UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
***
BRIEFING ON INSPECTION CRITERIA,
EVOLUTION OF ASSESSMENT, AND SALP SYSTEM
***
PUBLIC MEETING
***

Nuclear Regulatory Commission
Room 1F-16
One White Flint North
11555 Rockville Pike
Rockville, Maryland

Monday, December 16, 1996

The Commission met in open session, pursuant to notice, at 10:00 a.m., the Honorable SHIRLEY A. JACKSON, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

SHIRLEY A. JACKSON, Chairman of the Commission
KENNETH C. ROGERS, Member of the Commission
GRETA J. DICUS, Member of the Commission
NILS J. DIAZ, Member of the Commission
EDWARD McGAFFIGAN, JR., Member of the Commission

STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

JOHN C. HOYLE, Secretary
KAREN D. CYR, General Counsel
JAMES TAYLOR, Executive Director for Operations
R. WILLIAM BORCHARDT, Chief, Inspection Program Branch, NRR
FRANK MIRAGLIA, Acting Director, NRR

P R O C E E D I N G S

[2:02 p.m.]

CHAIRMAN JACKSON: Good afternoon, ladies and gentlemen.

The purpose of this meeting is for the NRC Staff to brief the Commission on the NRC's assessment processes including the systematic assessment of licensee performance or SALP system.

This briefing is a direct result of a need identified during the Maine Yankee independent safety assessment presentation for the Commission to better understand these processes and their evolutions.

I believe that the issue is NRC assessment capability and potential improvements therein. That's been at the heart of several recent high visibility issues at some of our power reactors. As these issues played out, a recurring question has been why didn't our assessment of the available information provide a more timely warning of the issues?

It is a good question that goes to the heart of our responsibilities as regulators.

We must improve our ability to identify facilities whose performance is declining so that we can bring the appropriate focus and resources to bear. Part of accomplishing this may require examining and perhaps re-

examining the tools we use to assess reactor licensee performance.

I am told that copies of the presentation slides are available at the entrance to the room.

If my fellow Commissioners have no further comments at this point, Mr. Taylor, I'll let you proceed.

MR. TAYLOR: Good afternoon. With me at the table are Frank Miraglia, the Acting Director of NRR, and Bill Borchardt, Chief of the Inspection Program Branch in NRR.

As you will hear today, SALP was initiated following the Three Mile Island accident to provide a system for assessing the overall programmatic significance of NRC

inspection and enforcement findings as well as other dealings with the licensees and to help the Agency focus its limited resources on those licensees with the greatest performance problems.

This process has been reviewed by the Commission many times since its inception including major reviews in 1990 and 1993. As a result, definitions of rating categories, length of SALP cycles, content of the SALP reports, and management participation have all evolved with regard to the SALP.

Other processes that will be mentioned today include the Senior Management Meeting and Plant Performance Reviews.

. 5

They were developed and added as assessment tools in the mid and late 1980s to improve our overall process.

I'll now turn the briefing over to Frank Miraglia.

MR. MIRAGLIA: Thank you, Jim. Good afternoon, Madam Chairman, Commissioners.

May I have the first slide, please.

[Slide.]

MR. MIRAGLIA: I would just like to give an overview of the presentation objectives today. As the Chairman indicated, the primary focus is to describe the SALP Program, its background and evolution and what the current processes, rating definition, and functional areas that are evaluated are used.

As Mr. Taylor has indicated, the program was implemented after the Three Mile Island accident and has undergone review and evaluation and refinements with time.

In the early years the SALP Program focused on the establishment of licensing programs and procedures. The focus today and more currently has been on the licensee safety performance.

The primary objective of the SALP program is to do a long-term assessment of licensee performance such that allocation of NRC resources and licensees' resources may be directed on problem areas and issues.

It is also intended to provide the basis for the

. 6

NRC to communicate with licensees and the public its view of licensee performance.

In addition to the SALP Program we'd like to briefly describe the NRC Inspection Program and the other assessment processes mentioned by Mr. Taylor that are currently being used.

Licensees are responsible for the safe operation of their facilities. The NRC inspects to verify conformance to its requirements on an audit basis. The inspection results are reviewed and assessed and real time activities and actions are taken based primarily on the inspection process.

The NRC inspection processes integrate and trend safety performance with the objective of identifying declining performance.

As indicated by Mr. Taylor, there are a number of performance assessment tools that we use. The plant performance reviews are done in the regions by regional management with NRR management involved and predominantly viewed on a regional basis and a certain level of management involvement.

Senior management meeting process is another assessment process that is used and in conjunction with that the PPR reviews feed the screening meetings, which are utilized to identify plants to be discussed at the senior

. 7

management meeting.

This is another higher level of management review and integration of information to develop a national perspective.

I'd like to turn the briefing over to Bill Borchardt now and he will walk through a number of the issues for background and the current processes.

CHAIRMAN JACKSON: Before you do that, let me ask the following question. Do we have any ongoing or automatic feedback loop where we look at the effectiveness of our assessment processes? You know, you mentioned the various pieces. I know you have this pyramid in here that you will talk about, but what kind of a feedback loop do we have that allows us to look back and say, well, are those assessment processes, as opposed to, say, the Commission spurring a review -- you know, a built-in process that says we look back and we look at the feedback and we know that this is

working and that is not working.

Do we do this on a going forward pro forma basis?

MR. MIRAGLIA: There's two basic answers to that, Madam Chairman.

One is that in a number of instances from either BETS, from lessons learned, from corrective actions we have indicated why didn't we find certain things either in a timely manner or did we have this information, and so we

. 8

have conducted those kinds of assessments in a look-back based on response to events, Commission direction, experience.

In addition, we have in the inspection program, and I don't believe Bill is going to discuss this in any great detail, we do go back and we assess -- we, headquarters -- access the implementation of the inspection process by the regions where there is a headquarters evaluation of how the program was evaluated.

We look in terms of -- at the performance of one or two plants in the regions. The concept that was embodied in the Integrated Performance Assessment Program will be those kinds of evaluations done out of headquarters to say would an independent group from headquarters assess, reaffirm, or find differences in its assessment of performance versus the program as dictated and came out of the region, so that is an ongoing process that has been used for the last two years, some on a pilot basis and more in the future would be on a more routine type basis, but primarily in the past it's always been in terms of the assessment or the implementation of the program by the headquarters office.

MR. BORCHARDT: Well, good afternoon. I'll have Slide 3, please.

[Slide.]

. 9

MR. BORCHARDT: SALP, the main subject of today's briefing, is an important element of the NRC's regulatory process but it is only one part of a continuum of activities that are designed to assess licensee performance and provide a basis for the allocation of Agency resources.

The first portion of this presentation will attempt to provide some history and background on the inspection program so that when we focus on SALP it will be clearer how SALP fits into the overall process.

This slide shows some of the major milestones that have led to the current operating reactor inspection program. Since the early '70s there has been a continuing shift toward performance and results based inspections and away from program, process, and procedure reviews.

SALP and the rest of the inspection program have undergone many reviews and revisions over the years and we expect that there will be future revisions.

Each time we take a critical look at any of these programs we gain new insights and hopefully make the process incrementally better.

The initiation of the resident inspector program in the late '70s, the merging of NRR and the Office of Inspection and Enforcement in 1987, along with the N plus 1 resident inspector policy each demonstrated an intention to take a closer look at actual performance of activities and a

. 10

direct inspection of operational safety.

More recently the plant performance reviews have ben strengthened and directives have been prepared covering the senior management meeting process and the Agency's integrated assessment process. Slide 4, please.

[Slide.]

MR. BORCHARDT: The current inspection program attempts to evaluate the operational safety performance of licensees through a sampling process that includes performance-based reviews and inspections. In recognition of the finite Agency resources the inspection program is designed to sample activities in each of the major functional areas at least once during a SALP period.

Other areas, such as control room operations, are reviewed on almost a daily basis.

Within the guidelines and requirements of the overall inspection program there is an attempt to allocate NRC inspection resources based upon our understanding of licensee performance. This means that the best-performing licensees, those that seem to have the best safety performance, get the least amount of NRC inspection effort, and conversely, those that are viewed as not having as good

a safety performance receive more inspection effort.

There is a continuing effort to increase the use of risk insights in both the planning and analysis of

. 11

inspection activities. The staffing and training of the senior reactor analyst function, two in each region and two in headquarters, is an important first step or at least an early step in being able to use to those PRA insights.

The inspection program evaluates information from a wide range of sources. Findings and insights from the resident inspections, region-based and headquarters-based inspections, licensee self-assessments, LERs and AEOD studies are all valuable sources of information that contribute to our assessment capability.

CHAIRMAN JACKSON: Let me stop you on that slide for a second.

I note that one of the objectives that you have listed for our current inspection program is to identify significant declining trends in performance, but yet I noted in reading through some of the historical development that declining and improving trends were removed from the SALP awhile back.

Can you kind of tell us a little bit about how that happened?

MR. BORCHARDT: What was really removed was -- many years ago -- there was a numerical grade SALP 1, 2 or 3, assigned, and the Staff experimented with the use of identifying a declining or improving trend along with that numerical grade.

. 12

After a couple years of practice using that system, it was changed to remove that trend identification associated with the numerical score, but what continued to be emphasized was that if there was a clear trend identified by the Staff, in the SALP Board meeting for example, that that would be specifically discussed within the SALP report, so we didn't change really our practice of identifying significant trends but rather we separated it from the numerical grade. Slide 5, please.

[Slide.]

MR. BORCHARDT: The inspection program and the procedures that make up the program are divided into three major categories. The core program constitutes the minimum inspection effort at any given facility. Completing the core will ensure that each of the four major functional areas will receive some inspection effort during the 12 to 24 month SALP period.

The majority of the core inspection effort is conducted by the regional inspection staff, although there are certain inspection procedures that are typically conducted by regional specialists.

The regional initiative inspections are conducted as a result of either previous inspection findings that indicate the need for additional insights, or as a result of a plant event or condition that deserves specific NRC

. 13

follow-up.

MR. TAYLOR: Bill, excuse me. I think you said the core is conducted by regional -- it's by resident, isn't it?

MR. BORCHARDT: I'm sorry, it's conducted mostly by resident inspection staff and it's supplemented, there are a few inspection procedures that are done --

MR. TAYLOR: -- that require regional help. Excuse me.

MR. BORCHARDT: The generic safety issue inspections constitute the follow-up of generic letters, bulletins, and special area of emphasis inspections.

CHAIRMAN JACKSON: Before you go, can you give us some insight as to how the core inspection program has evolved or changed over the years?

MR. MIRAGLIA: I'll take a crack at it and Bill can fill in some of the more details in history.

When we looked the core initially in the '87-'88 timeframe, it was thought that about one-third of the program should be diverted to core, a third to 40 percent. We worked with the regions, all the regions and the program office, to define that minimum amount of inspection that had to be required.

We agreed on the scope of that core and in the implementation of that program found that it varied in terms

. 14

of time and activity effort early on to maybe 50 to 60

percent. So that core program has been identified and re-evaluated periodically between the program office and the regions, defining what that minimum set is.

As we went to four functional areas was another focal point where we had to look at it to say how do we have to redefine the core because we have changed the program, so it's been an iterative type of process and been a dynamic process.

The terms of the regional initiative is really the regional directed activities and that's based upon what comes out of the inspection program in the regional offices, the regional administrator, and the regional staff's perspective of where particular issues lie, where more information is needed to make an assessment, so that is the thrust of the program.

When we started this activity it was like one-third, one-third, one-third. I think it's more now like 40 percent in the core --

MR. BORCHARDT: Actually, it's more like 60 percent core now, almost about 37 percent regional initiative and only 3 non-generic safety issues.

MR. TAYLOR: In the way of history, this core, having nothing to do with the reactor core, but the heart of the inspection program was changed with the placement of

. 15

residents at the sites, and that meant we could have day-to-day type evaluation whereas in the past most of the inspection process was conducted out of the regions by visiting inspectors.

When we shifted -- the beginning was just before the accident and then after the accident NRC began a very large hiring and placed residents at all sites. I can't remember the specific year and month that we achieved that, but it was in the early 1980s.

The program was then --

CHAIRMAN JACKSON: Yes, indeed --

MR. TAYLOR: -- then rewritten -- excuse me, Chairman -- to recognize that you had people on the site and it was very much geared in the beginning to oversight of operations because in those early days we could even walk systems and find safety systems out of alignment -- that is, not ready, you know, shut valves here and there -- those were, as people became more sophisticated, those began to disappear and this program though has traditionally tried to keep an operational safety type focus and I think that is still very much part of the core program.

Do you agree, Bill?

MR. BORCHARDT: Yes.

MR. TAYLOR: With we evolved from experience through the '80s and so on to --

. 16

CHAIRMAN JACKSON: Let me ask you some questions.

One is, is the core inspection program pretty much the same from region to region, from plant to plant, from inspector to inspector, and second, can you define to the Commission what you mean by operational safety?

MR. BORCHARDT: I'll take the first one, it's easier. The co-inspection procedure is specifically delineated and in manual chapter, the number if 25.15, which identifies 18 inspection procedures that make up the core and they're broken up by SALP-functional area basically.

So there's a periodicity for each of them and they each have to be done at least one in a SALP-cycle, the assurance being that at the end of a SALP-cycle, we have enough basis on which to, in fact, write a SALP report, have an overall assessment of licensee performance.

The operational safety question is not as clearly defined, but what I think we mean by that is that there's a clear focus in the inspection program on looking at the plant operations, the things that affect the day-to-day operation of the reactor facility and to a lesser degree, the activities associated with more engineering design basis activities.

Although they're not completely ignored, clearly the focus is on control room operations, on maintenance activities that affect plant equipment, IMC surveillance

. 17

tests that have an impact on the day-to-day operation, the subpoints in the reactor protection system.

It's those kinds of activities that directly impact day-to-day operational safety, is where the focus of the inspectional program rests.

CHAIRMAN JACKSON: Does that then include or track

into some of the engineering and maintenance from the point of view of operator workarounds, the fold operator workarounds?

MR. MIRAGLIA: Yes, clearly. Operational workarounds are something that, especially the resident inspector staff, has a very close view on because it impacts how those operators do their job and it's not infrequent that you'll see in an inspection report a discussion about a particular workaround adversely impacting, usually when we write about it, the ability of the plant to be operated in the way it was intended, control room indications which are alarms which induce alarms and how responsive is engineering and maintenance to the concerns raised by the operator. That's the operational focus as Bill has explained.

It's a way from looking at programs but more to say how is the plant functioning on a day-to-day basis in terms of looking at the triangle between operations, maintenance and engineering, what are those interfaces, are they supporting the operation such that the operator's job

. 18

-- by the operator's we mean not only the licensed operators but the auxiliary operators, the maintenance folks, do they have the tools to do the job such that they could support safe operations on a daily basis, including operator workarounds, material in the backlog, things of that nature. So that would be the focus.

CHAIRMAN JACKSON: Where and how do you feel engineering and design basis activities or issues overlap with what you'd call operational safety issues?

MR. MIRAGLIA: I think where they come in and where they manifest themselves is in the day-to-day operations such as things that are confined within the technical specification or licensee commitments that certain functions have to be done and they have to make operability determinations, they have to make the decisions on their meeting their commitments.

It requires engineering support and if there's not a solid underpinning and understanding of what the engineering design basis is for that facility, that's where things can go awry. So that's how they manifest themselves in terms of the support of operations, in terms of meeting regulations and requirements in the technical specifications, and I think that's where the engineering aspect and the interface lies.

MR. TAYLOR: They observe surveillance tests to

. 19

see if it's degraded, batteries and that type of thing, when they do the discharge type test.

COMMISSIONER McGAFFIGAN: Could I ask a question at this point and you tell me if you're going to cover it later? It really comes from one of the backup slides.

In the history of the SALP process, given how important the core is, at one point senior residents played a major role in the SALP process, were on the board, as I understand, did a lot of the drafting.

Now, it's process only involves SES folks from the region and from headquarters, not that they don't make inputs, but their role has changed. Could you describe -- it's probably covered in the backup charts, but could you -

MR. BORCHARDT: We can do it now. The impact of the senior resident inspector especially was a sensitive subject with the industry to a large extent and I think we agreed that this was a very important position, the senior resident inspector, the individual who knew more about the day-to-day operation of the facility, but that the agency's overall assessment needed to be balanced and that if you had the SALP essentially being only the senior resident inspector's input and being solely report, that you wouldn't necessarily force that agencywide interaction and perspective to occur.

That's why there were a number of steps taken,

. 20

including ultimately to where we are today where we have only three SALP board members and none of them being a senior resident inspector, although as you mentioned, you couldn't write a SALP without the senior resident.

MR. MIRAGLIA: It was an evolutionary process, Commissioner McGaffigan, in terms of the principles involved, were the resident and to a lesser degree but involved the project managers early on.

In terms of the reg impact survey the Commission did in 1989 and 1990, concerns were raised by the industry of being captive to their resident, that their residents

could impact their SALPs and SALPs were important.

It was something that was discussed publicly, with a view to public understanding and it needed to have more consistency, more management control. It was an issue that was raised again in the context of the Tower-Perrin report which was 1991-1992.

As a result of some of those kinds of changes that when we reevaluated the SALP program, we looked at that to try to balance that. While they are not a member of the board, the resident manager and the project inspector, they do provide key inputs and are available at the board meetings to solicit input and to provide input to the board members for consideration.

The discussion among the senior managers in coming

up with this change -- by the senior managers, I mean the senior managers of the agency, including the regional administrators -- it was looked at that the SALP report ought to constitute the regional administrator's view and discussion and communication with the licensee of what the region assessment of that licensee's performance was relative to others.

That's where that decisionmaking process was to say SES as board members, voting members, yet to have the input of not only the residents and the project manager, but other regional inspectors as well, to round out that kind of thing.

So it was an evolving type of process and that's where we stand right now with the process and that's how the process got to its current state.

COMMISSIONER McGAFFIGAN: But it was industry pressure that was the initial motivation?

MR. MIRAGLIA: With industry concern and then there were examples, perhaps, where you could point to SALPs being "unduly" influenced one way or another. So it's tried to maintain that type of balance and objectivity over an assessment of licensee performance and having some degree of management, oversight, and control over the process, the issue of consistency and across the region and across the country has always been an issue in the context of any our

assessment processes, be they SALP or senior management or any other process, even enforcement.

MR. BORCHARDT: Slide 6, please.

[Slide.]

MR. BORCHARDT: In addition to the more routine inspection activities, the staff has the ability to send special team inspections when more information is needed to understand a particular event or to improve our understanding of a particular licensee's performance.

These team inspections typically receive a higher level of management attention and involve more NRC resources and licensee resources to conduct.

The initiation of a new industrywide major team inspection requires Commission approval before implementation.

Slide 7, please.

CHAIRMAN JACKSON: How many such inspections do we end up performing per year and how has that been trending over time?

MR. MIRAGLIA: We can give you a more accurate answer but I can answer somewhat off the top of my head. I believe on diagnostic evaluation team inspections, they are on the order of 14.

MR. TAYLOR: They started them --

MR. MIRAGLIA: With the context of the senior

management meeting process, sometime in the 1988, 1989 time frame.

CHAIRMAN JACKSON: You mean there have been 14 total or 14 per year?

MR. MIRAGLIA: No, 14 total. That's a good point.

MR. TAYLOR: We could never afford 14 per year. They were spread out over that period of time.

MR. MIRAGLIA: The most we did in one year, I believe, were four in one year.

CHAIRMAN JACKSON: What about AITs?

MR. MIRAGLIA: AITs, I would say trend on the order of 8 to 12 a year, and again, these are statistics we could provide to the Commission on that kind of a basis.

MR. TAYLOR: Because they are all loaded. Those are a lesser inspection.

CHAIRMAN JACKSON: Have they been trending down or

flat or up?

MR. BORCHARDT: I don't think there's really a trend. There's eight, I believe, in 1996; three in 1995; and at least six in 1994. My list doesn't go back through all of 1994.

CHAIRMAN JACKSON: Commissioner Dicus, you had a question?

MR. MIRAGLIA: And incident investigation things are rarer occurrences, but we have had a number of those.

. 24

COMMISSIONER DICUS: I'm not clear on what some of the differences are among these types of inspections. Clearly, some of them, it's obvious incident investigation and so forth, but it would be helpful if you could give me some examples of two things, first of all, what might be a diagnostic evaluation, team inspection as opposed to a special evaluation team inspection. How do these interrelate, how might one inspection lead to another kind of inspection?

MR. MIRAGLIA: The first three on the viewgraph are actually described in a management directive. I'm not sure what exact number that directive is. The diagnostic evaluation team was used to support the performance assessment process and it was a decision that was made normally within the context of the senior management meeting.

At the senior management meeting, three principal questions -- do we understand what the licensee's performance is, and which way is it trending; have we adequately communicated that to the licensee; and does the licensee have corrective action programs in place that are addressing those kinds of problems. If all the answers were yes, then we had enough to answer that kind of question.

What we found in some of the earlier senior management meetings is that we couldn't answer each of those

. 25

questions with a definitive yes or a definitive no, and we needed to have more information.

When we got to a plant that had that kind of characteristic, it became a candidate for a diagnostic evaluation team. this would be a broad-based team, managed by the Office of Operational Evaluation of Data, reporting to the EDO and would have multidisciplines covering management and various functional areas and result in a team report that would make findings relative to the licensee's performance.

And also, as an outgrowth of that process, would also perhaps indicate when NRC programs should be reevaluated or looked at for corrective actions, refinements and improvements as well. That's the context of a DET.

As I said, we've done approximately 14 of those since the program was put in place. The first few were really pilots. We weren't even sure whether we could do such a thing like that, so we looked for some plants and did it on a pilot, voluntary basis. It wasn't that we really had concerns about the plant, but we wanted to test the technique, so we met 14 or some of those type inspections.

An augmented inspection team is something that comes out of an event at a facility. Did it have a complicated SCRAM, did all the equipment work as it was designed, do we understand all the contributing factors and

. 26

the root causes and are there any questions or uncertainties in our mind with respect to how the event was handled, how emergency response was held, and those kinds of things.

The incident investigation team has the same elements of an augmented inspection team except that it's got broader impact and broader concerns and higher degree of perhaps failures. For example, the Davis-Besse event was an IIT because it had multiple system failures and equipment failures.

It became a "close call," had broader ramifications and an IIT is a sort of elevation of an AIT to a much higher level.

MR. TAYLOR: In fact, I think that's when it was born at the Davis-Besse. We just needed to get an independent investigation and all the processes grew out of that. We sent a multidiscipline team in there for quite a period of time.

COMMISSIONER DICUS: So it's going to be a much larger team?

MR. TAYLOR: Yes, and very strict procedures. We had maybe 15 people or something like that on it.

MR. MIRAGLIA: Yes, 15 to 20.

MR. TAYLOR: Somewhere in that range of people. There is a manual that describes that, how you would conduct it. It's quite formal in its own way.

. 27

Excuse me for interrupting.

MR. MIRAGLIA: The other diagnostics that are here are really special subsets of these two to indicate some of the evaluations and team inspections that have been done.

The SET was one that was done in terms of Cooper and instead of doing a DET, they did their own self-assessment and we evaluated that self-assessment.

In the independent safety assessment, that's the type of assessment we just did with respect to the Maine Yankee facility and the independent safety inspection would be the activity that we're conducting relative to Dresden.

Then design or other type of team inspections are special team inspections that we come to the Commission and see approval for, looking at special, focused kinds of areas in terms of inspection.

COMMISSIONER McGAFFIGAN: Do these -- there would normally be one of these others and we sort of ad hoc it? you said you had manuals for the first three as to how to conduct them and procedures. On these other types, there aren't?

MR. BORCHARDT: There are usually special charters that are established for them but what they do is include by reference established inspection procedures. So, under the umbrella of a special evaluation team inspection, they will say, perform the following five regional initiative

. 28

inspections. So there is always a reference to go to, to guide the inspection activity but it is specially constructed for the circumstance of that inspection.

MR. TAYLOR: The design inspections have traditionally been some form of a vertical slice through a specific system or one or two systems using this safety system functional inspection type process. I believe almost without fault it has been that type of sample review by taking a safety system, it could be a fluid system and then an electrical system like the batteries or the -- you know, the various major electrical or control systems.

MR. MIRAGLIA: Yes, we come to the Commission and outlined the program and say this is something we intend to do on all of the --

MR. TAYLOR: And for a considerable time service water was in bad shape at a lot of the plants so we ran a service water design related inspection because the service water is such a variant across all the stations. I forget the exact name of that process of inspection.

MR. MIRAGLIA: The acronym was SYSWAPI but I am not sure I could quite repeat all of the --

MR. BORCHARDT: Slide 7, please.

[Slide.]

MR. BORCHARDT: In addition to the issuance of inspection reports and enforcement actions, there are

. 29

several actions available to the agency to address unacceptable performance when it is identified. The basis for these actions would be the inspection findings and conclusions that are part of the day-to-day conduct of the inspection program. The type of actions shown on this slide result from a real time integration of inspection results and interaction between regional and headquarters staffs. Under no circumstances would the staff actions be needlessly deferred until one of the agency's periodic assessment processes like SALP or PPR or a senior management meeting could be held.

Slide 8, please.

CHAIRMAN JACKSON: Before you go, you talked about these actions. What are the -- where does the confirmatory order fall within here, or orders of any kind?

MR. MIRAGLIA: I would say on the last bullet, modify, suspend or revoke. That could be either orders to show cause or confirmatory type orders.

CHAIRMAN JACKSON: Are there orders other than confirmatory?

MR. MIRAGLIA: There are orders to show cause as well.

MS. CYR: Orders are orders. The confirmatory order really means that the licensee has agreed to undertake particular actions but, as a legal matter, an order is an

. 30

order. We have one particular provision in terms of issuing our orders.

CHAIRMAN JACKSON: And what is the legal status of the confirmatory action letter?

MS. CYR: It's closest to sort of a show cause. I mean, it is an agreement of the licensee to undertake certain actions and our agreement to inspect against those particular actions such that if they don't take it then the next step for us would be an order.

MR. MIRAGLIA: Issue an order.

CHAIRMAN JACKSON: Okay.

MR. BORCHARDT: Slide 8, please.

[Slide.]

MR. BORCHADT: There are three periodic processes beyond the routine activities that are intended to integrate all of the available sources of information and come to conclusions regarding licensee performance and make recommendations regarding future NRC resource expenditures. A description of the overall process is provided in a recently issued management directive, 8.13.

The plant performance review, senior management meeting and SALP will each be discussed later in the presentation and, although each process uses essentially the same kinds of objective information, the differences between them include the time period or the duration of the

assessment, the management level involved and whether it is the review is done on a site-specific, on a region-wide or on a national perspective.

Slide 9.

[Slide.]

MR. BORCHARDT: The PPR or plant performance reviews are conducted every six months and it reviews the licensee performance over the previous six to 12 months. The goal is to evaluate inspection results and other objective information to assess licensee performance in each of the four SALP functional areas and to identify any trends in performance that may warrant an adjustment to planned inspection activities.

Although the PPRs were started in 1988, we have recently placed an increased emphasis on standardizing the conduct and output of the PPRs. The use of a plant issues matrix is still evolving but it is proving to be a useful -- it is proving to be useful in helping to focus discussions on the assessment of objective information.

Now, there are two principal outgrowths of the PPR. One is the six-month inspection plan which is sent to the licensees. It identifies all significant inspection activities planned by both headquarters and the regions other than the resident inspectors' specific activities over the next six months; and the PPR report, which serves

several purposes including management visits to the site, screening meetings in preparation for the senior management meeting.

CHAIRMAN JACKSON: Are the results of the plant performance reviews communicated to the licensees?

MR. BORCHARDT: Along with the inspection plan over the next six months, the approach we are taking right now is if there is a significant message to be sent, that we could do that in that cover letter. But it is not currently formatted to take the place or to serve as a miniature SALP. We are not mandating each of the four functional areas, only when there is a significant message to be made. And the licensees can really get an indication of what the staff thinks about performance by looking at the adjustments to the inspection plan.

If the licensee sees that there is two team inspections of two or three people planned to go look at maintenance activities that weren't previously planned, that's a very clear indication that the staff has concerns about the activities in the maintenance area. Conversely, if they saw that some previously inspected activity was taken off the list, they could believe then that there was some indication that NRC's view of their performance has improved.

CHAIRMAN JACKSON: What drove these major

improvements that you are talking about, the standardization of the conduct and output of the PPRs?

MR. MIRAGLIA: I was going to say several things. In terms of, as I said, there have been a number of diagnostics that indicated concerns. Where were we, why did

we find certain activities. And one of the things that we went back and looked at in terms of the -- I believe it was the South Texas DET and perhaps the Quad Cities and there were a couple at that period of time.

And what we found at that time, Madam Chairman, were that when we went back and say, well, what did our program miss in terms of the inspection program, what we found is that if we went back and looked at the findings in the inspection reports, it was there. It is just that we had to put it all together and integrate it in such a manner that clearly articulated the picture.

In other words, the inspection program, the individual inspectors, either the residents or the regional inspectors, were finding these types of things and we just had to piece them together in an integrated kind of way to tell the right kind of story. That led to a number of improvements from the perspective of we developed the IPAP, the integrated performance assessment process. We went to try to go to a six-week report from the resident inspectors to try to collect more information over a broader period of

time and it led to those kinds of improvements.

In addition, about that same point in time, the Commission and the Chairman and the Commission has articulated that we needed to make our performance assessment processes more transparent both to the licensees and to the public and look at objective information and the like. And so that was another impetus behind looking at how these processes would come together.

So all of that was happening in the '96/'95 time frame and so all of this is being examined in that kind of context in there.

CHAIRMAN JACKSON: Can you speak a little bit more about the plant issues matrices that are used then?

MR. MIRAGLIA: The plant entry matrix was an outgrowth of an activity that I believe started in Region II and Region II used it, I believe, initially on Crystal River and it was a process where the region was attempting to integrate, answer the question how could we best integrate information. And at that time, what we said to each of the regions, this is a concern that we have. Look at various techniques and see what would work in your area.

So each region went off and did different things in terms of PPR and different types of processes. And they developed a site issues list I think is what they called it, where they looked at what were the findings, what functional

area in SALP were they related to, was it identified by the licensee or by the NRC or by event and they had this type of information and it was found to be a useful kind of tool to try to integrate that type of information and so we shared it among the other regions and each of the regions have attempted to use it in various ways.

What we have been trying to do now is to try to coalesce the best from all of the regional attempts at that and try to get some standard format and guidance out. It is an evolving issue. We're not there yet. I think we are a lot better this year than we were the previous year and I think next year we will be even better at trying to define that, to integrate that type of information. It is all there and it is all information that is docketed information in terms of if it comes out of an inspection report or a licensee self-assessment or an LER and it is trying to put all of that objective information in a way that gives some kind of coherent picture and that is sort of the evolution of that. We are now calling it plant issues matrix.

MR. BORCHARDT: It's only within the last year that we have really formalized the requirements for it and I wouldn't say we are there yet with having the right answer.

COMMISSIONER DIAZ: The requirements for what?

MR. BORCHARDT: For the plant issues matrix.

There is a threshold question I don't think we

have the right answer to yet, although we have clearly specified that everything that is in the plant issues matrix has to come from an inspection report or some public document. It could come from an LER.

But we don't know where the right balance is between having enough information and having too much. We need that in a form that can be digested easily by all of the different audiences that it is trying to serve.

MR. MIRAGLIA: Should you put positive observations or only negative. And these are things that we

are -- and the threshold question is what's something that should get on the list and this is an evolving kind of thing that we are going to try to find an answer to.

CHAIRMAN JACKSON: Have you found or do you have any metrics that show you that the use of these plant issues -- the use of the plant issues matrix has made the plant performance reviews more robust, more objective or easier to do?

MR. BORCHARDT: Only feedback from the regional participants and from our own staff that go out and observe PPRs. When we see them being used, we think they are highly effective. The interesting thing is there is not 100 percent consistency from one region to another or even from one plant to another sometimes because we are still working, to some extent, on where within the overall inspection

. 37

program is the best position to control and add information to the plant issues matrix.

Some regions have the resident staff do it, others have a project engineer and we, frankly, at this point, don't know what the right answer is and we are still in the middle of a job task analysis on the regional inspection function which we hope will get some insights. I don't know if we will get the answer or not but we will have at least something to base our view on.

MR. MIRAGLIA: This first set of screening meetings that we did in November, early November, was the first time where we actually had the plant issue matrix used by each region and, as Bill said, there's variations of that.

I found it to be useful and I think some of the other managers found it to be useful to, if a judgment of performance was made in saying, well, gee, I red the matrix of being perhaps more positive in that area, and it did focus. So I think it is going to be a useful tool. I think we are still shaping the tool and it is going to be a while before the tool is going to be able to be honed to the level we want. But I think it is a step in the right direction and I think we are going to -- it is going to be an iterative process in working with the regions to try to sort out what the best techniques used by each of the regions are

. 38

and to try and get some consistency. It is just the first step, as Bill was indicating.

COMMISSIONER McGAFFIGAN: Could I ask, you say it is led by regions. Who actually does the plant performance review? Is it -- again, what's the role of the resident tier? Is there a formal process with boards or is it informal and --

MR. BORCHARDT: Well, it's fairly formal. The PPR is conducted, usually headed by the Division of Reactor Projects division director or sometimes a branch chief in the region. Participation is open to the rest of the regional staff, as needed to discuss inspection findings from the previous six months.

Typically, the resident staff is called in and brought in on conference call and each plant is discussed for maybe an hour. It varies. It depends how good of a performer that licensee is seen to be. A good performer may get -- will certainly get less discussion time than a weaker performer and it is, I think, typically not viewed as practical to bring the resident staff in for each plant.

Most regions now are doing like a branch so maybe six or seven plants in a day, take an entire afternoon or morning and discuss that branch and so over the course of a week the entire region is discussed, each plant within the region is discussed.

. 39

Slide 10, please.

[Slide.]

MR. BORCHARDT: There is a special assessment underway to evaluate the senior management meeting and I understand there was a future Commission meeting being scheduled to discuss that.

The objectives, as the process currently exists, is to perform a senior level review of safety performance at selected plants. The screening meetings conducted between the regional staff and the Director of NRR with participation from AEOD, Office of Enforcement, discusses each and every plant during the screening meetings, but then only those plants that warrant specific discussion at the senior management meeting are discussed at the semi-annual meeting.

The objective is to communicate concerns to the licensee with poor performance and to ensure a coordinated course of action and develop Agency-wide future inspections, if necessary, for those selected plants.

The outputs are a superior performer recognition, problem plant, and trending letters and then the identification of any special actions that the senior managers feel is warranted, such as special meetings with perhaps the Board of Directors to discuss the Agency's concerns regarding operations at that facility.

. 40

CHAIRMAN JACKSON: How many times have we had those kinds of meetings with Boards of Directors?

MR. TAYLOR: We can provide that. We will have to go back and run a count but they have been used as seemed to be appropriate, but it's been with numbers of Boards.

CHAIRMAN JACKSON: The special assessments, are they of the type already discussed?

MR. MIRAGLIA: They are the DET types.

MR. BORCHARDT: DETs, definitely.

MR. MIRAGLIA: Or the special inspections.

CHAIRMAN JACKSON: Are the plant performance reviews used as input to the screening meetings?

MR. BORCHARDT: Yes, the plant performance review report prepared for each plant is the material that is provided to all the screening meeting participants beforehand and then is the material that is available for discussion at the screening meeting itself.

COMMISSIONER McGAFFIGAN: When you just answered my earlier question, the project manager here in headquarters and the headquarters staff didn't sound like they were involved. What if you have a disagreement?

MR. BORCHARDT: That was my omission.

The project manager participates in both the PPR in the region and in the screening meetings.

COMMISSIONER DICUS: The problem plant list -- do

. 41

you think that's effective?

MR. MIRAGLIA: I think it's shown to be effective over time. There's been a number of issues that have come out of the problem plant list in terms of impact on the particular utility or utilities.

There was a report I guess by the Office of Planning and Policy that indicated that while it was effective it was a large pill to put someone -- a big action to try to put a utility on, on the list, and that resulted in the trending letter that we characterized sort of a warning shot across the bow.

I think this is indicative of our processes becoming -- looking for issues that are finer ground. In other words if you are looking at a screen if you go back in the early times of the watch lists, significant events led to the plant's being on that -- there was not too much of --

MR. TAYLOR: It was easier.

MR. MIRAGLIA: There wasn't a lot of objective discussions.

MR. TAYLOR: There was a large number of plants on the list too, on this first list.

MR. MIRAGLIA: And they all had significant events or some significant programmatic --

MR. TAYLOR: Very significant events.

MR. MIRAGLIA: -- failing that resulted in that.

. 42

As the industry improved, and as our techniques improved, what we are looking for is to try to identify that declining performance earlier and earlier, and trying to stay ahead of the curve and that goes to the timeliness question is would we have gotten there eventually or not and that kind of thing.

So I think that both of those things are working and that the industry has significantly improved and that there's over 100 plants out there and what we are looking at is a small percentage of those plants that are at the lower part of the lower quartile, so to speak, to try to identify.

MR. TAYLOR: In some cases we have used the problem plant process and then found even with that we needed to do more and we have gone to the Board of Directors.

In the particular case of Turkey Point, Turkey Point had been on the problem plant list for some long period of time and we really didn't see enough progress and as I recall, and I can't remember the years that we did it, but we then -- and we talked a great deal to management in

the company.

We went to the holding company, Florida Power & Light, and we had a session with the Board of Directors, at which I was present, and I would say that activity then precipitated the changes.

. 43

It took awhile, but Turkey Point then shifted direction in a plant that consistent operational problems and so it took a combination of these various tools.

We had lots of teams and reviews down there through the years with them, but today I believe they are almost a SALP 1 performer.

MR. MIRAGLIA: Brunswick was another facility that was --

MR. TAYLOR: There are just numbers like that. Pilgrim was -- the types of things where plants -- I think the problem plants, Peach Bottom, Davis-Besse -- I could go down the list of the problem plants. I think it's a very -- Frank says it's a big pill. I think that's right, but it has helped change plants that frankly performance for years had not been very good.

CHAIRMAN JACKSON: How long was Turkey Point on the watch list?

MR. TAYLOR: It was long time, Chairman.

I think I'll have to go back and --

MR. MIRAGLIA: My guess is it's, I think it was on the list for four years or so.

MR. TAYLOR: Three or four years.

MR. MIRAGLIA: We can provide that.

CHAIRMAN JACKSON: What does it mean to the plant or the company? What does it mean in terms of us -- for the

. 44

plant to be on the watch list?

MR. MIRAGLIA: Well, I think it has a number of manifestations. Just like any of our performance assessment processes, even SALP, in terms of it gives public attention and view to the plant because it has negative connotations to it so that increases public interest, public concerns.

It has potential financial impact on the facility. It does get management attention and focus and it usually results in significant expenditure of resources on the part of the utility to try to improve the process.

My recollection of the OPP report was that it took a significant -- once the plant was on the list in order to show the improvement to get off required a sustained period of improvement and a significant expenditure of capital and other resources to get that level of improvement and then sustain it, so it does have that type of impact.

CHAIRMAN JACKSON: How do we decide when enough is enough, where we do take the next regulatory action?

MR. MIRAGLIA: This is an issue that is a tough one, Madam Chairman. From my perspective it's that if we have got a plant that we feel is acceptable, if I could use a personal analogy having teenage -- having survived two teenage boys and I'm still surviving one -- is when someone comes home with C's on their report card and you think that they are capable of doing better -- C is passing but perhaps

. 45

you would like them to do better, and I think from the perspective of where we are in terms of a regulatory process we have to have some significant safety concern or basis to direct -- to have a basis in the regulations to tie it to safety and that puts the burdens on us -- and so we have to have some clear concerns and indications for that. That is the case that has to be made in each of the instances.

MR. TAYLOR: The other thing, the problem plant requires more expenditure of NRC resources. That is, we shift and the plant is much more inspected than the average plant.

CHAIRMAN JACKSON: Is a soft point for us the fact that -- and presumably some of these changes in the various evaluative mechanisms and tools is part of that -- but is a soft point for us an ability to on a basis of taking an integrated look in the absence of some triggering event to say that while I don't have some big piece of equipment that's safety-related that I can declare inoperable, that net/net things are limping along so much or there's not sufficient progress that I have to call a halt at a certain point, that that call is very difficult for us to make?

MR. TAYLOR: I think that's right.

MR. MIRAGLIA: I think that's a fair comment in terms of that we don't look at everything. We audit pieces and it's very difficult for us to perhaps find, as I said,

that the screens are getting, the material is getting finer and finer, so we have to look harder and harder to pick up those declining performance kinds of trends and that kind of thing.

It's a question of how to spread the resources and in what area. If we look harder here, it's probably meaning that we are not going to look hard either at another facility or another area, and so that is the constant trade-off.

I guess it's the nature of the beast and a soft spot that we have to deal with.

MR. TAYLOR: If you go back in the performance indicators that were developed by the Agency, you know, it's parallel really to those that are used by INPO and so forth, but if you go back to the early years the numbers of trips, the numbers of safety system challenges, the number of safety system failures -- all of those are indicative of those were a little bit easier to spot than, frankly, as the general performances have improved as time has gone on.

Yet there are still plants out there struggling with problems. Otherwise we talked about this with Commissions over the years, which is one of the reasons why we said, gee, the Commission's suggested that we look to try to find somebody before they sort of fall down even further. That is how we started the trending, and we felt a little

awkward, but that actually had an effect.

I can't remember all of the plants that we have issued trending letters to but Perry was one, as I recall, and that helped to stimulate a performance improvement. Cooper was another. Help me out, Frank, I can't recall all of the trending but those very definitely -- that process which we have used on occasion where people who we see are beginning to decline and maybe not have hit bottom, we really have utilized that on a case basis.

I don't mean to digress but there's sort of all these activities associated with the senior management meeting and in some cases we have seen visits with Boards of Directors help to make a big difference and in other cases they don't.

COMMISSIONER ROGERS: Well, isn't to some extent the problem one that we are allowing a plant to continue to operate so in principle that means that our judgement says that it is not so unsafe that it can't operate but -- then the question is what does the "but" mean?

It always seemed to me that what you are really talking about is that you are operating within a band that is acceptable but there's a margin to that band in some way, and this is your kind of safety margin that you want to have some comfort about because once you get down to the bottom of that, then it doesn't take much to create a really

serious problem.

The difficulty is being able to measure that margin in some way so, you know, the problem is that a plant which we feel is -- we feel uncomfortable about is losing its margin and it's either gotten so small or it's going down fast on margin but still there is no one thing you can point to and say, well, this is really sufficiently important at this moment that everything has to cease until they straighten it out.

So you have got a couple of issues. One is try to find some way of measuring the margin, and the other one, of course, is rates of change of that -- rate of decline or improvement, if it is improving, which then causes you to take another look at it.

It is wrestling with these issues of very important considerations but things that don't lend themselves immediately to some quantification, and the judgment has to be an element in this and that that, it seems to me, you are never going to be able to avoid that, and that it's going to be a judgment call and the judgment call of whether the safety margin is large enough or not large enough and whether it is improving or declining.

I don't know that we are ever going to find any set of numbers that unambiguously tell us where we are.

MR. MIRAGLIA: I think that is a fair assessment

and a challenge that we have been struggling with.

The answer to the "but" that we do have that comes out of the assessment processes. A SALP 3 is acceptable "but" -- licensee, the message is, you need to spend more

time in that area to focus resources, to improve and it is also NRC, we need to focus more, so the "but" is that we are calling attention to it, expecting the licensees to address that and also because of the concern that we have raised internally ourselves.

We are providing additional resources to look at those kinds of areas, but again, are we looking wide enough, as the Chairman suggested, over a broad enough basis and that is a judgment and a resource allocation kind of question that has to be decided on each of these cases.

When we are dealing with a large number of facilities, that becomes difficult -- it's certainly a challenge.

CHAIRMAN JACKSON: Did you have a question?

COMMISSIONER McGAFFIGAN: Again, this may be out of order but the INPO evaluations that are done, is it fair to say, and this is a question that Nils and I got -- Commissioner Diaz and I got at our confirmation hearing -- they have been out in front of us in a few cases in identifying plants with declining trends and we have been out in front of them, the INPO said to me, you know, in

. 50

other cases -- South Texas was one they mentioned.

How can we make better use of INPO data heading into senior management meetings? I know we have to sort of independently invent it but is there anything to be learned from comparing ourselves to INPO?

MR. MIRAGLIA: We have done a number of things in that regard, Commissioner McGaffigan, and number one is many of the senior managers have accompanied INPO evaluation teams to look at how they evaluate plants and their evaluation process is different from ours. It's very focused over a two week, three week period of time and then findings come back and the message that's sent, and so we have an appreciation for what they do and how they do it.

I think it's accurate to say that they perhaps identified some facilities before we did and that we have identified -- so it's hard to say what is the right answer.

They are both providing an appropriate type of answers.

In terms of our process, what we do do is we look at self-assessments. We do look at, the resident inspectors do look at the findings from the INPO evaluation and then we look at it and determine based upon our own independent inspection of findings do we have concerns or issues that need to be followed up in that kind of context.

So we have an awareness of what the issues that

. 51

are being raised by INPO and we have independent, our own independent inspections that are raising concerns, or if there's a concern that we don't have enough to do that perhaps that -- maybe that needs to be looked at at some point in time, so it's not -- it is considered and it is part of the process.

COMMISSIONER McGAFFIGAN: I will tell you INPO did tell me that they tell the licensee to believe the worst -- and that is the right --

MR. MIRAGLIA: And that is probably a reasonable position.

MR. TAYLOR: They look at a broader sense of things in some cases than we do.

MR. BORCHARDT: Slide 11, please.

[Slide.]

MR. BORCHARDT: I include just one chart on SALP here, just to round out the overall process description. There are several slides later in the package.

The objectives being that SALP is our long-term integrated assessment of licensee performance. We use it as one of the major vehicles for allocating NRC resources and it's one of the principal communication devices for both the licensee and the public to reflect the Staff's overall assessment of each licensee.

Slide 12, please.

. 52

[Slide.]

MR. BORCHARDT: This figure illustrates a number of points, the first being that the lower two levels consist of those processes that accumulate the performance and objective information that is subsequently utilized by the other evaluation processes.

In addition to the fact-gathering aspect of the lower two levels, there is also a very important short-term assessment aspect of the inspection program and this

assessment is done between the inspector and their immediate supervisors and it is expected that the appropriate action be taken based upon the significance of each of those findings -- once again, without waiting for even the inspection report to be issued, if the safety issue were significant enough.

Although each level involves a different combination of the time period assessed and the level of management involved, they ultimately rely on the factual information obtained through the reporting by the licensee and the analysis of inspection findings.

Slide 13, please --

COMMISSIONER DIAZ: No -- I --

CHAIRMAN JACKSON: Go ahead.

COMMISSIONER DIAZ: I have kind of been saving my strength for this slide.

. 53

[Laughter.]

COMMISSIONER DIAZ: I have been very quiet and nice and so forth.

I'm bothered by this slide. I have always been bothered by pyramids, whether they are a sales scheme or not, and this pyramid seems like, you know, an escalation and a proliferation of reviews upon reviews upon reviews, and if you are the bottom of that pyramid you feel very oppressed.

I also assume that at the end of the pyramid there might be a point in there where it says "Commission" -- the point this process may have to go to the Commission at some time.

CHAIRMAN JACKSON: That's at infinity.

[Laughter.]

COMMISSIONER DIAZ: I figured it was the little point at the end of the pyramid -- but seeing as being a point is never comfortable I decided to assume it was someplace else.

But as I listened to some of the comments, you know, as we went around at the different processes and which one was really detailed knowledge about I found out, according to Frank, that a lot of these things came out from plant-specific events. Something came out of Dresden -- and believe me, I cannot repeat their names. I am totally

. 54

confused -- right now, I have got them all crossed between IPAPs and SALPs it really very confusing, and of course we have managed to confuse the public enormously.

We are saying time and time again that we are going to provide to the public a better indication of what our assessment are and then we continuously throw at them -- you know -- different names and different ways of doing things and different levels.

My single point is isn't there a way to make this a little simpler? Can we have fewer levels? Even if internally we have subsets, can we actually simplify the process to the point that we can really follow what each one of them is doing and we can add whatever, something special, there is that we want to do at any one point.

You know, if I go through this, and I have gone through it, I am confused but I am not that confused, I get to the point that these things are like continuous feedback loops that go one into each other and they keep -- you know -- like a self-generating prophesy. We found a problem. We'll go back and I'm going to find another, I'm going to find another, I'm going to find another.

I am very, very concerned about, you know, a pyramid of studies and things and levels, okay, and you know, I had an old mathematician friend of mine that used to tell me that you can define any process that you want to as

. 55

far as analysis with three steps, but he says if you get seven steps then you can draw an elephant.

You can always disguise all you did by getting more points into the process. You can lose your way.

So as we go into this, and I know we are time-limited, I want to leave you with the fact that there is a -- my personal concern and maybe of others that this process is way too complicated, it has too many names.

When we communicate with the public we are not clear. This is the type of things -- and Madam Chairman, can I take a couple more minutes?

CHAIRMAN JACKSON: Help yourself.

COMMISSIONER DIAZ: For example, picking up on the Region II -- is anyone from Region II?

I look at the SALP and I look at the language of the SALP and what do I find? Do I find, you know, definition of a problem or I find words like "weakness" -- you know, without any clear definition of what that means or I find "lack of sensitivity" -- and like I said in the region, is this a romantic problem, you are not sensitive to me, you know? I mean what kind of a problem?

We never said these people have a deficiency. We say they have a "weakness" like if their knees were weak or something like that.

I believe that if we look, and I have looked at

about 10 SALPs now, we find many common language that are used that are not defining the problem. Rather than saying "The management did not provide management oversight over their regulatory process" -- we say "There was a management weakness."

Now we didn't say what it was. Okay? You know, it is to me basic at this time, 1996, where we need to be accountable for what we do, that we define this process, we make it as simple as many -- you know, as few steps as possible and use the most specific language that we can find, even if the licensee doesn't like it.

I believe that it will help them significantly once we tell them "You are deficient in establishing, you know, a maintenance plan that allows your materials to be compliant with safety limits" -- "You are not cognizant of the processes" -- now those are words that are action words. They mean something, but "weakness" and "sensitivity" it just -- and then if we find a problem, what do we do?

We have another process and another process, and I think that maybe all of these served us well throughout these years and they come from Dresden and Davis-Besse and Three Mile Island and Turkey Point and all the names you just mentioned, but the question is are they serving us now? Do they actually serve the purpose, okay, that they are intended to or should we simplify them?

I'm finished. I used all my energy.

MR. MIRAGLIA: I think that is a fair comment -- and perhaps the pure business is not the right type of thing in terms of we have developed a number of performance assessment tools and I think we have to try to decide what's the best combination or take the best of each process perhaps. I think that's a challenge that the Commission has already laid at our feet in terms of one of the questions we had is where are all of these process, what's the inputs to them and how they relate to one another and we have tackled that task.

The other task that is presently before us is what is the objective evidence to make it transparent. So I would agree with you, Commissioner Diaz, that is certainly the challenge and the end result might be some integration of the performance assessment techniques that take the best of all and come up with a process or perhaps two processes to stay with the power of three as opposed to seven to go through something like that. But I think that could be a potential outcome of the path that we are on.

CHAIRMAN JACKSON: Well, I guess Commissioner Diaz mentioned sort of going into a kind of circular logic that we assess and if we find something or something happens that that's not enough, we figure out another assessment methodology and then if that's not enough we figure out

another assessment methodology and perhaps all the time we are not giving the crispness, first of all, to what we are saying and then I guess, you know, I would like to know what are the stop points, you know, what are the hold points as opposed to assess and more attention and then assess and more attention, given that, you know, even you say that we are a finite resource agency. And we further say that it is the licensee's responsibility to operate their facilities safely.

But if we are assessing and giving more attention and then new assessment and giving more attention and new assessment and giving more attention, we seem to go against those two things, that we have finite resources and that it is the licensees' responsibility to operate their facilities safely. That, at a certain point, we have to kick it back over and say either they are or, if they are not, then something has to happen until and unless they do operate their facility safely.

MR. BORCHARDT: Slide 13, please.

[Slide.]

MR. BORCHARDT: This and the next slide highlight some of the major evaluations and changes to the SALP program over the years. Ever since SALP began after the Three Mile Island accident, the SALP program has been undergoing periodic evaluations and revisions and although

. 59

it was initially envisioned to be a headquarters product, it was quickly realized that the regional offices were in a better position to take the lead in carrying out the SALP program.

The use of numerical ratings has been evaluated two times previously and on both occasions it was decided to retain numerical grades.

There are slides showing the definition of the three SALP categories later in the briefing package and although we will discuss it a little bit later, the fact that there is no SALP category for unacceptable performance has, in fact, been previously reviewed. The lowest SALP category, SALP 3, as we discussed a few moments ago, means that licensee performance is at an acceptable level. In 1990, the Commission voted against creating an unacceptable category.

CHAIRMAN JACKSON: Was that made to ensure that the determination of unsatisfactory performance would be made in the senior management meeting context or was there some other --

MR. BORCHARDT: No, the best that I can understand from reading the correspondence back then is that there was a recognition that an unacceptable SALP grade would be really nothing more than a reflection of a historical happening. If there was unacceptable performance today, the

. 60

Commission and the staff would take whatever action was necessary, including possibly ordering the shutdown.

When the SALP happened six months in the future and we gave them a SALP for unacceptable performance, there was really no new information provided. I think it was really unnecessary; we weren't going to wait for the SALP before we took the action so why bother. And, in fact, going along with that decision was the idea that if a plant

was shut down, that SALP would be suspended. We would wait until authorization to restart was granted before we began the SALP program again. So the two kind of went hand in hand.

COMMISSIONER ROGERS: My recollection is that you are exactly correct.

MR. BORCHARDT: The concept of rising performance standards and the use of responsiveness to NRC initiatives as an evaluation criteria also received previous Commission attention and despite all of the adjustments, two objectives remain constant. One was to clearly communicate the assessment results to the licensee and the public, which apparently we don't always do very well. And the second, to use SALP as a tool to evaluate and adjust agency resources.

Slide 15, please.

[Slide.]

MR. BORCHARDT: Preparation for the SALP report

. 61

begins many weeks before the board convenes and consists of a thorough review of licensee performance information and the inspection record. In addition to this record review, each SALP board member ensures that they are current and personally familiar with the site through a special site visit if necessary.

The SALP board itself normally takes the better part of a day and consists of three SALP board members with considerable participation from regional and headquarters staffs. Following discussions in each of the four functional areas, the SALP board members vote on the appropriate SALP grade. Any differences in grades are typically discussed to ensure common understanding of the relevant issues. And the SALP report is prepared and the cover letter written two weeks after the SALP board meeting and then the report, in draft form, is submitted to the regional administrator for approval.

COMMISSIONER DIAZ: Excuse me. You said that the meeting takes place in one day, correct?

MR. BORCHARDT: Yes.

COMMISSIONER DIAZ: And what is the input that they receive?

MR. BORCHARDT: Each SALP report involves four

SALP functional areas plus there is another area typically assessed, safety assessment, quality verification.

. 62

COMMISSIONER DIAZ: I understand the categories. Who prepares the input?

MR. BORCHARDT: Different parts of the staff. It could be the resident inspectors prepare one section, a member of the DRS inspection staff in the region may prepare the engineering section or the maintenance. The NRR project manager may prepare the SAQV overall assessment.

So different members of the staff are responsible for reviewing the inspection record and the performance, coming up with a distillation of that information so that that can lead the discussion during the SALP board meeting itself. In parallel with that, the SALP board members also review, to get themselves up to speed, the inspection record and any other relevant information.

COMMISSIONER DIAZ: They go to the site?

MR. BORCHARDT: Yes. They will either make a special visit or most of the SALP board members would normally go to the site as part of their day-to-day responsibility so the SALP program does not mandate a specific pre-board visit. It is up to the board member to make sure they are familiar with the site, what's going on and have visited it recently.

COMMISSIONER McGAFFIGAN: What if you have, or maybe it never happens, non-unanimous decisions in the board or violent disagreements as to whether it should be a two or

. 63

a three. Does that end up with Frank and Jim --

MR. BORCHARDT: We have avoided violence.

[Laughter.]

MR. BORCHARDT: It is not all that uncommon that two of the members will vote for one score and the third another and then there is a discussion amongst the three and the regional staff participants as necessary to make sure, even if there is a difference in vote, that they are all dealing from the same common understanding.

The majority of times that I have witnessed that happen, it is through a discussion of the significance that each of the board members placed upon a significant event or series of inspection findings and typically the one outlier will come into agreement with the other two. That doesn't always happen and sometimes it goes up with a vote of two against one. And then the regional administrator makes the ultimate judgment.

COMMISSIONER McGAFFIGAN: So the regional administrator, when you are in a senior management meeting, knows, you know, that there was a two-one vote to give this person a two and I went along with it but you should be aware that at least one person thought it should be a three.

MR. TAYLOR: And he documents that.

MR. BORCHARDT: Then there is a public meeting after the SALP report is issued publicly. That is usually

. 64

conducted at or near the site to maximize the participation from the licensee. And then the only additional thing is if there is a SALP 3 category assigned to any grade, the licensee is specifically requested to respond in writing to what actions would be taken.

At the public meeting, the licensee is given the opportunity to provide additional information or to rebut the grade if they don't like it or to say what a wonderful job we did if we gave them a SALP 1.

SALP program oversight is provided a number of ways. One, in the inspection program branch of NRR, Dave Gamberoni, sitting behind me, is the SAL program manager. He has responsibility for maintaining the management directive, overseeing the coordination of the SALP observation program, which is each SALP board chairman is responsible for going to at least one other region during an 18-month period to observe how another region does their SALP board. It is a way to cross-fertilize ideas.

Slide 16, please.

[Slide.]

MR. BORCHARDT: Category 1 is the highest rating and is indicative of a licensee that exhibits a superior level of safety performance. We would normally expect to see a decrease of inspection effort if there was anything beyond the core being conducted. Normally, a SALP 1

. 65

functional area would receive the core inspection level of effort.

Slide 17.

[Slide.]

MR. BORCHARDT: Category 2 is licensee attention normally well focused that results in a good level of safety performance.

Slide 18.

[Slide.]

MR. BORCHARDT: The definition of Category 3 is the subject of the greatest interest and is prone to some misunderstanding. The key to this definition is, I think, in the first sentence, that the performance has resulted in an acceptable level of safety performance. This means, despite whatever weaknesses or instances of poor performance have been identified, the staff believes that the overall safety performance of that licensee in that functional area is acceptable for continued operation.

CHAIRMAN JACKSON: And that is true even if a clear understanding of the safety implications of significant issues may not have been demonstrated. So you could not demonstrate a clear understanding of the safety implications --

MR. BORCHARDT: Again, that sentence, I think, we need some improvement in that sentence.

. 66

What that really means, what's embedded in the definition and not maybe very well stated, is that there are examples of what you stated. There are instances where performance has been weak or not up to expectations but that for a licensee to receive a SALP 3, the SALP board has to, without doubt, come to the conclusion that performance is acceptable for continued operation. If they don't, then some other regulatory action should have occurred before the SALP board but certainly there would be some additional action taken or at least evaluated.

The SALP board is not intended to be the vehicle for coming to that conclusion.

COMMISSIONER DIAZ: The first sentence is the key sentence, correct?

MR. BORCHARDT: Correct.

COMMISSIONER DIAZ: So I'm a licensee, pay a lot of attention to a pump. I look at it, make sure, but I do nothing with it. How do you rate me?

Or I have significant involvement, okay, in plant activities. Meaning I receive briefings, everything. But I do nothing about it. What is it? So, I have a problem with your first phrase.

MR. BORCHARDT: Well, that would be indicative of, in fact, unacceptable licensee performance in the corrective action, identification and resolution area, which is one of

. 67

the key aspects of the inspection program.

COMMISSIONER DIAZ: But see, we are driven by words. These are not action words; they are passive words, okay? They do not imply, okay, in your first phrase -- first phrase, and I believe that our staff will be guided by this first phrase. So licensee compliance with regulations and actions, you know, something that indicates that the individual has a plan, follows that plan, executes it, checks it out, you know, a little bit of quality assurance might not hurt in there. Okay?

You know, be specific. Involvement is a passive word. It doesn't really mean, you know, that you are doing something. We need it to be clear and define what we want. And I really strongly suggest that we take a look at this first phrase in Category 3 and come up with some better wording.

COMMISSIONER ROGERS: You know, I don't disagree with your concern but I am concerned about trying to make a list and to provide a definite list that these are the things which give you a three or these are exactly the things which give you a two. I think there has to be a quality -- an element of judgment coming in and I think it is very difficult to make an all-inclusive list that says if you do every one of these things, you will be okay and, if you don't then, you know, you don't qualify for that

. 68

category.

I think there has to be some judgment there and I think the key in that first sentence is "resulted in an acceptable level of safety performance."

I mean if, you know, maybe we should say take out "licensee attention and involvement," and say from the NRC's inspections and observations, that has been the result.

COMMISSIONER DIAZ: I can buy that. I can buy that. You know, but definitely, we can be very specific about what was not adequate, okay, and definitely we can be specific. Is there a real safety issue involved to bring it out?

MR. TAYLOR: That's right and that usually comes out in the inspection reports and the AIDs that preceded the SAL. I mean, if there is a specific safety issue, that's found not commensurate with the SALP but usually in the months before and then this issue of the clear understanding of the safety implications may be that they didn't go beyond the immediate meaning of a valve that failed to operate, you know what I mean, and does that mean other valve testing should be carried out?

MR. MIRAGLIA: I think the key, as Bill indicated, is the first sentence is trying to convey that SALP 3, and I would stipulate you're correct in terms of "involvement" being a passive word but the focus is SALP 3 is acceptable

. 69

performance. I think that's the key and we need to communicate that clearly. Bill indicated that that's a definition that perhaps needs to be reexamined to clarify that.

I think the other points in terms of what do we mean when we say "poor material condition" or "management ineffectiveness"? That we need to take steps to characterize what that concern is.

COMMISSIONER DIAZ: Or that there was attention and involvement. We don't want people's attention and involvement, we want people's performance that resulted in a second level of safety.

MR. MIRAGLIA: I think what we are saying, embedded in acceptable performance is not only were they involved but they had a corrective action program and they followed the actions. But we could say that more explicitly.

COMMISSIONER DIAZ: I have seen a few SALPs and we put in these things per paragraph and I already sat with Mr. Taylor one day and now in the same importance level we are bringing things out like the famous steam-driven circular feedwater pump was not operable and an operator left the control room for five minutes when there were two licensed operators in the control room. I don't think they are the same.

. 70

So if we are going to bring something out, especially when we are bringing it out to the press, you know, rather than bring it out -- the small issues like in the Crystal River it was brought out on the management oversight and I made a point of it. On the management oversight, they came out and to the press, the first thing that came out, the new president saw it, was that there was lack of control of overtime.

Now, lack of controlled overtime can be a serious personal problem, operators can be very tired if they work 24 hours a day, et cetera. But definitely that is not the main issue at Crystal River.

So I think that definition and a specificity and not an all-inclusive list but just the key things.

CHAIRMAN JACKSON: In a certain sense, one could argue that if you look under your Category 3 definition, you do have a list.

MR. MIRAGLIA: Right.

CHAIRMAN JACKSON: You know, you have said licensee performance and procedure have not provided sufficient control. But the issue is, how do you give specificity enough to that to say why it's acceptable versus when it would track to being unacceptable.

The self-assessment, the licensee self-assessment efforts may not occur until after a potential problem

. 71

becomes apparent. I mean, if you do this and you write this down without specifically linking it to what you found, then you can either cause alarm in the public when the alarm shouldn't be there because you are saying it's acceptable somehow or if there really is a problem and they are tracking close to the edge, whatever the edge is, then that should be apparent. But particularly if somebody has a clear understanding of the safety implications of significant -- and this is significant issues -- may not have been demonstrated.

You know, you gave an example, Mr. Taylor, that is different than what could be the case for somebody else.

MR. TAYLOR: Yes.

CHAIRMAN JACKSON: And so the question becomes, you know, why is it acceptable behavior. And I noted prior to 1990 in this Category 3 was meets minimum --

MR. MIRAGLIA: Minimally satisfactory.

CHAIRMAN JACKSON: Yes, minimum regulatory requirements. Is it that you were trying to take it away from regulatory requirements and put the focus on safety? If you put the focus on safety, which is appropriate, you have to make the case. Okay?

Then this last sentence here, because the margin to unacceptable performance in important -- I'm using your words here -- important aspects is small, NRC and licensee

. 72

attention is required. It suggests that if there is any margin at all then we are saying it's acceptable. I guess, you know, if I were just out in the public, that would confuse me and I think, if I can take the risk of paraphrasing Commissioner Diaz, if you are going to do something having to do with management inattention or lack of management attention, you know, if it is, you know, economic stress, you have to have the specific things that happen that relate back to what you are claiming is a root cause or is a source of the problem. So, in a certain sense, I would claim that there already is a list that presumably we check against. But the issue becomes how do we do that checking against that list.

MR. MIRAGLIA: That is one of the challenges, to make that transparent so licensees and the public understand and, clearly, we should articulate what parameters are the ones of specific concern.

COMMISSIONER McGAFFIGAN: Could I ask about the transition from minimally satisfactory to acceptable? I could understand why a plant would like to be acceptable as opposed to minimally satisfactory, because minimally satisfactory is more pejorative. What was the reason in the late '80s for switching from the adverb-adjective combination to the single adjective?

MR. BORCHARDT: Mr. Gamberoni has explained to me

. 73

that it is only for public understanding of the definition. At that time, that phrase was thought to be better understood.

COMMISSIONER ROGERS: Well, I don't know, I think that there are different ways of looking at this and, you know, each of these are broad categories. They are not a point measured; they are broad categories. And a plant could be at the bottom or the top of a category and, you know, you might say minimally satisfactory, that is very close to the bottom of something in my view but it still might -- and somebody considerably better than that would still not be out of Category 3. So it is not minimally, it's a little bit more than minimally, maybe a fair amount more than minimally. But it doesn't meet what we are looking for for Category 2.

COMMISSIONER McGAFFIGAN: Does going from the acceptable range -- I should direct it to you -- to the minimally acceptable range mean you have been put on the problem plant list? I mean, how do you -- if you look for a gradation in that bottom category, if you are really, really, really close to the margin, is that the sort of decision that gets made at the senior management meeting, that we've really got to get these folks' attention; whereas, if you are at the top of the three, you might not? How does that --

. 74

MR. MIRAGLIA: I think it is in terms of turning up the gain in terms of the attention and that the SALP is being done at the region kind of perspective. The senior management meeting is from a broader perspective and it is a broader range of management saying, hey, we've told you, a SALP 3, you were told you were a SALP 3, that's input to the process. And the concern is, are they moving forward in that and it comes to a discussion plant or it is potentially put on the list. It is trying to get the management attention to deal with the performance type of issues and I think it is that type of difference that I would --

COMMISSIONER McGAFFIGAN: For me, it would make a difference whether they were acceptable or minimally acceptable. You know, I'm not arguing -- I mean, gosh knows you guys have a hard enough time having three categories but the -- but it's when you get down close to the bottom that I would really want to know if I were the Commission or a

career manager.

MR. MIRAGLIA: I think that's what we do. We try to gather at the senior management meeting all of the things that indicate they are pushing away at the bottom. That's equipment failures --

COMMISSIONER McGAFFIGAN: So it is the SMM.

MR. MIRAGLIA: -- things tested that don't work right, large numbers of work-arounds, operator error.

. 75

Operator error was very important, particularly in the early years and contributed to many accidents. Lots of training, simulator work has helped to reduce -- but they are still there. Operator errors are still there.

So you take all of that from all the reviews. One thing is the SALP is done periodically and the senior management meeting is done every six months and you gather really what was before and then what's happened since and if the operator errors, the equipment failures, breakers that fail and then you don't go look at other like breakers, I mean, what is the failure, is it generic in that breaker? Could it be happening in other vital breakers.

I am using just the kind of examples that make the difference between people who are on top of their problems and those who are not.

COMMISSIONER ROGERS: It's very important. You know, somebody could be in the middle of Category 3 and not changing at all or they could be near the bottom and improving or they could be in the middle and going down. Those are all very different situations and they're still Category 3.

CHAIRMAN JACKSON: That's true but let me ask the ultimate drop the bomb in the middle of the table question and we're going to be hearing gory details about it in a series of meetings coming up next month.

. 76

Given all that we've discussed, why did we not come down on Millstone in terms of it tracking into the problem plant list, and why did all of this categorization, et cetera, not catch it?

MR. MIRAGLIA: I think in terms of the SALP, there's probably SALP 3's out there; there was discussion with the board of the directions prior to that, so there certainly were concerns. It gets to the question or the issue you raised early on in the discussion, Madam Chairman, in the introduction to the meeting is the timing. Should we have gotten it faster and I think the admission is that, well, we probably should have taken that action.

The thing is, we saw problems and issues, corrective programs were underway and perhaps we didn't look long enough or deep enough to say we bought into those corrective action programs. That's the only answer that I would have at that point in time.

I think issues were there on Millstone and we recognized those issues. I think if one goes back and looks at the enforcement history with respect to Millstone, it was long before any of those things, it was a large number of escalated enforcement actions.

So it was the continuum of the program that we have concerns about Millstone. Certainly, yes, if we articulate them in the context of the senior management

. 77

meeting, the answer is no and the record shows no, and perhaps we should have, but in the overall context of the program, had we identified performance concerns with Millstone, I think the record would say we had and had we communicated with the industry or the board of directors and the licensees, and the answer would be yes.

But did we fully use all the tools available to us in a timely way, I think --

CHAIRMAN JACKSON: In integrating them all.

MR. TAYLOR: We weren't stitching them together.

MR. MIRAGLIA: Yes, in terms of the special inspections.

MR. TAYLOR: Those things that were merged, and then, of course, as the Commission knows, when we saw that, first of all, we said there were a couple of them that made us say, it's time and that was last January. That's when we said, we've got to go even deeper. That's why we put together the team and assigned AE-trained people to the team under Mr. Virgerio and it took us quite a bit of time to reel it in and dove into the design and engineering areas, again in selected areas.

We went from Millstone over to Adam Neck and then

we saw some of the very significant engineering issues which I think the Commission is aware of. So the call in January was a good call and we might have made it sooner.

. 78

COMMISSIONER DIAZ: I just need to correct that really our inspectors, senior and resident inspectors, really were never focused on the last 5 or 10 years on the design basis issues.

MR. TAYLOR: They're not trained. The design is very complicated, it's very large.

COMMISSIONER DICUS: Absolutely.

MR. TAYLOR: As I think the Commission is aware and we shifted to a more operational program. We'd pick up odds and ends of these kinds of things, but not vectored to that area and that was a mistake. We're seeing again that we need to spend time and that's why we issued the 50.54(f) letter because we can't cover all of that.

CHAIRMAN JACKSON: Do you think that shift in focused, coupled with, as you say, it takes special expertise.

MR. TAYLOR: It does. That's my experience.

CHAIRMAN JACKSON: Made us, in a certain sense, vulnerable to falling back on looking at the program as opposed to coming after the program.

MR. MIRAGLIA: I think the way we looked at the program is for it to reveal itself in some way in either operability calls or failed surveillances and we got into it in that reactive way as opposed to a systematic proactive, would be a characterization of that issue.

. 79

COMMISSIONER ROGERS: Let me just bring something in here. You mentioned earlier the percentage of time that goes to the core inspections and the 67 percent for that and so on. Now, if the focus there is on operational questions, we still then are not hitting the engineering design problems.

MR. TAYLOR: We are with new special inspection teams that we've created.

COMMISSIONER ROGERS: Yes, but that has to be a conscious decision -- you have to fold that consciously into your total inspection program.

MR. TAYLOR: Right.

MR. MIRAGLIA: What we're doing now is we're looking at the special emphasis inspection areas to try to do that, not add that burden to perhaps the residents.

COMMISSIONER ROGERS: Oh, yes.

MR. MIRAGLIA: I think we all agree the residents is an area that has to be addressed.

CHAIRMAN JACKSON: And folding that into the overall assessment.

MR. MIRAGLIA: Yes.

CHAIRMAN JACKSON: Okay.

MR. BORCHARDT: Slide 20, please, lists the four SALP functional areas.

[Slide.]

. 80

MR. BORCHARDT: The only point I'll make on this slide is that the safety assessment quality verification is an important subject that is discussed in the SALP report cover letter and is an integral part of each of the other four SALP functional area.

MR. TAYLOR: I might say, the engineering has always been engineering support ops largely in that area. That's not engineering as executed by design.

COMMISSIONER ROGERS: Right.

CHAIRMAN JACKSON: Did you look carefully at the linkages between maintenance and engineering?

MR. BORCHARDT: The inspection program spends a considerable amount of effort looking at that interaction. The system engineers are in frequent contact with the resident inspector staff, so it's something that's assessed almost continually.

CHAIRMAN JACKSON: Okay.

MR. BORCHARDT: That concludes the staff's presentation.

CHAIRMAN JACKSON: We've been quite active in asking you questions. Are there any follow-on questions.

COMMISSIONER ROGERS: Yes. There's a lot of little ones and I'm not going to give them to you, but back in 1993 when we changed the SALP program, ACRS made some recommendations and we sent it back to ACRS and so on and so

. 81

forth.

One of the letters said that "The staff plans to conduct a public meeting after about two years experience with the new program." Did we do that? Did we have a public meeting? I'm not talking about public meetings associated with a SALP, an individual plant SALP evaluation. I'm talking about a public meeting to review the changes in the SALP program that came about in 1993.

MR. BORCHARDT: I'm not aware of a public meeting, but there was a Federal Register request for comments on the SALP changes in the SALP program that had been made, so that public comments were received, public and industry comments were received on the SALP program as a result of that.

COMMISSIONER ROGERS: What happened to those comments?

MR. BORCHARDT: They were analyzed and there is, I believe, a Commission paper that provided a summary of the comments.

COMMISSIONER ROGERS: Okay, that is how it was dealt with?

MR. BORCHARDT: Yes.

COMMISSIONER ROGERS: Okay.

CHAIRMAN JACKSON: Any other questions?

COMMISSIONER ROGERS: No.

CHAIRMAN JACKSON: Commissioner Dicus?

COMMISSIONER DICUS: What changes do you envision the SALP program to assess licensee performance with respect to design basis issues?

MR. MIRAGLIA: That's a matter that we're looking at right now in the context of the design inspections and the responses to the 50.54(f) letters. I think that's going to suggest additional needs. I think that we've certainly identified a need to do something and we have steps underway. I think as that data is analyzed and we have some inputs and some experience from that, I think it will be focused.

In terms of our dialoging between headquarters and the residents and the regions, we've identified a need to have the residents be more sensitive to that, that our project managers need to articulate what the important issues and design parameters perhaps are, and to try to get some way of identification of those issues and then develop appropriate training and significance and issues like that. So we've got a number of corrective measures underway, some short term, some longer term to try to address that type of issue.

I think that will manifest itself in the SALP process, but I don't think we've really figured out exactly how yet.

MR. BORCHARDT: There's two basic approaches we're

considering. One is to just have it go into the existing engineering function because there's a limited number being done each year in combination with the SALPs which are only conducted every 18 to 24 months typically, or just those plants that have special inspections have a supplement to the SALP report. We haven't made any decision yet.

CHAIRMAN JACKSON: Commissioner Diaz?

COMMISSIONER DIAZ: When we were talking about the SALP and minimally satisfactory and so forth, everybody keeps moving their hands which is a favorite method of mine to make speeches. It avoids a number of words.

I was looking at it's acceptable here and it's acceptable right and I was looking at the hand and the hand can actually move forward. It depends on where you put your hand. How do we know where they are? What is the standard?

MR. MIRAGLIA: I think that's a key question that the agency has been dealing with for a long time, how safe is safe enough and the real issue, in my mind, is that it's not a pipeline in the sand and it's a band, it's overlapping bands, perhaps, as Commissioner Rogers alluded to, in terms of the broad categories, so it's very difficult to draw that bright line and say, here versus here.

I think there is a certain amount of judgment that's in there and I don't know how to answer that any better than that at this point.

MR. TAYLOR: That's how the words reasonable assurance have been coined.

COMMISSIONER ROGERS: Adequate protection.

MR. TAYLOR: Yes.

COMMISSIONER DIAZ: Which is extremely broad to define.

MR. TAYLOR: Yes, it is.

COMMISSIONER DIAZ: Which would lead me to the next question. We talk a lot about risk in from and risk phases, how are we making this risk assessment more and more to bear into maybe an integral and satisfactory way to the NRC of determining what is the level of performance.

MR. MIRAGLIA: I think that we have an overall plan for doing that, the Commission has looked at it. It's an incremental approach and it's going to take time, in my view, to go and transition from a deterministic kind of process that has evolved over 30 or 40 years to go a fully risk-based, risk-informed and we have a transition.

We're looking at various elements, we're trying to get it, as Bill indicated, into the inspection program by training residents and inspectors in terms of providing them with broad skills, looking at specific senior reactor analysts to get that skill out there, and then we're looking at how to improve the regulations in that kind of context as well.

So we have a broad-based program for doing it and I think it's going to happen over time.

COMMISSIONER DIAZ: Could we make some reasonable decisions, a stepwise approach rather than a continuum? We don't need to be there -- we cannot be there overnight, but if we were to make some stepwise decisions, say this is what we know now and apply it, take the chance.

MR. MIRAGLIA: I think that is what we're attempting to do in the context of the PRA Implementation Plan. We've done it with the maintenance rule and there's four other areas that we're looking at and discussing with the Commission and dialoging with the Commission. We're looking for those incremental steps over small, bite-size areas.

COMMISSIONER DIAZ: Is the senior reactor analyst really an integral part of that?

MR. MIRAGLIA: It's part of the implementation plan. Has anyone completed --

MR. BORCHARDT: They are almost completed.

MR. MIRAGLIA: They are returning to the regions and so it was a development program that was started about two years ago and we're actually putting that expertise in the field so they can have those insights.

CHAIRMAN JACKSON: Have you clearly defined for yourselves, if I can just interrupt for a minute, but as an

add-on, what those senior reactor analysts are going to do in the region, are really going to inform and be a part of the assessment processes that are used?

MR. BORCHARDT: We had a meeting last week with them in fact. They are just about at the completion of this year-long training cycle and they have a lot of ideas on what they should do and how they should do it.

We're in the process right now of trying to gather their thoughts and coming up with a coherent approach to how they could be used in both the inspection planning and the results of the inspection activities.

The one thing we know we can't afford to do because there are only two per region is to send them out on every inspection, so we want to use them where they can be of the most benefit to the overall program. That's something we're just in the relatively early stages of putting together now.

They had, I think, very valuable training experience and have a lot of ideas on how they might best be used.

COMMISSIONER ROGERS: If I could ask, you're linking them into the plant issues matrix? It seems to me that's where they are needed?

MR. BORCHARDT: Absolutely. I think one area where they had agreement last week was that at least one of

them in each region should attend each and every PPR session which is where the plant issue matrix is most formally discussed.

COMMISSIONER DIAZ: I have a series of questions but not to be a grinch, I'll put them in writing and send them over.

CHAIRMAN JACKSON: Commissioner McGaffigan?

COMMISSIONER McGAFFIGAN: No.

CHAIRMAN JACKSON: I'd like to thank the staff for a very informative briefing. You've presented a great deal of information to us on the NRC's Assessment Program and the

SALP process. What you've presented will serve as a foundation for our future efforts in the area, a number of which you've described.

As I alluded to in my opening comments, I believe that improvements to these processes are critical to our future success in regulating the nuclear power industry. In this regard, based on our discussion today, I would like to ask the staff as you're considering potential assessments to our own assessment program, specifically the SALP, that perhaps at a follow-on briefing at a date to be determined, you could present us with what you're doing, your recommendations for first, improving the timeliness and sensitivity of our assessment capabilities, enhancing our ability to identify declining performance earlier. You know

that's always the focus.

Secondly, increasing the objectivity of our assessments by sharpening perhaps more the distinction between the various SALP categories and defining when a clear transition is made between them.

Third, more clearly distinguishing between acceptable and unacceptable performance.

Fourth, a better integration of available data; that if one, for the moment, accepts the pyramid -- and I agree with Commissioner Diaz's comments -- that if we can get some better insight into how information at one level of the pyramid currently feeds into another, or put another way, how the use of the criteria in one area or one level is fed by information from the previous levels or assessments at the earlier levels.

Fifth, how the design basis focus will be better incorporated into the SALP and other assessment processes.

Sixth, based on the discussion we just had, how to better increase the use of risk insights in assessments. For example, we talked about the plant issues matrix, but also how it tracks into enforcement space.

If my fellow Commissioners have no further comments, we're adjourned.

[Whereupon, at 4:03 p.m., the briefing was adjourned.]