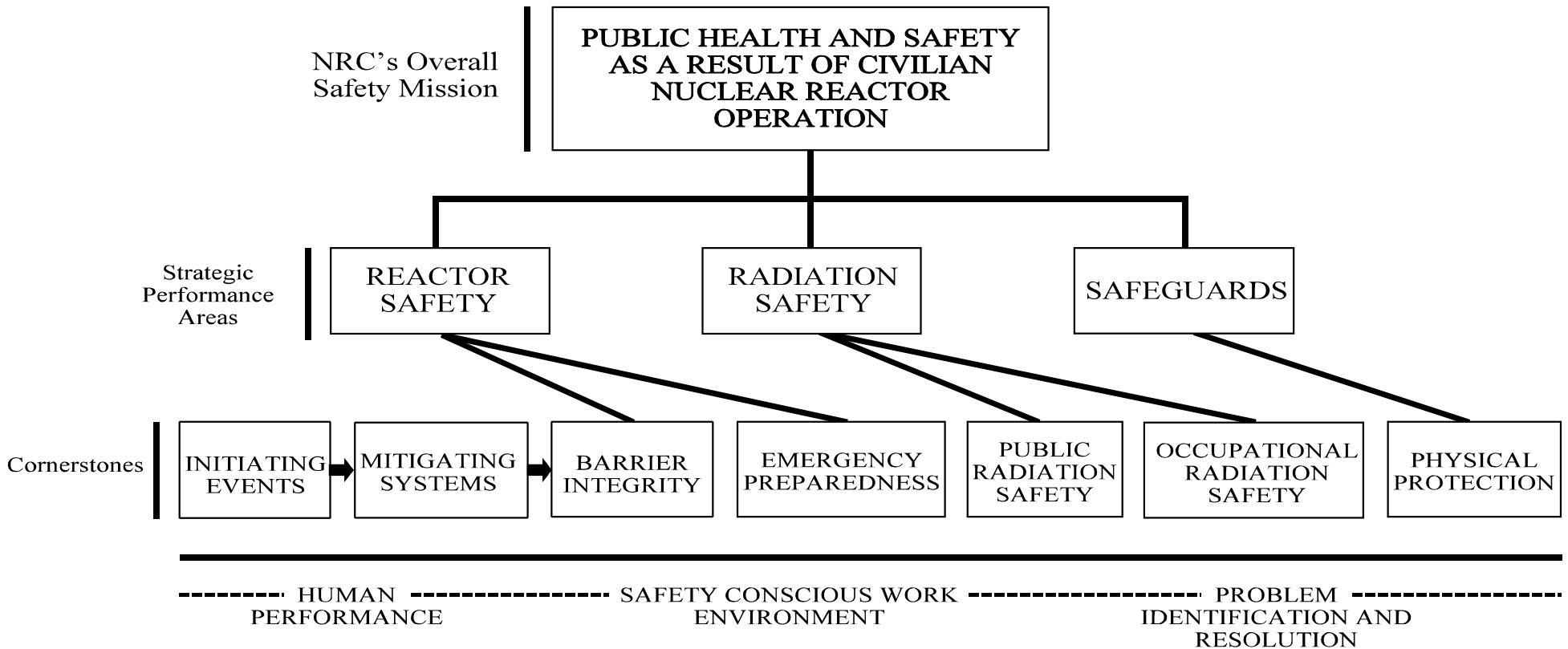


Exhibit 2: REACTOR OVERSIGHT PROCESS

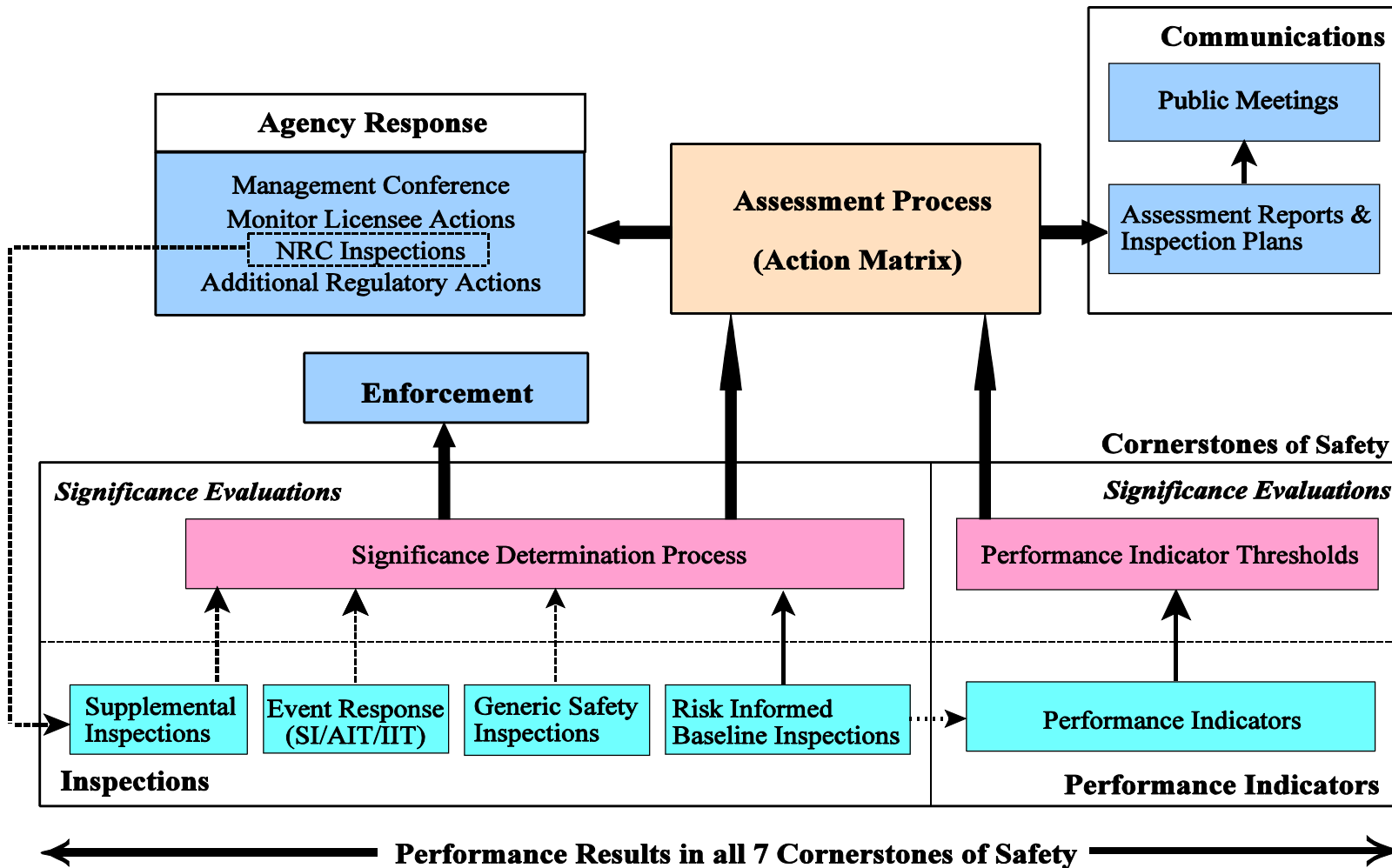


Exhibit 3 - Process Table

Level of Review	Frequency/ Timing	Participants (* indicates chairman)	Desired Outcome	Communication
Continuous	Continuous	SRI*, RI, regional inspectors, analysts	Performance awareness	None required, notify licensee by an Assessment Follow Up letter <u>only</u> if thresholds crossed
Quarterly	Once per quarter/ Five weeks after end of quarter	DRP: BC*, PE, SRI, RI	Input/verify PI/PIM data, detect early trends	Update data set, notify licensee by an Assessment Follow Up letter <u>only</u> if thresholds crossed
Mid-Cycle	At mid-cycle/ Six weeks after end of second quarter	Divisions of Reactor Safety (DRS) or DRP DD*, DRP and DRS BCs	Detect trends, plan inspection	Inspection look ahead letter
End-of-Cycle	At end-of-cycle/ Six weeks after end of assessment cycle	DRS or DRP DD, RAs*, NRR representative, BCs, principal inspectors. SRAs	Assessment of plant performance, oversight and coordination of regional actions	Assessment letter and inspection look ahead letter
Agency Action Review	Annually/ Two weeks after end-of-cycle review	EDO*, DIR NRR, RAs, DRS/DRP DDs, IIPB, OE, OI, other HQ offices as appropriate	Oversight and coordination of agency-level actions	Commission briefing, followed by public meetings with individual licensees to discuss assessment results

Exhibit 4 - Schedule of events during the annual assessment cycle

Event	Date	Note
Beginning of full implementation of Revised Reactor Oversight Process	04/02/00	N/A
1) End of first quarter of assessment cycle 2) End of inspection cycle	06/30/00	N/A
First quarter PI data available internally	07/21/00	3 weeks after end of first quarter
First Quarter review completed	08/04/00*	5 weeks after end of first quarter
1) End of second quarter of assessment cycle 2) End of inspection cycle	09/30/00	N/A
Second quarter PI data available internally	10/21/00	3 weeks after end of second quarter
Mid-cycle review completed	11/11/00*	6 weeks after end of second quarter
Mid-Cycle letters sent to licensees	12/02/00*	3 weeks after completion of mid-cycle review
1) End of third quarter of assessment cycle 2) End of inspection cycle	12/31/00	N/A
Third quarter PI data available internally	01/21/01	3 weeks after end of third quarter
Third Quarter review completed	02/04/01*	5 weeks after end of third quarter
1) End of fourth quarter of assessment cycle 2) End of inspection cycle	03/31/01	N/A
Fourth quarter PI data available internally	04/21/01	3 weeks after end of fourth quarter
End-of-Cycle review completed	05/12/01*	6 weeks after end of fourth quarter
Agency Action Review meeting completed	05/26/01*	2 weeks after completion of end-of-cycle review
Annual assessment letters sent out to licensees	06/02/01*	1 week after completion of Agency Action Review meeting
Commission meeting completed	06/16/01*	11 weeks after end of fourth quarter
Complete annual public meetings	07/28/01	17 weeks after end of fourth quarter

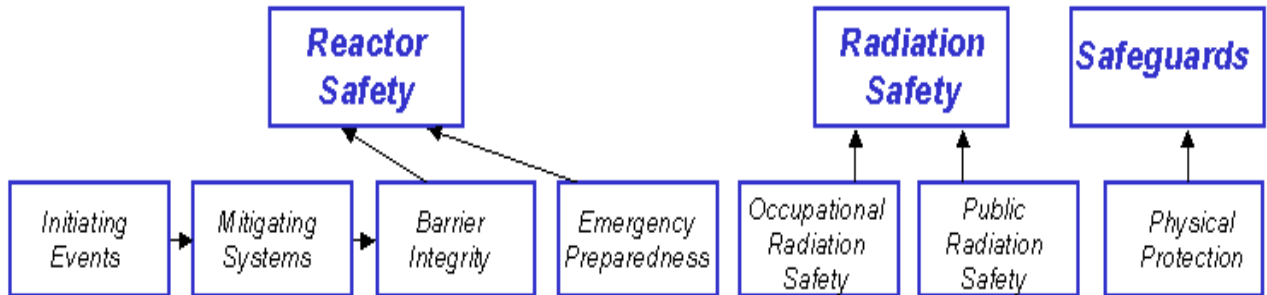
* This may be completed earlier as appropriate

Exhibit 5 - ACTION MATRIX

		Licensee Response Column	Regulatory Response Column	Degraded Cornerstone Column	Multiple/ Repetitive Degraded Cornerstone Column	Unacceptable Performance Column
RESULTS		All Assessment Inputs (Performance Indicators (PIs) and Inspection Findings) Green; Cornerstone Objectives Fully Met	One or Two White Inputs (in different cornerstones) in a Strategic Performance Area; Cornerstone Objectives Fully Met	One Degraded Cornerstone (2 White Inputs or 1 Yellow Input) or any 3 White Inputs in a Strategic Performance Area; Cornerstone Objectives Met with Minimal Reduction in Safety Margin	Repetitive Degraded Cornerstone, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or 1 Red Input ¹ ; Cornerstone Objectives Met with Longstanding Issues or Significant Reduction in Safety Margin	Overall Unacceptable Performance; Plants Not Permitted to Operate Within this Band, Unacceptable Margin to Safety
RESPONSE	Regulatory Conference	Routine Senior Resident Inspector (SRI) Interaction	Branch Chief (BC) or Division Director (DD) Meet with Licensee	DD or Regional Administrator (RA) Meet with Licensee	EDO (or Commission) Meet with Senior Licensee Management	Commission meeting with Senior Licensee Management
	Licensee Action	Licensee Corrective Action	Licensee Corrective Action with NRC Oversight	Licensee Self Assessment with NRC Oversight	Licensee Performance Improvement Plan with NRC Oversight	
	NRC Inspection	Risk-Informed Baseline Inspection Program	Baseline and supplemental inspection procedure 95001	Baseline and supplemental inspection procedure 95002	Baseline and supplemental inspection procedure 95003	
	Regulatory Actions	None	Document Response to Degrading Area in assessment letter	Docket Response to Degrading Condition in assessment letter	-10 CFR 2.204 DFI -10 CFR 50.54(f) Letter - CAL/Order	Order to Modify, Suspend, or Revoke Licensed Activities
COMMUNICATION	Assessment Reports	BC or DD review/sign assessment report (w/ inspection plan)	DD review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan)	RA review/sign assessment report (w/ inspection plan) Commission Informed	
	Annual Public Meeting	SRI or BC Meet with Licensee	BC or DD Meet with Licensee	RA (or designee) Discuss Performance with Licensee	EDO (or Commission) Discuss Performance with Senior Licensee Management	Commission Meeting with Senior Licensee Management
	INCREASING SAFETY SIGNIFICANCE ----->					

1. It is expected in a few limited situations that an inspection finding of this significance will be identified that is not indicative of overall licensee performance. The staff will consider treating these inspection findings as exceptions for the purpose of determining appropriate actions.

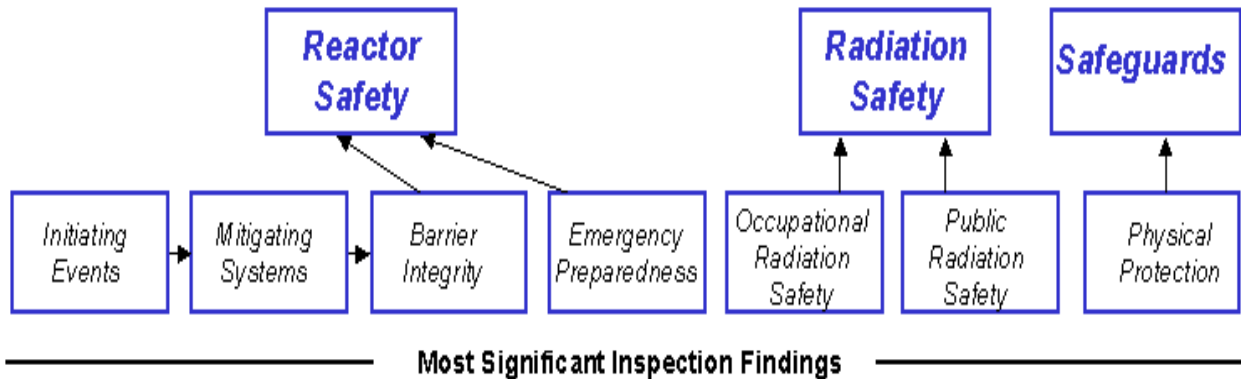
Exhibit 6
Windows Summary of Performance Indicators and Inspection Results
Plant X



Performance Indicators
Based on data through mm/dd/yyyy

Unplanned Scrams	Emergency AC Power System Unavailability	Reactor Coolant System Specific Activity	Drill/Exercise Performance	Occupational Exposure Control Effectiveness	RETS/ODCM Radiological Effluents	Protected Area Equipment
Scrams With Loss of Normal Heat Removal	High Pressure Injection System Unavailability	Reactor Coolant System Leakage	ERO Drill Participation			Personnel Screening Program
Unplanned Power Changes	Auxiliary Feedwater System Unavailability	Containment Leakage	Alert and Notification System			FFD/Personnel Reliability Program
	Residual Heat Removal System Unavailability					
	Safety System Functional Failures					

Exhibit 6 (Continued)
 Windows Summary of Performance Indicators and Inspection Results
 Plant X



	Most Significant Inspection Findings						
	Initiating Events	Mitigating Systems	Barrier Integrity	Emergency Preparedness	Occupational Radiation Safety	Public Radiation Safety	Physical Protection
Most recent quarter	Green	Green	Green	Findings without color designation	Green	Green	White
2nd most recent quarter	White	No findings this quarter	Green	Green	Green	Green	Green
3rd most recent quarter	Green	Green	White	Green	No findings this quarter	Green	Green
4th most recent quarter	Findings without color designation	Green	Findings without color designation	No findings this quarter	Green	White	Green

[Click here for miscellaneous findings](#)

Exhibit 7

Sample Assessment Follow-Up Letter

Licensee distribution designate
Licensee name/address

SUBJECT: Assessment Follow-Up - **(Plant Name)**

(Use one of the two paragraphs, as appropriate)

1. Our review of **(plant name)** identified that you have crossed the threshold(s) for the **(insert performance indicator(s) threshold crossed)** performance indicator(s). We have identified significant inspection findings in the **(name of cornerstone)** area. However, we do not plan to conduct additional inspections because:

(State reasons why you will not conduct additional inspections)

2. **(Use the following sentences as appropriate)**

Our review of **(plant name)** identified that you have crossed the threshold(s) for the **(insert performance indicator(s) threshold crossed)** performance indicator(s). We have identified significant inspection findings in the **(name of cornerstone)** area. Therefore, we plan to conduct additional (supplemental) inspections to better understand the causes contributing to your decline in performance.

This letter is to inform you that we will be planning supplemental inspection at your facility during the month of **(month/year)** to review **(state what area you intend to review)**.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR).

Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter.

(Signed by), Chief
Reactor Projects Branch _____
Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

cc:
Normal cc list

Exhibit 8

Sample Mid-Cycle Letter

Licensee distribution designate
Licensee name/address

SUBJECT: Inspection Plan - **(Plant Name)**

On **(date(s))**, the NRC staff reviewed **(plant name)** to integrate performance information and to plan for inspection activities at your facility from **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our plans for future inspections at your facility so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

(Use one of the two paragraphs, as appropriate)

(Use the last two sentences of this paragraph, as appropriate)

1. We have not identified any areas in which you crossed a performance threshold. Therefore, we plan to conduct only baseline inspections at your facility over the next 12 months. However, the significance of (state finding) is still under review via the Significance Determination Process. (Add additional details, as necessary)
2. **(Use the following sentences, as appropriate)**

Our review of **(plant name)** identified that you have crossed the threshold(s) for the **(insert performance indicator(s) threshold crossed, color, and risk significance)** performance indicator(s). The staff has identified significant inspection findings in the **(name of cornerstone)** area.

(Additional information on assessment input, as appropriate)

[If these events have been reviewed by the licensee]

We have conducted additional inspections of your investigation into these events and we are satisfied with your review and proposed corrective actions.

[If these events have not been reviewed by the licensee]

Therefore, we will perform additional inspections to review your investigations into these events and your proposed corrective actions.

or

No additional inspections are planned in **(name of area(s))** because **(basis of decision not to conduct further in this area(s))**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified distinct adverse trends as indicated by substantial cross-cutting issue(s) that have not resulted in performance indicators or inspection findings outside of the licensee response band. **[Provide a qualitative discussion of substantial cross-cutting issues]**

This letter advises you of our planned inspection effort resulting from the **(plant name)** mid-cycle review. Enclosure 1 details the scheduled inspections that will occur from **(month/day/year to month/day/year)**. Enclosure 2 contains a historical listing of plant issues, referred to as the plant Issues Matrix (PIM), that was used during this review to arrive at our integrated view of your performance. Enclosure 3 is the plant summary of your performance

indicators and inspection findings and enclosure 4 is detailed summary of your performance indicators. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and will be revised at the end-of-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR). The attached enclosures can also be reviewed at the following NRC website:

<http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Chief
Reactor Projects Branch _____
Division of Reactor Projects

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosures: 1. **(Plant name)** Inspection/ Activity Plan
 2. Plant Issues Matrix (PIM)
 3. **(Plant name)** Plant Summary
 4. Detailed summary of **(Plant name)** performance indicators

cc.
Normal cc list

Distribution:

Normal distribution list
plus Chief, NRR/DIPM/IIPB

Exhibit 9

Sample Annual Assessment Letter for Plants in the Licensee Response Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)**

On **(date(s))**, the NRC staff completed its end-of-year plant performance assessment of **(plant name)**. The end-of-year review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment of your safety performance during this period.

Overall, **(plant name)** operated in manner that preserved public health and safety. **(Plant name)** fully met all cornerstone objectives.

All performance indicators for the cornerstones were in the licensee response band. Additionally, NRC inspections and licensee self assessments did not identify any findings that were greater than green (very low to low) safety significance within the cornerstones of safety.

On **(month/day/year)**, the NRC completed the baseline inspection procedure 71152 *Identification and Resolution of Problems*. **(Discuss results of inspection)**. **[Add the next two sentences, if appropriate]**. Over the past twelve months, the regional office has identified weaknesses in your problem identification and resolution program through the performance of the agency's inspection program. **[Discuss the results of the inspections]**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified distinct adverse trends as indicated by substantial cross-cutting issue(s) that have not resulted in performance indicators or inspection findings outside of the licensee response band. **[Provide a qualitative discussion of substantial cross-cutting issues]**

Therefore, we plan to conduct only baseline inspections at your facility over the next 12 months.

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. Enclosure 1 details the scheduled inspections that will occur from **(month/day/year to month/day/year)**. Enclosure 2 contains a historical listing of plant issues, referred to as the plant Issues Matrix (PIM), that was used during this review to arrive at our integrated view of your performance. Enclosure 3 is the plant summary of your performance indicators and inspection findings and enclosure 4 is detailed summary of your performance indicators. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and will be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR). The Plant Issues Matrix (PIM) and performance indicators can be reviewed at the following NRC website:

<http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Director
Division of Reactor Projects, Region __

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

Enclosures: 1. **(Plant name)** Inspection/ Activity Plan
 2. Plant Issues Matrix (PIM)
 3. **(Plant name)** Plant Summary
 4. Detailed summary of **(Plant name)** performance indicators

cc.
Normal cc list

Distribution:

Normal distribution list
plus Chief, NRR/DIPM/IIPB

Exhibit 10

Sample Annual Assessment Letter for Plants in the Regulatory Response Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)**

On **(date(s))**, the NRC staff completed its end-of-year plant performance assessment of **(plant name)**. The end-of-year review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment on your safety performance during this period.

Overall, **(plant name)** operated in manner that preserved public health and safety. **(Plant name)** fully met all cornerstone objectives.

[Use either one of the next two sentences, as appropriate, to discuss the PIs]

All performance indicators for the cornerstones were in the licensee response band.

or

The performance indicators for the cornerstones were in the licensee response band with the following exceptions:

(Provide PI(s) which crossed the threshold, including color, and risk-significance)

[Use either one of the next two sentences, as appropriate, to discuss NRC inspections]

Additionally, NRC inspections and licensee self assessments did not identify any findings that were greater than green (very low to low) safety significance in any of the cornerstones.

or

Additionally, NRC inspections identified or confirmed risk significant area(s) in **(name of cornerstone(s))**.

[Provide brief additional information about these events, as appropriate]

[If these events have been reviewed by the licensee]

We have conducted additional inspections of your investigation into these events and we are satisfied with your review and proposed corrective actions.

[If these events have not been reviewed by the licensee]

Therefore, we will perform additional inspections to review your investigations into these events and your proposed corrective actions.

or

No further agency action to these events is warranted because **(state reason(s))**

On **(month/day/year)**, the NRC completed the baseline inspection procedure 71152 *Identification and Resolution of Problems*. **(Discuss results of inspection)**. **[Add the next**

two sentences, if appropriate]. Over the past twelve months, the regional office has identified weaknesses in your problem identification and resolution program through the performance of the agency's inspection program. **[Discuss the results of the inspections]**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified distinct adverse trends as indicated by substantial cross-cutting issue(s) that have not resulted in performance indicators or inspection findings outside of the licensee response band. **[Provide a qualitative discussion of substantial cross-cutting issues]**

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. Enclosure 1 details the scheduled inspections that will occur from **(month/day/year to month/day/year)**. Enclosure 2 contains a historical listing of plant issues, referred to as the plant Issues Matrix (PIM), that was used during this review to arrive at our integrated view of your performance. Enclosure 3 is the plant summary of your performance indicators and inspection findings and enclosure 4 is detailed summary of your performance indicators. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and will be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR). The Plant Issues Matrix (PIM) and performance indicators can be reviewed at the following NRC website:

<http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by), Director

Division of Reactor Projects, Region ___

Docket Nos. 50-ABC, 50-XYZ

Licensee Nos. NPF-0, NPF-0

- Enclosures:
1. **(Plant name)** Inspection/ Activity Plan
 2. Plant Issues Matrix (PIM)
 3. **(Plant name)** Plant Summary
 4. Detailed summary of **(Plant name)** performance indicators

cc.

Normal cc list

Distribution:

Normal distribution list
plus Chief, NRR/DIPM/IIPB

Exhibit 11

Sample Annual Assessment Letter for Plants in the Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)**

On **(date(s))**, the NRC staff completed its end-of-year plant performance assessment of **(plant name)**. The end-of-year review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment on your safety performance during this time period.

Overall, **(plant name)** operated in manner that preserved public health and safety. **(Plant name)** met all cornerstone objectives with minimal reduction in the safety margin. However, **(Cornerstone)** was degraded.

[Use either one of the next two sentences, as appropriate, to discuss PIs]

All performance indicators for the cornerstones were in the licensee response band.

or

The performance indicators for the cornerstones were in the licensee response band with the following exceptions:

(Provide PIs which crossed the threshold, color, and risk-significance)

[Use either one of the next two sentences, as appropriate, to discuss NRC inspections]

Additionally, NRC inspections and licensee self assessments did not identify any findings that were greater than green (very low to low) safety significance in any of the cornerstones.

or

Additionally, NRC inspections identified/confirmed risk significant event(s) in **(name of cornerstone(s))**.

[Provide brief additional information about these events, as appropriate]

[If these events have been reviewed by the licensee]

We have conducted our own independent inspections of the events which resulted in a degraded cornerstone. Further, we have reviewed your self assessment, conducted with NRC oversight, of the causes contributing to the degraded cornerstone. **(Discuss regional evaluation of licensee self-assessment)**

[If these events have not been reviewed by the licensee]

Therefore, you should conduct a self assessment into the causes for the degraded cornerstone. Your self assessment efforts should be coordinated with my staff since it will require NRC oversight. Additionally, we will conduct our own independent investigation into the causes for the degraded cornerstone.

[Use either one of the next two sentences, as appropriate]

Because **(cornerstone)** was degraded, this letter is to advise you that we believe a meeting with you would be appropriate. I will be contacting you to arrange for a mutually agreeable time and location for a meeting to discuss your declining performance and your proposed actions to correct these deficiencies.

On **(month/day/year)**, the NRC completed the baseline inspection procedure 71152 *Identification and Resolution of Problems*. **(Discuss results of inspection)**. **[Add the next two sentences, if appropriate]**. Over the past twelve months, the regional office has identified weaknesses in your problem identification and resolution program through the performance of the agency's inspection program. **[Discuss the results of the inspections]**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified distinct adverse trends as indicated by substantial cross-cutting issue(s) that have not resulted in performance indicators or inspection findings outside of the licensee response band. **[Provide a qualitative discussion of substantial cross-cutting issues]**

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. Enclosure 1 details the scheduled inspections that will occur from **(month/day/year to month/day/year)**. Enclosure 2 contains a historical listing of plant issues, referred to as the plant Issues Matrix (PIM), that was used during this review to arrive at our integrated view of your performance. Enclosure 3 is the plant summary of your performance indicators and inspection findings and enclosure 4 is detailed summary of your performance indicators. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and will be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR). The Plant Issues Matrix (PIM) and performance indicators can be reviewed at the following NRC website:

<http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)
Regional Administrator, Region XX

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

- Enclosures:
1. **(Plant name)** Inspection/ Activity Plan
 2. Plant Issues Matrix (PIM)
 3. **(Plant name)** Plant Summary
 4. Detailed summary of **(Plant name)** performance indicators

cc.
Normal cc list

Distribution:

Normal distribution list
plus Chief, NRR/DIPM/IIPB

Exhibit 12

Sample Annual Assessment Letter for Plants in the Multiple/Repetitive Degraded Cornerstone Column

Licensee distribution designate
Licensee name/address

SUBJECT: Annual Assessment Letter - **(Plant Name)**

On **(date(s))**, the NRC staff completed the end-of-year plant performance assessment of **(plant name)**. The end-of-year review for **(plant name)** involved the participation of all technical divisions in evaluating performance indicators (PIs) and inspection results for the period **(month/day/year to month/day/year)**. The purpose of this letter is to inform you of our assessment on your safety performance during this time period.

Overall, **(plant name)** operated in manner that preserved public health and safety. **(Plant name)** met all cornerstone objectives with longstanding issues or significant reduction in safety margin.

[Use either one of the next two sentences, as appropriate, to discuss PIs]

All performance indicators for the cornerstones were in the licensee response band.

or

The performance indicators for the cornerstones were in the licensee response band with the following exceptions:

(Provide PIs which crossed the threshold, color, and risk-significance)

[Use either one of the next two sentences, as appropriate, to discuss NRC inspections]

Additionally, NRC inspections and licensee self assessments did not identify any findings of greater than green (very low to low) safety significance in any of the cornerstones.

or

Additionally, NRC inspections identified/confirmed risk significant event(s) in **(name of cornerstone(s))**.

[Provide brief additional information about these events, as appropriate]

Therefore, you should develop a performance improvement plan which will correct the deficiencies which are causing degradation of your cornerstones. Your implementation of the performance improvement plan should be coordinated with my staff since it will require the formation of an NRC Oversight Panel. Additionally, we will be conducting our own independent team investigation into the causes for the degraded cornerstone(s) which will be coordinated through the Oversight Panel.

Because **(cornerstone(s))** was/were degraded, this letter is to advise you that we believe a meeting between the Executive Duty for Operation and your senior management would be appropriate. I will be contacting you to arrange for a mutually agreeable time and location for a meeting to discuss your declining performance and your proposed actions to correct these deficiencies.

On **(month/day/year)**, the NRC completed the baseline inspection procedure 71152 *Identification and Resolution of Problems*. **(Discuss results of inspection)**. **[Add the next two sentences, if appropriate]**. Over the past twelve months, the regional office has identified weaknesses in your problem identification and resolution program through the performance of the agency's inspection program. **[Discuss the results of the inspections]**

[Add the following paragraph, if appropriate]

Additionally, the staff has identified distinct adverse trends as indicated by substantial cross-cutting issue(s) that have not resulted in performance indicators or inspection findings outside of the licensee response band. **[Provide a qualitative discussion of substantial cross-cutting issues]**

This letter advises you of our planned inspection effort resulting from the **(plant name)** end-of-cycle review. Enclosure 1 details the scheduled inspections that will occur from **(month/day/year to month/day/year)**. Enclosure 2 contains a historical listing of plant issues, referred to as the plant Issues Matrix (PIM), that was used during this review to arrive at our integrated view of your performance. Enclosure 3 is the plant summary of your performance indicators and inspection findings and enclosure 4 is detailed summary of your performance indicators. The inspection plan is provided to minimize the resource impact on your staff and to allow for scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The last six months of the inspection plans are tentative and will be revised at the mid-cycle review meeting.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room (PDR). The Plant Issues Matrix (PIM) and performance indicators can be reviewed at the following NRC website:

<http://www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html>

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact **(DRP Branch Chief)** at **(telephone number)** with any questions you may have regarding this letter or the inspection plan.

(Signed by)
Regional Administrator, Region XX

Docket Nos. 50-ABC, 50-XYZ
Licensee Nos. NPF-0, NPF-0

- Enclosures:
1. **(Plant name)** Inspection/ Activity Plan
 2. Plant Issues Matrix (PIM)
 3. **(Plant name)** Plant Summary
 4. Detailed summary of **(Plant name)** performance indicators

Normal cc list

Distribution:

Normal distribution list
plus Chief, NRR/DIPM/IIPB