

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

\*\*\*

BRIEFING ON OPERATING REACTORS AND FUEL FACILITIES

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PUBLIC MEETING

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

Wednesday, July 29, 1998

The Commission met in open session, pursuant to notice, at 2:05 p.m., the Honorable SHIRLEY A. JACKSON, Chairman, presiding.

COMMISSIONERS PRESENT:

- SHIRLEY A. JACKSON, Chairman of the Commission
- NILS J. DIAZ, Member of the Commission
- EDWARD McGAFFIGAN, JR., Member of the Commission

STAFF AND PRESENTERS SEATED AT COMMISSION TABLE:

- JOHN C. HOYLE, Secretary
- KAREN D. CYR, General Counsel
- JOSEPH CALLAN, Executive Director for Operations
- ANNETTE L. VIETTI-COOK, Assistant Secretary
- DR. CARL PAPERIELLO, Acting Region III Administrator
- HUBERT MILLER, Region I Administrator
- LUIS REYES, Region II Administrator
- JIM DYER, Deputy Region IV Administrator
- SAMUEL COLLINS, Director, NRR
- DR. MALCOLM KNAPP, Acting Director, NMSS

P R O C E E D I N G S

[2:05 p.m.]

CHAIRMAN JACKSON: Good afternoon.

I am pleased to have senior agency managers including the regional administrators here today to brief the Commission on the results of the July, 1998 Senior Management Meeting. The Senior Management Meeting provides for selected plants an opportunity for all of the agency's Senior Managers to review the results of the latest systematic assessment of licensee performance, the most

11 recent plant performance review and various indicators that  
12 are not directly associated with the regional inspection  
13 program.

14 The purpose of the NRC assessment processes is to  
15 identify adverse trends in licensee performance well before  
16 the point at which a facility becomes unsafe to operate  
17 under existing legislation and regulation.

18 With this purpose in mind, I would request that  
19 all of you in attendance today consider what you hear in the  
20 proper context. That is, that the plants to be discussed  
21 have been or will be the subject of increased agency  
22 attention, not because of an existing threat to the public  
23 health and safety but because of negative performance trends  
24 that could lead to challenges to safety if not corrected.

25 The agency uses different regulatory methods to

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1 assess situations of immediate threats to public health and  
2 safety. Additionally, these plants continue to be subject  
3 to this increased scrutiny until they have demonstrated  
4 sustained improvement as evidenced by performance measures.

5 The Staff at the direction of the Commission has  
6 been evaluating the NRC assessment processes for a couple of  
7 years now. We have implemented significant improvements  
8 over the past two years. For example, the last three Senior  
9 Management Meetings have been affected by changes to the  
10 information reviewed and the structure in which it is  
11 evaluated as well as by changes in the roles and  
12 responsibilities and involvement of the various Senior  
13 Managers.

14 Future changes already set to take effect include  
15 the switch of the meeting from a biannual to an annual  
16 frequency. Even more fundamental changes currently are  
17 being planned, in part because of continuing weaknesses that  
18 we had already planned to address and in part due to recent  
19 interactions with some of our stakeholders.

20 Now that I have reviewed some aspects of the  
21 assessment process, let me turn to the read purpose of  
22 today's meeting, which is a discussion of the results --  
23 unless my colleagues have comments.

24 [No response.]

25 CHAIRMAN JACKSON: Mr. Callan, please proceed.

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1 MR. CALLAN: Thank you, Chairman Jackson, and good  
2 afternoon Chairman and Commissioners.

3 With me at the table this afternoon are the  
4 Director of NRR, Sam Collins; the Acting Director of NMSS,  
5 Dr. Mal Knapp; Regional Administrator from Region I, Hub  
6 Miller; the Regional Administrator from Region II, Luis  
7 Reyes; the Acting Regional Administrator from Region III,  
8 Dr. Carl Paperiello -- who, by the way, will be returning to  
9 NMSS as its Director effective next Monday; and Jim Dyer,  
10 the Deputy Regional Administrator, Region IV.

11 Chairman, as you stated, our purpose here today is  
12 to brief the Commission on the results of the Senior  
13 Management Meeting that was held in Region III in Chicago  
14 two weeks ago. As is our usual practice, Sam Collins, the  
15 Director of NRR, will follow me and will briefly discuss the  
16 process outlined in Management Directive 8.14, which is the  
17 governing procedure for the Senior Management Meeting  
18 process. He will focus, emphasize the continuing  
19 enhancements to the process as well as the initiatives that  
20 we current have underway.

21 Then, following Sam, the Regional Administrators  
22 will conduct their briefings on the specific facilities that

23 the agency has acted upon as a result of the meeting -- and  
24 with that, Sam?

25 MR. COLLINS: Thank you, Joe. Good afternoon,

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1 Chairman, Commissioners.

2 As previously stated, the Senior Management  
3 Meeting process has two fundamental purposes. The first is  
4 to identify a potential problem, performance and adverse  
5 trends before they become actual safety events. The second  
6 is to effectively utilize agency resources by allocating  
7 those resources in the oversight of operating reactor safety  
8 on a graded basis.

9 To accomplish these objectives an integrated  
10 review of plant safety performance is conducted using  
11 objective information such as plant-specific inspection  
12 results, operating experience, probabilistic risk insights,  
13 systematic assessment of licensee performance, performance  
14 indicators, trend charts and enforcement history as  
15 examples.

16 Special attention is given to the effectiveness of  
17 licensee self-assessments and particularly the effectiveness  
18 of corrective actions. Our objective is to identify  
19 facilities whose performance requires agency-wide close  
20 monitoring and oversight. As a part of the process we also  
21 discuss planned inspection activities, NRC management and  
22 oversight, and allocation of resources for those plants that  
23 are brought to the Senior Management Meeting itself.

24 Before presenting the results, I would like to  
25 briefly review the changes, as Joe indicated, to the Senior

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1 Management Meeting process that have recently been  
2 implemented to make it more effective.

3 As with the previous 1998 January Senior  
4 Management Meeting, as well as the May and June screening  
5 meetings, they were conducted with wider participation by  
6 Senior Agency Managers including Directors of Office of  
7 Investigation, Office of Enforcement, the Office of Analysis  
8 and Evaluation of Operational Data, as well as Regional  
9 Administrators and myself.

10 Representatives were also there to discuss the  
11 allegations process.

12 As Chair of the screening meetings, I actively  
13 solicited inputs of all participating managers. Any one  
14 participant at the screening meeting could individually  
15 designate a plant to be moved on to the Senior Management  
16 Meeting for discussion. It was understood that any plant  
17 that was taken to the Senior Management Meeting process  
18 would be considered eligible to be given some agency action  
19 such as given a trending letter or being placed on the Watch  
20 List.

21 Trends charts were developed through the office of  
22 AEOD and the IPE and event risk insights were also provided.  
23 These were available at the screening meetings and used  
24 along with other objective data in selecting discussion  
25 plants.

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1 Economic data was available as background  
2 information at the screening meetings but it was not used as  
3 part of the decision-making process during the discussion at  
4 the Senior Management Meeting itself.

5 Trend plots were used in a similar manner during  
6 the Senior Management Meeting. Plant performance trends  
7 were discussed. Current trends and underlying data were

8 explored in detail. This ended up being the greatest  
9 advantage of the use of trend plots.

10 Tim Martin of AEOD explained the trend plots,  
11 identified the patterns of events that were driving trends.  
12 The value of the trend plots came from looking at the  
13 dominant events that were driving the trends.

14 Understanding the significance of those events and  
15 the underlying causes, whether they were  
16 licensee-identified, self-revealing or NRC-identified was  
17 taken into consideration. In some cases the events that  
18 were driving the trend plots were identified as positive  
19 indicators of performance because they were  
20 licensee-identified and corrected in a timely manner.

21 At the Senior Management Meeting risk insights  
22 from Research, the Office of Research, and AEOD were  
23 utilized during the Day 1 discussions and used extensively  
24 to review the appropriateness of Senior Management Meeting  
25 voting results on Day 2.

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1 In addition to these previously mentioned trend  
2 plots, we continued to enhance the pro/con charts and Watch  
3 List removal matrix as further improvements by providing  
4 additional guidance on how to prepare the charts for  
5 uniformity -- including guidance on what information should  
6 be referenced to support the specific pro/con argument for  
7 proposed agency action at a facility.

8 The pro/con charts and the removal matrices were  
9 provided to meeting participants prior to the management  
10 meeting along with the basis for discussion and supporting  
11 information.

12 For future Senior Management Meetings we plan to  
13 continue incorporating changes as they are identified to the  
14 process and as they become available we will test them for  
15 implementation.

16 The ongoing interaction with NEI and other  
17 stakeholders will additionally provide valuable input to  
18 future revisions to this process.

19 I would next like to summarize the overall results  
20 of the Senior Management Meeting.

21 CHAIRMAN JACKSON: Yes, please.

22 COMMISSIONER McGAFFIGAN: I would like to ask a  
23 question --

24 MR. COLLINS: Certainly.

25 COMMISSIONER McGAFFIGAN: -- with regard to trying

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1 to place the Senior Management Meeting in the context of the  
2 other activities we do in the assessment area.

3 As you said at the outset, a goal is to figure out  
4 how to allocate agency resources and that is resources that  
5 require -- that are quite intense but could you explain  
6 briefly how the PPR, which as I understand it is a regional  
7 tool, feeds into this, because in the PPR we will tweak an  
8 inspection program for a licensee that doesn't -- that isn't  
9 going to be discussed or whatever and it makes small  
10 adjustments in our resources based on where we think that  
11 they are going to be most productively used.

12 I guess I would also like to know how much the PPR  
13 process is already getting integrated or into the Senior  
14 Management Meeting process so it isn't -- they are two  
15 separate processes or whether that is still a  
16 work-in-progress, because it struck me that all these PPR  
17 letters went out with their attached plant issues matrices  
18 about the same time that you were having the screening  
19 meeting, so there's certainly a fortuitous -- I hope people

20 didn't have to produce two pieces of paper for purposes of  
21 the screening meetings.

22 MR. COLLINS: Right. Just for a point of  
23 clarification, Commissioner McGaffigan, the Senior  
24 Management Meeting process allocates agency resources that  
25 are not typically considered during the quarterly or the

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1 semi-annual reviews or as a result of the SALP process,  
2 although the SALP process can be an exception to that.

3 The types of actions that would result from a  
4 Senior Management Meeting would be a diagnostic inspection.  
5 In the case of Indian Point, for example, in the January  
6 timeframe, Hub Miller, the Regional Administrator of Region  
7 I was tasked with providing additional insights in the  
8 operating area by what we call an OSTI, the Operational  
9 Safety Team Inspection, and then in communication with the  
10 licensee they agreed to do a joint effort in that regard, so  
11 there is a hierarchy, if you will, of efforts.

12 The PPR process, which allocates regional  
13 resources, and those expertises from other regions or  
14 headquarters as are necessary to conduct the regional  
15 program, is an ongoing process. That is really not affected  
16 by the Senior Management Meeting process unless the Senior  
17 Managers take an action which overlays or preempts some of  
18 their preplanned inspection.

19 An example might be that at Indian Point with the  
20 conduct of the Operational Safety Team Inspection, Hub and  
21 his Managers in Region I might decide that that could  
22 preempt some of the operations inspections that were  
23 pre-scheduled, so this --

24 COMMISSIONER MCGAFFIGAN: What I am suggesting  
25 though is that the PPR process presumably informs the

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1 Regional Administrators as they come to the screening  
2 meetings and they don't need separate information. They may  
3 get some separate information but that provides the base on  
4 which they then build, as you go forward to decide --

5 MR. COLLINS: That's right.

6 COMMISSIONER MCGAFFIGAN: -- whether these  
7 agency-level resources have to be applied in a particular  
8 circumstance.

9 MR. COLLINS: That's correct -- but there are  
10 limits to the routine inspection program, however --

11 COMMISSIONER MCGAFFIGAN: Right, I understand  
12 that.

13 MR. COLLINS: -- which the subsequent actions are  
14 meant to reach to.

15 MR. MILLER: But to one of your other questions,  
16 as an implementor I can say that we have done better over  
17 the several cycles now of integrating the PPR piece with the  
18 screening meeting and the Senior Management Meeting and so  
19 that the amount of paper that has to be developed, the  
20 number of revisions that have to be done by the Staff, which  
21 can sap the Staff if it is not tightly connected -- we are  
22 doing much better at that and in fact the meetings are  
23 sequenced to avoid having to go back and except as there is  
24 a big change make a lot of revisions.

25 CHAIRMAN JACKSON: Good.

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1 COMMISSIONER MCGAFFIGAN: That is what I was  
2 getting at.

3 MR. COLLINS: I think the particular benefit is  
4 the results of the PPRs and particularly the PIMS I used as

5 a major focus during the screening meetings.  
6 COMMISSIONER MCGAFFIGAN: Right. That is what I  
7 was hoping for.  
8 MR. COLLINS: Thank you.  
9 I would like to proceed and briefly summarize the  
10 overall results of the recent Senior Management Meeting,  
11 after which the Regional Administrators will discuss the  
12 facilities that we have taken action as a result of the most  
13 recent Senior Management Meeting itself.

14 May I have Slide 2, please.  
15 Slide 2, which shows Category 1 facilities,  
16 please. Okay.  
17 CHAIRMAN JACKSON: That's it.  
18 MR. COLLINS: Category 1 is for plants that are  
19 removed from the NRC Watch List, Crystal River from Region  
20 2; Salem 1 and 2, Region 1; and Dresden 2 and 3, Region 3,  
21 were removed from the Watch List during the July 1998 Senior  
22 Management Meeting.

23 Management Directive 8.14 requires that plants  
24 placed in Category 1 be reviewed at the next two Senior  
25 Management Meetings. In this regard, Indian Point 3 was  
14  
1 placed in Category 1 status during the June 1997 Senior  
2 Management Meeting. As such, was discussed for the second  
3 or last time at this meeting, and will not be discussed in  
4 the future.

5 CHAIRMAN JACKSON: Yes.  
6 COMMISSIONER MCGAFFIGAN: A technical question.  
7 Last month, when we told you to go to an annual Senior  
8 Management Meeting, we weren't considering details like that  
9 fact that in the past when you had six month meetings, there  
10 was this requirement in Management Directive 8.14 to look at  
11 the next two. Should we considering changing the  
12 periodicity --

13 MR. COLLINS: Yes.  
14 COMMISSIONER MCGAFFIGAN: -- to have it?  
15 MR. COLLINS: Yes.  
16 COMMISSIONER MCGAFFIGAN: I mean if we are going  
17 to go to annual.  
18 MR. COLLINS: Yes. There will be cascading  
19 revisions down through the Management Directive.

20 COMMISSIONER MCGAFFIGAN: Okay. And you intend to  
21 propose to us or just do them on your own?

22 CHAIRMAN JACKSON: That's their directive.  
23 COMMISSIONER MCGAFFIGAN: Okay.  
24 MR. COLLINS: The Management Directive will be  
25 revised to be consistent with Commission direction as a  
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1 staff effort. If there's new policy as a result of that,  
2 certainly, that will be brought to the Commission.

3 CHAIRMAN JACKSON: Right.  
4 COMMISSIONER MCGAFFIGAN: Okay.  
5 COMMISSIONER DIAZ: And so, let me see, for the  
6 sake of time, the only difference between a category plant  
7 and plants that have never been on the Watch List is just  
8 this additional review. But that will be that taking place  
9 sometime and no other -- there is no other difference  
10 between a category plant and a plant that has never been on  
11 the Watch List?

12 MR. COLLINS: The Category -- you are speaking of  
13 Category 1, Commissioner Diaz?

14 COMMISSIONER DIAZ: As far as -- that's right.  
15 MR. COLLINS: Yes. The purpose of designating a  
16 Category 1 facility is to continue to monitor the plant to

17 ensure that the improvement trends are --  
18 CHAIRMAN JACKSON: Sustained.  
19 MR. COLLINS: -- sustained. That does not cascade  
20 down into the inspection program, other than what the  
21 Regional Administrators deem is appropriate to continue to  
22 follow plant issues. In all other aspects, other than an  
23 update discussion at the Senior Management Meeting, it is  
24 handled as a normal facility.  
25 COMMISSIONER DIAZ: But they are not in the Watch

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1 List?  
2 MR. COLLINS: Correct.  
3 COMMISSIONER DIAZ: That's correct. Right. Okay.  
4 MR. COLLINS: Slide 3, please. Category 2  
5 facilities are those whose operation is closely monitored by  
6 the NRC. LaSalle, Units 1 and 2 and Clinton remain Category  
7 2 facilities. Millstone 3, having received permission from  
8 the Commission to restart previous to the Senior Management  
9 Meeting was moved from Category 3 to Category 2 status prior  
10 to the Senior Management Meeting.  
11 Slide 4, please. Category 3 facilities are plants  
12 that are shut down and require Commission authorization to  
13 operate and that the staff closely monitors.  
14 As directed by SRM 98-174, July 22nd, 1998,  
15 because Millstone Unit 1 has indicated their intent to  
16 permanently shut down, the Millstone 1 plant was  
17 administratively removed from Category 3 status. Millstone  
18 Unit 2 remained in Category 3 status at this time.  
19 As the Commission is aware, the next quarterly  
20 meeting on Millstone will be held in October of 1998.  
21 Slide 5, please.  
22 CHAIRMAN JACKSON: That is currently scheduled?  
23 MR. COLLINS: Yes, currently scheduled. Correct.  
24 Those dates have moved before.  
25 D.C. Cook, Units 1 and 2 were identified at the

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1 Senior Management Meeting as requiring a Trending Letter. A  
2 Trending Letter for Quad Cities was previously issues as a  
3 result of the January 1998 Senior Management Meeting and  
4 remains in effect at this time.  
5 Slide 6, please. There were no plants which  
6 demonstrated that adverse trends had been corrected. As I  
7 previously stated, the Trending Letter remains in effect for  
8 Quad Cities as a result of that review.  
9 At this time, unless there's further questions, I  
10 would like to proceed to Hub Miller, the Region 1 Regional  
11 Administrator who will discuss Millstone and Salem.  
12 CHAIRMAN JACKSON: Why don't you mention Slide 7  
13 while you are at it?  
14 MR. COLLINS: We'll come to Slide 7 at the --  
15 MR. CALLAN: This is the priority materials  
16 facilities.  
17 CHAIRMAN JACKSON: There were none.  
18 MR. CALLAN: There were none. I'll mention it.  
19 MR. COLLINS: Okay. That's over.  
20 We were going to have a little suspense and leave  
21 it to the end of the briefing.  
22 CHAIRMAN JACKSON: Oh, I see. Okay. Sorry.  
23 MR. COLLINS: If there's no further questions, I  
24 would ask Hub Miller to proceed.  
25 MR. MILLER: Okay. I'll start with Salem. Salem

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1 was first discussed during Senior Management Meetings in

2 1990 and '91. Significant problems resurfaced and the plant  
3 was discussed again at the June 1994 meeting, and it has  
4 been discussed at every management meeting since.

5 In 1995 both units were shut down by Public  
6 Service Gas & Electric for extended repairs and corrective  
7 actions. In January 1997, Salem was designated a Category 2  
8 Watch List facility, and while progress was being made by  
9 the licensee at that time, the Watch List designation was  
10 considered to be appropriate, given the significant and  
11 longstanding nature of problems that were being addressed by  
12 the licensee and the fact that increased agency monitoring  
13 of the facility commensurate with Watch List status was  
14 actually occurring.

15 Since the last Senior Management Meeting, Public  
16 Service completed a comprehensive test program and  
17 successfully restarted and operated Unit 1. At the same  
18 time operation of Unit 2, which was restarted in August of  
19 last year, continued to be good. This successful operation  
20 of both units, and our inspection of supporting activities,  
21 provide evidence that Public Service has substantially  
22 corrected the weaknesses and underlying root causes that led  
23 to previous performance problems at the Salem station.

24 Plant material condition, safety culture and  
25 management oversight have substantially improved. The

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1 management team has set high standards for performance and  
2 Public Service has provided the resources to make needed  
3 improvements. Safety oversight and self-assessment  
4 processes at the site are strong.

5 While the maintenance backlog remains high, Public  
6 Service has demonstrated an understanding of its individual  
7 and cumulative effects and has set appropriate priorities  
8 for the work needed to resolve it. Steps have been taken to  
9 improve station work control processes. The engineering  
10 organization, as well as dealing with large backlogs that  
11 resulted from aggressive discovery efforts during the  
12 outage, is providing good technical support to the station.

13 In summary, licensee actions have been in  
14 improving the operational safety performance of Salem Units  
15 1 and 2. Senior managers determined that all criteria in  
16 the Watch List removal matrix have been met, and that an  
17 enhanced level of regulatory monitoring is no longer  
18 warranted.

19 CHAIRMAN JACKSON: Let me ask you two questions.  
20 What is the status of the corrective action program,  
21 particularly in terms of the plant staff's assessment of the  
22 significant of identified deficiencies that are found?

23 MR. MILLER: Well, I think even before the startup  
24 of the first unit, we faced the question of what was in that  
25 backlog, the backlog of corrective actions, and had to make

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1 a judgment about whether the number or the nature of the  
2 issues that were there would give reason to object to  
3 startup. So we made that judgment in connection with the  
4 startup of Unit 1 and then again on Unit 2. And it is our  
5 conclusion that what is left is not of significance, either,  
6 again, individually or cumulatively.

7 CHAIRMAN JACKSON: Okay. But the real issue has  
8 to do with -- the real question was not were the issues  
9 significant, but the performance of the staff in assessing  
10 the significance?

11 MR. MILLER: Are you talking about their staff or  
12 ours?

13 CHAIRMAN JACKSON: Their staff.



14 MR. MILLER: Their staff. Well, my sense is that  
15 they have done a good job of understanding their backlog.  
16 And, in fact, in both of the operational safety inspections  
17 that we did prior to restart of both units, their readiness,  
18 restart readiness inspections, we drew the conclusion that  
19 they had a better than average grasp of the backlog. And  
20 while it was large --

21 CHAIRMAN JACKSON: When you say grasp of the  
22 backlog, you mean grasp of the significance?

23 MR. MILLER: Of its significance. They understood  
24 what was in it.

25 CHAIRMAN JACKSON: Okay. That's what I am asking.

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1 MR. MILLER: And they had things prioritized and  
2 plans and the backlog is coming down.

3 CHAIRMAN JACKSON: Okay. And so you have  
4 mentioned that. But given our ongoing inspection efforts,  
5 are there any particular focus areas that we plan to have to  
6 ensure that the current trends, good trends continue?

7 MR. MILLER: I think that I highlighted them, the  
8 backlogs.

9 CHAIRMAN JACKSON: The backlogs.

10 MR. MILLER: I mean just making sure that they in  
11 fact follow through now. I mean the -- I was down there, in  
12 fact -- Sam was with me, in fact, at the site about a month  
13 ago, and then I returned several weeks after that, and the  
14 backlogs are coming down. But we will watch that.

15 CHAIRMAN JACKSON: Okay. And thank you.

16 MR. MILLER: The second plant is Millstone. The  
17 Millstone Units were first discussed at the June 1991 Senior  
18 Management Meeting and have been discussed at every meeting  
19 since. Subsequent to the June 1996 meeting, the Commission  
20 designated Millstone a Category 3 facility requiring  
21 Commission approval of restart of the units which were shut  
22 down at that time.

23 Because of the extensive recent reviews of  
24 Millstone performance which preceded the startup of Unit 3,  
25 discussion of the facility at the senior management meeting

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1 was limited. Senior managers took note of the information  
2 that was developed in connection with the lengthy Commission  
3 meetings of May 1 and June 2 and supporting Commission  
4 papers prepared by the staff.

5 As the Commission of course is aware, these  
6 reviews revealed that Northeast Utilities made sufficient  
7 progress to warrant the restart of Unit 3. Improvements  
8 were made in the area of employee concerns and development  
9 of a safety-conscious work environment. Unit 3 licensing  
10 and design basis discrepancies were effectively identified  
11 and resolved, and a sound configuration management process  
12 was established. Improvements were noted in self-assessment  
13 activities in the licensee's corrective action program.  
14 Significant progress was made in the conduct of operations  
15 procedure, quality and adherence, operator training and  
16 material condition.

17 Unit 3 restarted on June 30 and reached full power  
18 on July 14, and overall our assessment is that equipment and  
19 personnel performance during startup and power ascension  
20 testing was good. Subsequent operations at power have  
21 continued to be handled in a well-controlled, conservative  
22 manner by operators.

23 Given the very brief time since startup, however,  
24 the senior managers decided an additional period of

25 monitoring was needed. Unit 3 remains a Category 2 plant.

23

1 And as Sam said, we did not consider the status of Units 1  
2 and 2, given their Category 3 status or standing on the  
3 watch list. And since the senior management meeting the  
4 licensee has announced plans to permanently cease operation,  
5 and on that basis, it has been removed from the list  
6 administratively.

7 CHAIRMAN JACKSON: Have human resources been  
8 shifted from Unit 3 to Unit 2?

9 MR. MILLER: It's my understanding that they have  
10 been shifted back. I don't -- I'm going to make my first  
11 visit to the site in several weeks, but clearly the shift of  
12 resources from Unit 2 to Unit 3, which was done prior to  
13 restart, that was made, and I believe that that's now, you  
14 know, being reversed, and that the resources are now being  
15 applied to Unit 2.

16 MR. COLLINS: We explored that question. We had  
17 an update meeting the other day, Chairman, on the status of  
18 the ICAVP program, and Gene Embro answered that question for  
19 me, and he indicated that the resources had previously been  
20 shifted from Unit 3 to Unit 2 to provide for the ongoing  
21 support for that independent review.

22 CHAIRMAN JACKSON: Given that the Commission  
23 directed that Little Harbor Consultants should remain for  
24 now, how are we interfacing with them vis-a-vis Unit 3 in  
25 terms of ensuring that things continue to move along?

24

1 MR. MILLER: That's a piece that will remain with  
2 Sam. I don't know if you want to take a first shot at that.

3 MR. COLLINS: Yes. We are transitioning, as you  
4 know, based on Commission direction, to a more normalized  
5 organization for oversight of the Millstone facilities, and  
6 there's a Commission paper which is addressing that specific  
7 organization shift. We would intend to provide for  
8 oversight of Little Harbor in the safety-conscious work  
9 environment and the Employee Concerns Program as a part of  
10 the licensing reviews that we perform. That will come under  
11 Mr. Bill Dean, which will report to the line organization up  
12 through the NRR office.

13 CHAIRMAN JACKSON: Okay.

14 MR. MILLER: But I expect also as a by-product of  
15 every inspection we're doing up there, even out of the  
16 region, we'll be gauging how effective those efforts have  
17 been.

18 COMMISSIONER DIAZ: Is there any decision being  
19 made or has a preliminary decision been made on how long  
20 Little Harbor needs to remain at Unit 3?

21 MR. COLLINS: If I recall correctly, I may be  
22 corrected here, I believe it's a six-month period that we  
23 indicated was necessary just to ensure that the area had  
24 been stabilized and that the trends that we saw that  
25 resulted in the restart decision were sustained over that

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1 period of time.

2 COMMISSIONER DIAZ: That's correct. But that's  
3 still the number.

4 MR. COLLINS: Yes.

5 COMMISSIONER DIAZ: About.

6 MR. COLLINS: Yes.

7 CHAIRMAN JACKSON: Okay.

8 MR. CALLAN: Chairman, I would like to add, since  
9 we got on the subject, I didn't intend to bring this up, but  
10 Hub Miller, who just made the presentation, in this proposal

11 that Sam mentioned to you that's before the Commission,  
12 would replace Bill Travers as the senior executive  
13 responsible for the Millstone site, which is the normal  
14 arrangement, to have the regional administrators.

15 MR. COLLINS: That concludes the remarks on Region  
16 I. If there's no more questions, I'd like to proceed with  
17 Luis Reyes, the Region II regional administrator, who will  
18 discuss Crystal River.

19 MR. REYES: Thank you, Sam.  
20 Chairman Jackson, Commissioners, I'll be  
21 addressing Crystal River.

22 Declining performance at Crystal River was first  
23 discussed during the June 1996 senior management meeting.  
24 Performance concerns at Crystal River previously discussed  
25 involve Florida Power Corporation's handling of several

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1 design issues, nonconservative interpretation of NRC  
2 regulations, and weaknesses in operator performance,  
3 corrective actions, and management oversight.

4 Crystal River was classified as a Category 2 plant  
5 after the January 1997 senior management meeting. At the  
6 June 1997 senior management meeting, senior NRC management  
7 acknowledged that the plant was in an extensive shutdown,  
8 that significant work was still needed before restart, and  
9 the plant remained on the watch list in a Category 2 status.

10 Since the June 1997 senior management meeting,  
11 overall performance at Crystal River improved, and Florida  
12 Power Corporation made substantive progress. The program  
13 design control, 10 CFR 50.59 evaluations, and corrective  
14 actions were inspected by the NRC and were considered  
15 adequate to support restart of Crystal River.

16 In addition, the NRC conducted team inspections in  
17 the areas of emergency operating procedures, engineering and  
18 modifications, and operational readiness with satisfactory  
19 results. The necessary license amendments were submitted by  
20 Florida Power Corporation and were reviewed and approved by  
21 the NRC.

22 At the January 1998 senior management meeting,  
23 senior NRC management acknowledged that Crystal River had  
24 made substantial progress, but the conduct of a successful  
25 startup and a successful plant operation performance remain

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1 to be demonstrated. Therefore, the plant remained in the  
2 watch list as a Category II plant.

3 Since the January 1998 senior management meeting,  
4 Crystal River conducted a successful startup, sustained  
5 operations, and has demonstrated continued performance  
6 improvement. The Crystal River management team has improved  
7 material condition, management oversight and effectiveness,  
8 and operator training. As a result, all the criteria of the  
9 NRC removal matrix have been met. Therefore, the senior  
10 managers recommend that Crystal River be removed from the  
11 NRC watch list as a Category 2 plant.

12 That concludes my remarks, and I'll entertain any  
13 questions.

14 CHAIRMAN JACKSON: Are there any performance areas  
15 that you continue to monitor more than others?

16 MR. REYES: We have the normal oversight in terms  
17 of inspections. We are putting a lot of emphasis in the  
18 operations area. During this shutdown period from '96 until  
19 the unit started up, the Agency put a lot of effort into the  
20 50.59 modifications, the walkdowns of the systems, and the  
21 corrective actions.

22           Since the plan started, we have concentrated our  
23 efforts now in the operations area. The licensee has a very  
24 proactive program to improve that area. We're supporting  
25 the schedule for additional operator licenses that's

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1 currently scheduled for January. We recently gave an exam  
2 in June which they received more licenses. So other than  
3 monitoring their operations action plan, nothing unusual.

4           CHAIRMAN JACKSON: Okay.

5           COMMISSIONER DIAZ: I remember that substantial  
6 changes are being made the last two years in the engineering  
7 organization. Could you update us on the status? Did it  
8 settle down or --

9           MR. REYES: Yes. A couple of points that are  
10 relevant. The company did a significant change on the  
11 different processes that they had for handling engineering  
12 issues, whether it was 50.59 design modifications of  
13 different levels. That remains in place, a very strong  
14 process. We have monitored that many times.

15           The outcomes of products of that process remain  
16 good. The management, the engineer skills, the inventory of  
17 skills remain very strong. They have experienced some minor  
18 losses in terms of numbers. But in terms of the quality of  
19 the products coming out and the inventory of engineering  
20 skills that they have, that remains very good.

21           CHAIRMAN JACKSON: Okay. Thank you.

22           MR. REYES: Thank you.

23           MR. COLLINS: That concludes the remarks on Region  
24 II facilities.

25           At this time I'd like to proceed with Dr. Carl

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1 Paperiello, the acting Region III regional administrator,  
2 who will discuss Zion, LaSalle, Clinton, Dresden, Quad  
3 Cities and D.C. Cook.

4           DR. PAPERIELLO: Good afternoon, Madame Chairman  
5 and Commissioners.

6           COMMISSIONER DIAZ: Are you sure you would rather  
7 not be in NMSS?

8           CHAIRMAN JACKSON: The rest of you can go home.  
9 Anyway.

10           DR. PAPERIELLO: I would like to briefly mention  
11 Zion. In January of 1998, Commonwealth Edison decided to  
12 cease operation of Zion. Since the licensee is no  
13 authorized to operate the facility, Zion was  
14 administratively removed from the Watch List.

15           Dresden. Dresden has been on the Watch List since  
16 January of 1992. Senior managers evaluated Dresden  
17 Station's performance against the Watch List removal matrix  
18 criteria, attention being given in particular to sustain  
19 successful performance.

20           Since the last Senior Management Meeting, overall  
21 plant performance has improved substantially based on  
22 indicators such as improved conduct of operations and plant  
23 material condition. However, since December of 1997, there  
24 have been six SCRAMs. We focused on these SCRAMs and  
25 debated potential insights that could be drawn concerning

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1 the overall performance of the site. We noted that safe  
2 dual unit operations had been achieved since the last Senior  
3 Management Meeting and that the SCRAMs were generally the  
4 result of historical problems.

5           CHAIRMAN JACKSON: Let me ask you a question about  
6 that.

7           DR. PAPERIELLO: Yes.

8 CHAIRMAN JACKSON: Has the licensee effectively  
9 addressed the issue of performing surveillances with  
10 half-SCRAM conditions?

11 DR. PAPERIELLO: Yes.

12 CHAIRMAN JACKSON: Which was a contributor to some  
13 of the recent trips?

14 DR. PAPERIELLO: Yes, they have.

15 CHAIRMAN JACKSON: And what have they done to  
16 effectively address the issue?

17 DR. PAPERIELLO: They have reduced the -- they  
18 have created procedures to avoid, reducing the time they  
19 spent in half-SCRAMs. They are looking at the SILs, the  
20 Service Information Letters put out by General Electric to  
21 see things that they might have overlooked. They dropped  
22 out of the BWR Owners Group SCRAM Reduction Program in 1990.  
23 They are looking at the things that they overlooked and are  
24 implementing the things that were overlooked in that  
25 program. And, of course, the continual focus on the

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1 material condition of the plant, because some of these  
2 things were related to just material condition.

3 CHAIRMAN JACKSON: Okay.

4 COMMISSIONER MCGAFFIGAN: Have they done the same  
5 thing at LaSalle? I saw in some of the startup notices that  
6 it was implied that they had, on this half-SCRAM issue,  
7 whatever, that they have pro-actively dealt with that before  
8 starting up. Is that the case? At LaSalle, with the BWR.

9 DR. PAPERIELLO: At LaSalle they have done it,  
10 yes.

11 COMMISSIONER MCGAFFIGAN: They have done it.

12 DR. PAPERIELLO: Yes. That was -- they looked at  
13 that. That was a lesson learned and we addressed that in  
14 the recent --

15 COMMISSIONER MCGAFFIGAN: Startup.

16 DR. PAPERIELLO: -- look at startup for LaSalle.  
17 Yes.

18 COMMISSIONER MCGAFFIGAN: Good.

19 DR. PAPERIELLO: It was noted that operator  
20 performance during the SCRAMs was good, and the plant  
21 equipment responded as designed during the SCRAMs,  
22 minimizing the challenge to operators. In addition, due the  
23 general lack of equipment problems during these transients,  
24 we gained greater confidence in the reliability of mitigated  
25 equipment. We concluded that Dresden has sufficiently

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1 demonstrated sustained successful plant performance to meet  
2 the removal matrix criteria.

3 CHAIRMAN JACKSON: Did Dresden meet all of the  
4 removal matrix criteria?

5 DR. PAPERIELLO: Yes, they had. That was the only  
6 issue that was really debated, is whether they had  
7 demonstrated sustained performance.

8 MR. CALLAN: Let me clarify the record. As you  
9 know, the Region prepares, fills out the removal matrix  
10 independent of the senior managers, and the Region had  
11 indicated that they had not met the sustained performance  
12 standard for Dresden, and that is what launched this debate  
13 that Carl mentioned. We spent most of our time focusing on  
14 that very subject.

15 MR. REYES: Right.

16 MR. CALLAN: The senior managers arrived at a  
17 different conclusion.

18 CHAIRMAN JACKSON: Is the first time that that has

19 happened?

20 MR. CALLAN: Well, actually, ironically somewhat,  
21 last January, if you recall, it was just the opposite. The  
22 Region had said that Dresden met the removal matrix and the  
23 senior managers said they had not. So we just reversed the  
24 role.

25 So that kind of tension -- or not tension, but

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1 checks and balances between the Region's efforts and the  
2 senior managers, I think is very healthy. It focuses our  
3 attention on areas that we need to talk about and debate.  
4 And it led to a very robust discussion. I think we really  
5 thrashed out the issues and arrived at the right answer.

6 CHAIRMAN JACKSON: Okay. Has there been any  
7 movement of resources from Dresden to Quad Cities or  
8 LaSalle?

9 DR. PAPERIELLO: Removal?

10 CHAIRMAN JACKSON: Movement of resources.

11 DR. PAPERIELLO: I have not seen it in an adverse  
12 sense. There is a lot more activity within the Commonwealth  
13 system to ensure that lessons learned at one plant, those  
14 kind of resources and that information goes from one plant  
15 to another. But I have not seen movement of physical or  
16 people resources among the plants, in other words, shifting.

17 CHAIRMAN JACKSON: How did you deal with this  
18 issue of the cyclical performance in the Commonwealth system  
19 and the impact of one part on the other?

20 MR. COLLINS: Right.

21 CHAIRMAN JACKSON: Could you --

22 MR. COLLINS: Chairman, as you know, just for a  
23 point of clarification, Mr. Steve Perry, who was a former  
24 senior individual at Dresden, has moved as a result of the  
25 reorganization. He is over multiple sites now. He is not

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1 specifically over an individual site. And there is a new  
2 Plant Manager who previously was the Assistant Plant  
3 Manager. We have not seen any change in performance as a  
4 result of that shift at the Dresden site.

5 DR. PAPERIELLO: No.

6 MR. COLLINS: In direct answer to your question,  
7 as you know, we had the Staff Requirements Memorandum 98-70,  
8 which asks us to consider Commonwealth Edison's system-wide  
9 performance and make that a focus of the Senior Management  
10 Meeting process until sustained improvement was achieved.

11 What we did at this Senior Management Meeting is  
12 we focused on what amounts to the limited, measurable  
13 progress, just because of the span of time since their most  
14 recent activities with the multiple changes both  
15 organizationally, as well as internally with the  
16 Commonwealth system. Those changes are being tracked  
17 specifically by Region 3 as part of the effort to review  
18 what is now deemed to be the Strategic Reform Initiatives,  
19 which superseded those initiatives that the licensee,  
20 Commonwealth, indicated they were going to perform, and they  
21 provided that information to us previously as a result of  
22 the 5054(f) letter.

23 So, in summary, the Strategic Reform Initiatives  
24 have superseded the response to the 5054(f) letter. We are  
25 now tracking those. Those are fairly new. There's limited,

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1 measurable progress, although we have tested some of those.

2 Since the last Senior Management Meeting there's a  
3 number of plant changes, though. As you know, LaSalle has  
4 remained shut down. However, Region 3 has lifted the

5 Confirmatory Action Letter for LaSalle.  
6 DR. PAPERIELLO: Right.  
7 MR. COLLINS: For -- excuse me, for LaSalle, and  
8 the restart is scheduled sometime later this summer.  
9 CHAIRMAN JACKSON: Actually, I am kind of asking a  
10 slightly different question.  
11 MR. COLLINS: Okay.  
12 CHAIRMAN JACKSON: Which is more, how did you make  
13 the decision on the specific plant, namely, Dresden?  
14 MR. COLLINS: Oh, I'm sorry.  
15 CHAIRMAN JACKSON: Within the context --  
16 MR. COLLINS: Right.  
17 MR. CALLAN: Let me.  
18 CHAIRMAN JACKSON: -- of the Commission's  
19 direction to consider the system-wide performance.  
20 MR. COLLINS: I misunderstood.  
21 MR. CALLAN: That's actually probably a more  
22 important question than you probably intended, Chairman.  
23 Because we made a distinction. What we didn't say was that  
24 -- we did not say the senior managers have absolute  
25 confidence or even high confidence that cyclic performance

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1 is a thing of the past. What we did say was that the senior  
2 managers had developed sufficient confidence in the  
3 licensee's processes for detecting and engaging cyclic  
4 performance and correcting it.

5 So the decision, the context for the Dresden  
6 decision was based upon that backdrop of our improved  
7 confidence in the licensee's processes for maintaining  
8 oversight over the remaining five operating stations and  
9 their ability to track performance, largely through the  
10 SRIs, the Strategic Reform Initiatives, which supplanted the  
11 older indicators.

12 CHAIRMAN JACKSON: Well, given that the SRIs -- I  
13 guess, let me try to make the question a just a little bit  
14 more specific again. Given that the SRIs, or some subset of  
15 them that were relevant from our perspective, in a safety  
16 sense, are meant to address systemic issues, you made the  
17 judgment based on your analysis and review of the record,  
18 that none of those systemic issues that are the subject of  
19 the SRIs had impact on Dresden Station?

20 MR. CALLAN: That's right.

21 CHAIRMAN JACKSON: Okay. That's the question I am  
22 talking about.

23 MR. COLLINS: Yes. That's true. As well as  
24 looking at other sites to ensure that, as a result of  
25 Dresden's performance, which -- what amounted to result in

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1 it coming off the list, there wasn't a negative impact on  
2 other sites.

3 DR. PAPERIELLO: Right.

4 CHAIRMAN JACKSON: Okay.

5 MR. COLLINS: And that's a list of sites which is  
6 Quad Cities, LaSalle.

7 CHAIRMAN JACKSON: Okay.

8 MR. COLLINS: That's how we articulated.

9 CHAIRMAN JACKSON: All right.

10 COMMISSIONER DIAZ: But now I have a question.  
11 This -- you know, you talk about strategic performance and  
12 cyclic performance. We are not confusing this with  
13 corporate assessment of the -- you know, I mean we are  
14 looking at the plants themselves, how they perform, and how  
15 resources impact on them. And that's where you are talking

16 about strategic performance, it is not corporate assessment.  
17 MR. CALLAN: Right.  
18 COMMISSIONER DIAZ: That's correct.  
19 MR. CALLAN: Yes, Commissioner, it is. In fact,  
20 all the indicators that we use, whether the old indicators  
21 or the more recent SRIs, are all indicators of actual  
22 performance and we are not assessing corporate management,  
23 per se.  
24 COMMISSIONER DIAZ: Okay. Thank you.  
25 MR. CALLAN: We are looking at results.

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1 CHAIRMAN JACKSON: Right.  
2 DR. PAPERIELLO: I am not sure where I am. Much  
3 of what I was going to say, we deliberated on Dresden's  
4 improved performance in conjunction with the Agency's  
5 concerns with Commonwealth systemwide performance and the  
6 performance at other Commonwealth nuclear facilities,  
7 specifically Quad Cities.  
8 While systemwide performance remains an area of  
9 focus, we concluded that Commonwealth Edison's support and  
10 oversight of Dresden was adequate to support continued  
11 sustained plant performance, and we concluded that the site  
12 had individually achieved the level of performance during  
13 the last 12 months to support removal from the watch list.  
14 Finally, we express greater confidence in  
15 Commonwealth Edison's ability to monitor and address cyclic  
16 performance. We --  
17 CHAIRMAN JACKSON: What tells you that their  
18 ability is better to monitor and address that?  
19 DR. PAPERIELLO: A fairly extensive set of  
20 performance indicators that they now have which they have  
21 not had before, among other things.  
22 CHAIRMAN JACKSON: Okay.  
23 DR. PAPERIELLO: And an oversight group that  
24 appears to be, you know, finding problems and acting on  
25 them.

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1 MR. CALLAN: The NRC staff in effect independently  
2 validates the licensee's process through our oversight -- we  
3 have a standing oversight committee that also independently  
4 tracks performance, and they meet at some periodicity.  
5 DR. PAPERIELLO: About every six weeks.  
6 MR. CALLAN: Every six weeks or so. It's fairly  
7 labor-intensive.  
8 CHAIRMAN JACKSON: How much of the change is  
9 driven from the top versus having been inculcated through  
10 various levels of the staff? Not our staff, their staff.  
11 DR. PAPERIELLO: I think a lot has been driven  
12 from the top, but my perception, looking at individual, you  
13 know, performance, is the staff at the plants generally  
14 recognizes the need to change. I think that has clearly  
15 been -- again, I'm very cautious about a single visit.  
16 But I go by my recollection of Dresden when I was  
17 deputy regional administrator a number of years ago, and the  
18 way the plant appears now -- not just appears, but the  
19 interaction with the people. And I certainly feel there's  
20 been a real change in people's approach at the plant. The  
21 operators clearly that I spoke to had a very positive  
22 attitude and that they were in charge and the plant was  
23 certainly a more reliable plant today than it was in the  
24 past.  
25 CHAIRMAN JACKSON: Thank you.

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1 MR. COLLINS: Chairman, I think that realistically



2 that answer varies site to site, and Commonwealth Edison  
3 with their multiple sites, each site has a very different  
4 set of dynamics and personality. Dresden, for example,  
5 which I can only speak to because of the previous review  
6 that I did there with a team from Region IV, had a very  
7 strong site management: Steve Perry, Mike Hefley, other  
8 individuals who essentially drove that site with the same  
9 type of corporate oversight that other sites were less  
10 successful with.

11 The Dresden that we see coming off the list is  
12 really not a manifestation of the most recent high-level  
13 organizational changes as a continuation of the improvements  
14 that were made as a result of previous site management  
15 initiatives. So it varies from site to site to my mind.  
16 Some of the existing sites probably need this higher-level  
17 offsite impetus to have those same types of improvements.

18 CHAIRMAN JACKSON: Well, I'm more concerned that  
19 the results you see reflect that it's not a thin layer.

20 MR. COLLINS: I understand.

21 MR. CALLAN: But, you know, just a somewhat  
22 anecdotal comment, but the one area where at Dresden this  
23 change that you talked about took hold early and has been  
24 lasting has been in the control room with the operators.  
25 And even as recent -- long ago as when you led that team,

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1 Sam --

2 MR. COLLINS: They were the lead organization.

3 MR. CALLAN: Yes. And so that has always been an  
4 encouraging sign, that they were able to get that kind of  
5 leadership from the control room. And it spreads, but it  
6 sometimes spreads slowly. But there's a foothold, a  
7 beachhead at least in that very critical area.

8 DR. PAPERIELLO: We concluded that overall  
9 Commonwealth Edison had taken effective corrective action to  
10 correct identified problems and improve operational safety  
11 performance at Dresden; that the site had individually  
12 achieved a level of performance to support its removal from  
13 the watch list. Therefore, the senior managers determined  
14 an enhanced level of regulatory monitoring is no longer  
15 warranted. Dresden was classified as a Category 1 facility.

16 LaSalle. LaSalle has been shut down since  
17 September 1996, and on the NRC watch list since January of  
18 1997. The senior managers evaluated the LaSalle Station  
19 using the watch list removal matrix. Although the licensee  
20 is making significant progress towards resolving historical  
21 performance problems, particularly in correcting material  
22 deficiencies, improvements are still in the early stages and  
23 have not been in place long enough to be either assessed or  
24 shown to be self-sustaining.

25 The licensee has made sufficient progress to

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1 support unit restart. However, improvements in operator  
2 performance including procedure adherence have not yet been  
3 fully demonstrated in actual operation. Consistent and  
4 effective root-cause analysis still relies heavily on  
5 oversight organizations, and substantial nonoutage  
6 maintenance backlogs exist.

7 Both units have remained shut down since September  
8 1996, and thus sustained successful plant performance has  
9 not yet been demonstrated. Also, as a result of the  
10 extended outage on both units, performance indicators  
11 provide limited insights regarding performance trends. The  
12 senior managers decided that LaSalle would remain a watch

13 list Category 2 facility.

14 CHAIRMAN JACKSON: Are there significant hardware  
15 impediments which from our perspective need to be addressed  
16 before the startup of the second unit?

17 DR. PAPERIELLO: No. Oh, I'm sorry, Unit 2? Many  
18 of the material upgrades that were undertaken on Unit 1 need  
19 to be undertaken on Unit 2, and it is anticipated they'll  
20 take about six months.

21 CHAIRMAN JACKSON: And on Unit 1, are there  
22 specific indicators that we're particularly tracking in  
23 terms of indicating performance?

24 DR. PAPERIELLO: Yes, there would be. We would,  
25 you know, it would be -- what we're looking --

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1 CHAIRMAN JACKSON: I mean relative to the problems  
2 at LaSalle specifically.

3 DR. PAPERIELLO: Yes, it would be things with  
4 engineering -- there's engineering backlogs of work, there  
5 is maintenance backlogs of work. These are sort of more  
6 output indicators than performance indicators -- I mean  
7 outcome indicators. The outcomes would be, when the unit  
8 starts, reliable performance, absence of operator errors,  
9 absence of procedure nonadherence, absence of transients.  
10 So they would be the indicators that we would be looking  
11 for, sustained performance that would allow us then to say  
12 that this plant should be removed from the watch list.

13 COMMISSIONER DIAZ: Now that all the CALs have  
14 been removed from LaSalle, is there any other pending  
15 routine regulatory action that has to be clear on LaSalle,  
16 or is --

17 DR. PAPERIELLO: Commissioner, not that I'm aware  
18 of. I mean, in terms of starting up Unit 1, it's -- when  
19 they -- I think we're looking at the 30th.

20 COMMISSIONER DIAZ: Okay.

21 MR. COLLINS: There is one issue which is very  
22 contemporary which perhaps might be talked to here. That's  
23 Generic Letter 96-06, which has to do with qualification of  
24 certain components. That's a licensing decision. And Donna  
25 Shay, who's heading that up for NRR, has indicated that we

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1 have come to a conclusion on that, but it's very recently.  
2 It's as early as today.

3 COMMISSIONER DIAZ: I see. Okay. But outside  
4 that there is no other regulatory action, pending CALs,  
5 whatever, nothing.

6 MR. COLLINS: My understanding is that they are  
7 released to start up under the normal processes once they  
8 meet their license requirements.

9 COMMISSIONER DIAZ: So they are under normal  
10 processes now. Okay. Thank you.

11 CHAIRMAN JACKSON: Go on.

12 DR. PAPERIELLO: Quad Cities.

13 Quad Cities was identified as having a declining  
14 trend at the last senior management meeting. Observations  
15 of plant performance have been mixed. Both units at Quad  
16 Cities restarted at the end of May after a long dual-unit  
17 outage to reestablish Appendix R safe-shutdown paths.

18 Subsequent to the restart there were several power  
19 reductions and two scrams, due in part to material condition  
20 issues. While operational performance demonstrated  
21 improvement since the extended outage, operations personnel  
22 had been involved in several missed technical specification  
23 surveillances.

24 Also, while the material condition of the plant

25 improved and the backlog was reduced, there were some

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1 significant maintenance errors and some concerns with  
2 emergency diesel generator reliability. The quality and  
3 safety organization was active in improving the performance  
4 in the corrective action program. However, the licensee  
5 failed to address some longstanding issues.

6 The sense of NRC Senior Managers was that Quad  
7 Cities' performance was mixed with slow improvement in some  
8 areas, while a decline in some performance indicator trends  
9 was detected. We decided that there were not sufficient  
10 operational data or inspection insights available to assess  
11 the overall performance trend at Quad Cities.

12 Consequently, we could not conclude that the  
13 adverse trend at Quad Cities had been arrested.

14 CHAIRMAN JACKSON: What are the most significant  
15 areas or items of concern at Quad Cities?

16 DR. PAPERIELLO: One, the plant has to run  
17 reliably without transients, which would indicate that the  
18 material condition has improved. We really only had about  
19 six weeks between startup.

20 Their fire protection -- they restarted -- the  
21 fire protection IPE shows a relatively high risk, in the  
22 order of three times 10 to the -- or five times 10 to the  
23 minus 3, which they now believe is more like -- 10 to the  
24 minus 3 -- right.

25 MR. COLLINS: That was -- just for clarification,

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1 that was prior to a subsequent shutdown and the conduct of  
2 many modifications and process improvements, so that was a  
3 number which prompted licensee action. That is not the  
4 current analysis.

5 DR. PAPERIELLO: But the external events IPE shows  
6 much greater IPE shows much greater risk in the internal  
7 events. The plant has started up with short-term corrective  
8 actions to make the shutdown under Appendix R effective.  
9 They still have to develop a long-term program for fire  
10 protection, to fix some of these problems that exist because  
11 many of the fixes right now are interim and in terms of risk  
12 space, that probably represents some of the greater risks  
13 for the plant.

14 CHAIRMAN JACKSON: There was an issue I thought  
15 with Quad Cities, and I don't want to get into an extended  
16 fire protection discussion, but there was an issue having to  
17 do with exemptions and how they played off against each  
18 other in potentially exacerbating fire protection issues at  
19 Quad Cities.

20 Has that been resolved?

21 MR. COLLINS: The issue that I am familiar with  
22 that is similar would be across-unit dependency having to do  
23 with safe shutdown capability and the subsequent exemptions  
24 which complicated the ability to perform that in a  
25 demonstratable manner.

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1 That has been temporarily compensated for by  
2 modifications to the plant and compensatory measures. The  
3 permanent fix is still under evaluation for final  
4 engineering and application, and the plant was restarted  
5 after a subsequent review of those interim measures.

6 CHAIRMAN JACKSON: Now who is doing that review?  
7 This is a review the licensee is doing or we are reviewing  
8 something that they have proposed?

9 MR. COLLINS: The review is -- it's a two-stage

10 review. The licensee is determining what is necessary to  
11 provide for a permanent fix. That is their internal review  
12 and the Staff will subsequently review that to ensure it  
13 meets our requirements. That plant has a very unique  
14 licensing basis in the fire protection area.

15 CHAIRMAN JACKSON: So what kind of timeline are we  
16 on relative to the resolution of that?

17 MR. COLLINS: I don't know that. I don't have  
18 that information. We can certainly get you that.

19 CHAIRMAN JACKSON: Right --

20 MR. COLLINS: There was a commitment, I'm sure,  
21 for restart but I don't have that number.

22 CHAIRMAN JACKSON: Okay. Go ahead.

23 DR. PAPERIELLO: Clinton -- Clinton has been shut  
24 down since September, 1996 and placed on the NRC Watch List  
25 in January of 1998.

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1 During the January 1998 Senior Management Meeting,  
2 NRC Senior Managers were concerned with the lack of progress  
3 by the licensee in developing a comprehensive plan to  
4 address performance deficiencies.

5 While some performance improvements have been  
6 noted since the January, 1998 meeting, it has been  
7 inconsistent in some areas and is not yet self-sustaining.  
8 We noted that licensee initiatives to complete human and  
9 hardware improvements. We noted that while management  
10 oversight at the facility had improved, and a new  
11 comprehensive recovery plan and corrective action program  
12 had been developed, equipment condition and human  
13 performance problems continued to surface, indicating that  
14 these programs were still in the early stages to  
15 implementation.,

16 The preventive and corrective maintenance item  
17 backlog has grown during the extended outage and remains  
18 large. Progress in correcting material condition issues has  
19 been slowed by newly identified and recurring material  
20 condition problems.

21 A new work control process has been implemented  
22 but is not yet effective in ensuring proper prioritization  
23 and accomplishment of work.

24 Performance improvement initiatives addressed in  
25 these and other areas are contained in Clinton's Plan for

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1 Excellence. However, implementation has only recently begun  
2 and the plan remains to be fully implemented and requires  
3 continued monitoring.

4 We decided that there was a continued need for  
5 high level NRC attention at this site. Based on these  
6 considerations, Senior Managers decided that Clinton remains  
7 a Category 2 facility.

8 CHAIRMAN JACKSON: In evaluating Clinton restart,  
9 do we have a comprehensive list of concerns as has been  
10 prepared for other facilities under 0350?

11 DR. PAPERIELLO: Yes. We have an 0350 Panel 4 for  
12 Clinton.

13 CHAIRMAN JACKSON: And how does that comport with  
14 items in the licensee's Plan for Excellence?

15 DR. PAPERIELLO: What we do is we are following  
16 the licensee's corrective action plan for all the hardware  
17 and the human performance deficiencies, the problems that  
18 have to be corrected prior to startup, and we inspect to see  
19 whether that is done and whether they are following in their  
20 review of their actions as adequate.

21 CHAIRMAN JACKSON: That is not quite what I asked.

22 You told me that we have a comprehensive list of  
23 concerns vis-a-vis evaluating restart that's similar to what  
24 we have for all --

25 DR. PAPERIELLO: Right.

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1 CHAIRMAN JACKSON: -- facilities, subject to the  
2 0350 process.

3 DR. PAPERIELLO: Right.

4 CHAIRMAN JACKSON: So that my question was that in  
5 the licensee's Plan for Excellence, do the two -- is the one  
6 list at least subsumed in the other? You know, do they  
7 comport?

8 MR. CALLAN: Chairman, they comport. They are  
9 congruent, but as you would expect, the licensee's Plan for  
10 Excellence -- I'm sure I would be surprised if it didn't go  
11 well beyond --

12 CHAIRMAN JACKSON: I am not asking that question.  
13 When I say "comport" -- when I say does one subsume the  
14 other, the issue is if we have a list --

15 DR. PAPERIELLO: Right.

16 MR. CALLAN: That's right.

17 CHAIRMAN JACKSON: -- and they have a Plan for  
18 Excellence --

19 MR. CALLAN: Right.

20 CHAIRMAN JACKSON: -- you know, is one over in  
21 this part of space and the other over in that part, or is  
22 one subsumed? I am not saying that our regulatory decision  
23 on restart is based on every item in their plan, but does  
24 their plan cover our issues?

25 MR. COLLINS: The 0350 process provides for that.

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1 CHAIRMAN JACKSON: Okay. That's all I wanted to  
2 know.

3 MR. COLLINS: And in fact the meetings with the  
4 licensees with the 0350 panel is to go through those lists,  
5 and ensure there is an understanding of what are the  
6 regulatory requirements that fit into the licensee's list,  
7 where there is overlap and where there is exclusion.

8 CHAIRMAN JACKSON: Okay. I just asked because the  
9 way you described it, you described a Plan for Excellence  
10 over here. You described concerns over there. The issue  
11 how does -- our concerns, are they being addressed?

12 DR. PAPERIELLO: Yes, but I want to clarify  
13 something. I don't want to mislead the Commission.

14 CHAIRMAN JACKSON: Okay.

15 DR. PAPERIELLO: And the situation -- it's very  
16 dynamic.

17 We sent them a 5054(f). They responded to that  
18 about a month ago and at the same time we exchanged with  
19 them our view of the issues in the 0350 process.

20 The three pieces are their plan, their very  
21 detailed plans for restart, our 0350 plan, and their  
22 response to the demand for information, which was in large  
23 part the plan for excellence.

24 In the middle of this past month we have been  
25 reviewing all that to make sure everything comes together.

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1 And right now, as of this moment, I don't know whether  
2 everybody has decided that everything matches item for item.  
3 Now, maybe -- I just don't know, I mean, because it has been  
4 dynamic in the last three days.

5 MR. CALLAN: The process allows for that. The  
6 process will account for that.

7 MR. COLLINS: As it develops.  
8 MR. CALLAN: As it develops, right.  
9 CHAIRMAN JACKSON: Okay. Commissioner.  
10 COMMISSIONER MCGAFFIGAN: Is there a restart date  
11 for Clinton that they have -- that the licensee has proposed  
12 that you all are working toward now? In many of the other  
13 plants, LaSalle, you know, you said it was approximately six  
14 months for Unit 2.  
15 DR. PAPERIELLO: Right.  
16 COMMISSIONER MCGAFFIGAN: Is there a similar date  
17 in the case of Clinton?  
18 DR. PAPERIELLO: Well, they expect the plant to  
19 startup near the end of the year.  
20 COMMISSIONER MCGAFFIGAN: The end of the year.  
21 That's all I was asking.  
22 CHAIRMAN JACKSON: Have they bounded the problem?  
23 DR. PAPERIELLO: We think they have, yes.  
24 CHAIRMAN JACKSON: Okay.  
25 COMMISSIONER MCGAFFIGAN: In some sense -- the

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1 other comment I will make. In some sense, the discussion we  
2 get into on some of these plants that are in Category 2 and  
3 haven't operated yet is very straightforward. In Management  
4 Directive 8.14, there is a criterion that they have to have  
5 operated for some period of time and had reasonably good  
6 performance. And we took Crystal River off, we took Salem  
7 off, et cetera, because they demonstrated that.

8 For the plants that aren't operating yet, and it's  
9 -- you know, you can discuss them and talk about them, and  
10 what resources we have to put into them, but it's a  
11 no-brainer that they don't come off the list. It's -- so, I  
12 -- and I don't know whether -- at times I get a little  
13 concerned about turning this meeting, you know, where the  
14 decision you faced was this, Does it meet the criteria to  
15 come off the list? The answer is no. To turn this meeting  
16 into then a mechanism for discussing the plants, because I  
17 think the more effective mechanism is when we have comment  
18 or whoever, across the table, and --

19 CHAIRMAN JACKSON: Maybe we need to get Clinton  
20 across the table then.

21 COMMISSIONER MCGAFFIGAN: Well, if necessary. We  
22 did that with Salem. We didn't do it with Crystal River. I  
23 think it is a question of whether the staff, you know, or we  
24 feel that that's -- you know, each time, whether that is  
25 necessary. I think it's each case --

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1 CHAIRMAN JACKSON: Well, I think Clinton is a  
2 particular case. There has been some question about the  
3 bounding of the issues. And to the extent that Carl lays  
4 out what the items were that went into their decisions and  
5 their discussions, then it is fair game for discussion,  
6 unless we choose to have a Commission meeting specifically  
7 on Clinton, so.

8 COMMISSIONER MCGAFFIGAN: Okay. Could I also --  
9 the role that PECO has at Clinton. They were planning to  
10 bring some additional people in. Is the full PECO team  
11 resident at Clinton now, that they were planning to bring?

12 DR. PAPERIELLO: There is a Philadelphia Electric  
13 team at Clinton. I am not quite sure whether you would call  
14 it a full team. It's I think about eight or nine  
15 individuals, at least at the top. And my sense is it has  
16 made a difference.

17 There have been three startup plans, so this plan  
18 for excellence is the third plan, it was the plan that the

19 PECO team developed. In discussions with them, it is the  
20 only -- apparently, it is the most detailed plan that has  
21 existed, and I have looked at it, I mean I don't know  
22 whether it will be successful, but at least there is a plan,  
23 a very exhaustive plan to correct all the known problems by  
24 a given date and to achieve a startup. Insofar as that  
25 exists, you know, I can say that exists.

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1 But in the last six months, since the last  
2 meeting, there have been problems identified, and there have  
3 been, you know, people who have made mistakes while doing  
4 certain things. Maintenance people have done things they  
5 shouldn't have done and made things fail. Operators have  
6 overlooked significant indicators in a control room. So  
7 there are things to discuss.

8 Even though a plant is not starting up, it is more  
9 than just saying, okay, they fixed this quantity of -- I  
10 mean we do look at the performance indicators on engineering  
11 backlogs and maintenance backlogs and things like that. But  
12 there are also inspection observations and events that you  
13 will analyze that give you indications and insights on how  
14 the staff is, you know, the people are performing.

15 CHAIRMAN JACKSON: Okay.

16 MR. COLLINS: Commissioner McGaffigan, Mr.  
17 MacFarland indicates by a head nod that the full team is on  
18 site.

19 COMMISSIONER MCGAFFIGAN: Okay. Thank you.

20 CHAIRMAN JACKSON: Okay.

21 MR. MacFARLAND: That's nine players.

22 CHAIRMAN JACKSON: Go ahead.

23 DR. PAPERIELLO: D.C. Cook. D.C. Cook was  
24 discussed for the first time at this Senior Management  
25 Meeting. Both units have been shut down since September

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1 1997 due to operability issues identified during an August  
2 1997 architecture and engineering inspection involving  
3 inadequate design control, 50.59 evaluations and  
4 calculations.

5 Subsequent inspections identified problems with  
6 fibrous material blocking recirculation sumps, operability  
7 of containment hydrogen recombiners and the distributed  
8 ignition system, and restricted flow of containment spray.  
9 Of particular note were the significant material condition  
10 problems associated with the ice condenser identified in a  
11 February 1998 inspection which led to the plant operating  
12 outside of its design basis for an indeterminate period.

13 After this inspection, it was clear that the  
14 magnitude of the problems was broader than the findings of  
15 the AE inspection.

16 The discussions of the NRC senior managers  
17 primarily focused on the risk significance of the  
18 engineering design and material condition issues. We also  
19 noted that the performance indicators and licensee event  
20 report data revealed a declining trend, performance trend,  
21 in the first quarter of 1998. The NRC senior managers  
22 acknowledge the risk significance of the containment  
23 deficiencies and other material condition problems.

24 The NRC senior managers concluded that additional  
25 information was necessary before the agency could determine

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1 that the problems at D.C. Cook are limited to the  
2 engineering and surveillance areas. NRC response to D.C.  
3 Cook's ongoing programmatic and functional area

4 self-assessments and plant verification reviews was  
5 discussed, and NRC senior management concluded that  
6 additional inspection activities are warranted in these  
7 areas.

8 We determined that there has been a slow decline  
9 in the performance at D.C. Cook. This performance decline,  
10 in combination with the risk significant engineering and  
11 surveillance issues identified over the past several months  
12 indicates the need for D.C. Cook management to continue to  
13 implement appropriate actions to ensure that the extent of  
14 the problems is fully understood and corrected.

15 After considering this information, the senior  
16 managers agreed that a Trending Letter was appropriate to  
17 convey the agency's concern with D.C. Cook's recent  
18 performance.

19 COMMISSIONER DIAZ: Yes. I'm trying to understand  
20 better the interface between our normal processes and the  
21 Senior Management Meeting.

22 DR. PAPERIELLO: Right.

23 COMMISSIONER DIAZ: I believe that the intention  
24 of the Commission, when the Senior Management Meeting was  
25 established, was not to create a de facto Category 1.5 with

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1 the Trending Letter, to just have the Trending Letter to  
2 actually be very responsive to what the senior management  
3 objectives were. Could you go a little bit deeper to  
4 explain why does D.C. Cook, after all of the normal efforts  
5 that have been taken by the agency to ensure adequate  
6 protection, and all of the inspections and so forth, why is  
7 a Trending Letter necessary besides everything else that we  
8 have done?

9 MR. COLLINS: I think we can.

10 CHAIRMAN JACKSON: Who is going to speak to that?

11 MR. CALLAN: Let me address that.

12 CHAIRMAN JACKSON: Okay.

13 MR. CALLAN: You know, I mean, I suppose that  
14 question can be asked for any action we take, and that --

15 COMMISSIONER DIAZ: But specifically on this.

16 MR. CALLAN: Yes. Let me just say at the outset  
17 that what was striking about the discussion regarding D.C.  
18 Cook was, to my knowledge, and I haven't gone back and  
19 thrashed this out, but to my knowledge, this is the first  
20 time where risk insights were pivotal, where they turned the  
21 discussion.

22 The senior managers concluded that the problems at  
23 Clinton, as Carl Paperiello indicated, were -- at least the  
24 defined problems are relatively narrow in the sense that  
25 they affect passive systems, mitigative systems, and largely

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1 are engineering related, without significant problems  
2 identified in other areas such as operations and  
3 maintenance, health physics, for example.

4 The risk significance of those findings were  
5 substantial enough, and I'll just add that it was input from  
6 the Office of Research provided by Dr. Knapp -- by the way,  
7 Dr. Knapp is a very fungible manager; at Chicago, he was  
8 acting as the director of research -- and also from the  
9 Office of AEOD that provided these insights, and the  
10 evidence was compelling that there was, in fact, a declining  
11 trend in those objective indicators that related to risk  
12 that -- and the data was so compelling that the senior  
13 managers I think appropriately selected a trending letter as  
14 the appropriate mechanism to convey to the managers.

15 Now, Management Directive 8.14 provides a



16 definition of what a trending letter is. I'm not going to  
17 read it, but it's intended to --  
18 COMMISSIONER DIAZ: No.  
19 MR. CALLAN: -- to alert senior utility managers  
20 of our concern, and we had a concern that we developed  
21 during those discussions that, in our view, needed to be  
22 conveyed, and it was, by the way, it was a concern that  
23 didn't necessarily exist before that discussion. That  
24 concern largely was developed during the discussion due to  
25 the input from AEOD and Research.

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1 COMMISSIONER MCGAFFIGAN: This may be related. I  
2 know that you have looked at other ice condenser plants in  
3 Region II, and are there any insights -- and apparently not  
4 found similar problems -- are there any insights as to why  
5 they existed at D.C. Cook and don't exist in the Region II  
6 plants that have been inspected thus far?

7 MR. CALLAN: Let me ask Luis Reyes to address  
8 that. He has actually looked into that issue.

9 MR. REYES: We have put an extensive action plan  
10 to look at the remaining seven ice condensers in the United  
11 States. They happen to be in Region II. So we have taken a  
12 hard look and the same inspectors that are looking at this  
13 actually physically went to D.C. Cook, participated in the  
14 enforcement conference, and are assisting Region III in the  
15 inspections activities in the recovery.

16 So with hands-on personal information, what we  
17 have found out, and I am oversimplifying without going into  
18 examples, although ultimately we can go to that, is  
19 practices in conducting the maintenance of surveillance of  
20 this passive system and how the system was treated in that  
21 it was treated as a passive system, the FSAR description,  
22 the features of the system were basically not kept up to  
23 standard. We can go into the examples that show that.

24 We have inspected the oldest ice condenser in the  
25 Duke system, McGuire Unit I, and have not found similar

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1 problems, and what I mean is the magnitude of the problem is  
2 different.

3 We have found foreign material kind of issues.  
4 There may have been pieces of tape, et cetera, that  
5 shouldn't have been there. But in terms of operability  
6 assessment and the significance of those practices, so far,  
7 the inspections we have conducted so far have not seen the  
8 same magnitude of problems.

9 So it is not a design issue; it's a maintenance  
10 and upkeep and surveillance type of issue, how the system  
11 was treated.

12 CHAIRMAN JACKSON: Okay.

13 MR. REYES: I guess I'll ask for more detail.

14 COMMISSIONER DIAZ: Yes. It will be interesting  
15 some time to, you know, look a little more at or receive  
16 more information on this potential hybrid. It's passive  
17 from the standpoint of what function needs to be done, but  
18 it's really quite an active system as far as maintenance and  
19 everything else, and that's a very interesting point.

20 MR. CALLAN: But that's common of many passive  
21 systems -- station batteries, no moving parts, but are  
22 extremely complex.

23 COMMISSIONER DIAZ: Right.

24 MR. REYES: We do have, and they're available in  
25 the Region III Web pictures, the actual findings at D.C.

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1 Cook, and they become very -- when you see the pictures,  
2 it's clear, the message of the type of issues we're talking,  
3 blockage of the flow orifice between the basket by ice and  
4 perhaps foreign material, et cetera, et cetera.

5 So we still have a very comprehensive action plan.  
6 The next plant to be inspected is one of the Catawba Units,  
7 which is refueling this outage. So we have continued with  
8 our efforts that will lead us by next year to have completed  
9 every unit with a very detailed inspection effort to satisfy  
10 ourselves we do not have a similar problem.

11 Now, the utilities affected or that have the ice  
12 condenser plant, we have formally transmitted the inspection  
13 report with the issues at D.C. Cook. We have held public  
14 meetings with each one of these utilities to address how  
15 they have taken all the industry issues on ice condensers  
16 and what action plan they're taking to assure themselves  
17 they don't have those kind of issues. And of course, we  
18 have a detailed inspection plan that independently we're  
19 going to conduct.

20 CHAIRMAN JACKSON: That's very good and it's  
21 interesting to have that information because the issue has  
22 been raised as to whether we were giving untoward focus to  
23 D.C. Cook --

24 MR. REYES: Right.

25 CHAIRMAN JACKSON: -- as opposed to other ice

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1 condenser containment plants. And so this --

2 MR. REYES: We also know, based on our visits,  
3 that sister utilities have assisted D.C. Cook by exchanging  
4 information from their system engineers, and in fact, D.C.  
5 Cook representatives have been present in the public  
6 meetings we have held with the other utilities to gain  
7 information for their own benefit of what is transpiring at  
8 the other sites.

9 In addition to that, the first ever meeting of the  
10 ice condenser plants is going to occur. The system  
11 engineers from all the ice condenser plants are going to be  
12 meeting in the near future in one of the Region II  
13 facilities to exchange and provide a forum for benchmarking  
14 and share of good practice practices.

15 So there is a lot of activity going on among that  
16 group of plants.

17 MR. COLLINS: Commissioner McGaffigan, we have  
18 --of course, Luis' efforts in Region II are very extensive  
19 for those sites. We have a lead project manager assigned --  
20 Bob Martin -- to this effort, and he's the overall licensing  
21 integrator, and he is the focal point to exchange not only  
22 technical information that comes from vendors at sites, but  
23 also to coordinate the regional activities, and he has a  
24 complete history as well as many graphics that show he has  
25 found conditions at the sites. So those are available to

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1 you.

2 MR. REYES: Yes. The staff has pictures of all  
3 the inspections conducted to be able to share with anybody  
4 the problem at one plant and how it's treated at the others.  
5 It's much easier -- a picture is worth a thousand words, so  
6 we have that available.

7 COMMISSIONER MCGAFFIGAN: Have you shared these  
8 with David Lochbaum?

9 MR. REYES: I'm not sure how many we have shared  
10 with. The meetings were public and we have corresponded  
11 with several individuals, and I don't know all the people we  
12 have shared them. We'll be glad to share them.

13 COMMISSIONER MCGAFFIGAN: Okay.  
14 CHAIRMAN JACKSON: Okay. Very good.  
15 MR. COLLINS: That concludes the discussion of  
16 Region III. I would like to just make a note, Chairman.  
17 You made a previous comment potentially having to do with  
18 meetings with Clinton. Clinton is going to conduct a future  
19 O350 panel meeting in headquarters, and that will allow the  
20 headquarters organization as well the managers to provide  
21 for input into that process, and it will bring the senior  
22 managers from the site --  
23 CHAIRMAN JACKSON: I may at that time call  
24 actually explicitly for a meeting on Clinton and possibly on  
25 D.C. Cook to understand the issues, because, you know, I

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1 think it's important to really understand the nexus between  
2 what the licensee is doing and what our regulatory  
3 requirements are.

4 MR. COLLINS: Right.  
5 CHAIRMAN JACKSON: And I'm not satisfied that, you  
6 know, we have sufficiently explored it at this meeting.

7 MR. COLLINS: Okay. That concludes the briefing  
8 on operating reactors. With Joe's permission, I'll turn the  
9 agenda over to Dr. Mal Knapp, director of the Office of  
10 Nuclear Materials Safety and Safeguards.

11 MR. CALLAN: Yes. And let me just intercept that  
12 for a minute. In your SRM from the last Commission meeting,  
13 senior management meeting discussion in January, you had  
14 asked the staff to inform the Commission of our process and  
15 criteria for evaluating materials facilities.

16 We have sent a paper up doing that, and we're  
17 prepared to give you a thumbnail discussion and sketch, if  
18 you want it. Otherwise, we can --

19 CHAIRMAN JACKSON: We'll look at the paper.

20 MR. CALLAN: Look at the paper. Okay.

21 CHAIRMAN JACKSON: Okay. You're off the hook.  
22 Any other questions?

23 COMMISSIONER DIAZ: Yes. Final?

24 CHAIRMAN JACKSON: Yes.

25 COMMISSIONER DIAZ: Yes. I just had a very quick

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1 comment. First, I wanted to recognize that the staff made a  
2 great effort in the last two weeks to transition rapidly to  
3 this fundamental change that has placed the senior  
4 management meeting under Commission direct oversight,  
5 meaning that we now have procedures that require consent,  
6 and it has been very good to be able to interact with the  
7 staff, to be able to have early access to the information.  
8 I feel a lot more confident coming to this meeting and  
9 realizing what has been going on, and I just want to thank  
10 you all for the good job.

11 COMMISSIONER MCGAFFIGAN: Ditto.

12 CHAIRMAN JACKSON: Well, I want to repeat that  
13 based on the information presented the staff has identified  
14 sustained performance improvement in the operational margins  
15 of safety at the five reactors at the Salem Station,  
16 Dresden, and Crystal River. In every case, the improvement  
17 noted is the result of action by the licensee. However  
18 aggressive the NRC may be in identifying the need for  
19 improvement, improvement can only be achieved by the  
20 licensees themselves.

21 The role played by the NRC of course is to focus  
22 licensee attention by using the appropriate regulatory tool  
23 on the need for improvement and corrective actions from a

24 safety point of view. From that perspective, one could say  
25 that NRC involvement has been successful, since none of the

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1 facilities in question reached the point even for those that  
2 remain on the watch list where public health and safety was  
3 directly threatened.

4 In closing, I'd like to touch on one final point  
5 which affects the assessment process. As I mentioned in my  
6 opening comments this afternoon, the Agency is continuing to  
7 review ways in which we can improve our inspection and  
8 assessment programs. While the review is under way, it is  
9 important that both the industry we regulate and the NRC  
10 staff do understand that we have programs and processes  
11 currently in place. And while they are not perfect, they're  
12 not totally broken and therefore unusable.

13 We still have our health and safety  
14 responsibility, and that means that until as we change the  
15 processes but until they change we'll continue to use them  
16 even as we improve them. And therefore I urge the  
17 inspection, assessment, and enforcement staffs to  
18 continually continue to implement the programs, get with any  
19 changes that come from Commission guidance, but to continue  
20 to effectively implement existing programs and processes  
21 until such time as new methodologies are approved and  
22 promulgated. And this kind of change management is  
23 consistent with what we'd expect to see at any of our  
24 licensed nuclear facilities, and it's the same standard we  
25 should hold ourselves to that's important both in terms of

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1 doing our jobs but also from the point of view of regulatory  
2 stability.

3 It's also my expectation that our licensees will  
4 avail themselves of existing communication channels with the  
5 Agency staff as well as with Members of the Commission to  
6 identify specific examples of disagreement with the  
7 implementation of existing policy and programs. That kind  
8 of communication is important as we move through a change.  
9 And as I've said, since this may not be the venue for the  
10 in-depth discussion of the plants, I am going to call for a  
11 meeting on both the Clinton and the D.C. Cook plants with  
12 the licensees and with the staff who have the oversight  
13 responsibility.

14 So unless my colleagues have any further comments,  
15 we are adjourned.

16 [Whereupon, at 3:31 p.m., the hearing was  
17 adjourned.]

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