

August 17, 1999

The Honorable James M. Inhofe, Chairman
Subcommittee on Clean Air, Wetlands,
Private Property and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206, directed the Nuclear Regulatory Commission (NRC) to provide a monthly report on the status of its licensing and regulatory duties. I am pleased to transmit the eighth report which covers the month of July (Enclosure 1).

The June report highlighted several important actions we had taken, including the Commission's affirmation of a change to 10 CFR 50.59, "Changes, tests, and experiments;" a final rule change to 10 CFR 50.65, the maintenance rule; an important Commission ruling eliminating anti-trust contentions in license transfer proceedings; approval of the export of 130 kilograms of highly enriched uranium to Canada to be used for targets in two new medical isotope production reactors; and approval of the staff's recommendations to fundamentally revise the NRC Enforcement Policy.

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- completed actions on a Generic Safety Issue involving performance of safety-related power-operated valves.
- accompanied by the Department of Interior's Bureau of Indian Affairs and Bureau of Land Management, met with representatives of the Environmental Protection Agency to discuss the Private Fuel Storage environmental impact statement.

In addition to those issues that are discussed in Enclosure 1, the NRC staff also has:

- proposed changes to 10 CFR 50.72 and 50.73 that would reduce reporting requirements for licensees to report certain events or plant conditions. This rule change will improve effectiveness and efficiency, reduce unnecessary regulatory burden, and maintain safety.
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I have enclosed (Enclosure 2) the July update to the Tasking Memorandum which delineates the specific initiatives completed by the agency since August 1998 and future milestones.

Please do not hesitate to contact me if I may provide additional information.

Sincerely,

Original signed by
Greta Joy Dicus /s/, 8/17/99

Greta Joy Dicus

Enclosures:

1. July Monthly Report
2. Tasking Memorandum

cc: Senator Bob Graham

August 17, 1999

The Honorable Joe Barton, Chairman
Subcommittee on Energy and Power
Committee on Commerce
United States House of Representatives
Washington, D.C. 20515

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Original signed by
Greta Joy Dicus /s/, 8/17/99

Greta Joy Dicus

Enclosures:

1. July Monthly Report
2. Tasking Memorandum

cc: Representative Ralph M. Hall

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The Honorable Ron Packard, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

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cc: Representative Peter J. Visclosky

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

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cc: Senator Harry Reid

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United States Senate
Washington, D.C. 20510

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

July 1999

Enclosure 1

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LVI. Implementing Risk-Informed Regulations

The Commission approved, with modifications, the three options proposed by the staff for risk informing 10 CFR Part 50. The Commission directed the staff to 1) continue current rulemaking activities, 2) make changes to the scope of systems, structures, and components covered by those sections of Part 50 requiring special treatment, and 3) study how best to proceed with risk-informing the remaining sections of Part 50. NRC has formed two teams to risk inform Part 50. One team, headed by the Office of Nuclear Reactor Regulation (NRR), is to develop risk-informed definitions for "safety-related" and "important to safety" which would change the scope of equipment requiring special treatment without requiring changes to the individual regulations. The second team, headed by the Office of Research, is to study changes which go beyond scope issues and revise fundamental requirements and individual regulations.

The staff is finalizing its pilot applications using risk-informed insights to support changes to In-Service Inspection (ISI), In-Service Testing (IST), and Quality Assurance programs and to plant specific Technical Specifications (TS). The last pilot application, requesting a change in an In-Service Inspection (ISI) program for Arkansas Nuclear One, is scheduled to be completed in July. The staff intends to complete its review of a second risk-informed ISI methodology proposed by the industry (the Electric Power Research Institute) by the end of the year (the first methodology approved was proposed by the Westinghouse Owners Group in 1998). Additional applications to change ISI programs have been received, and industry groups have indicated that more are in preparation. The staff is reviewing several more requests (Palo Verde, Browns Ferry, Oconee, Indian Point 3) to relax Technical Specification requirements, for example to extend the time that some equipment may be out of service. The staff completed its review of the first non-pilot application to change In-Service Testing intervals (South Texas Project), and intends to complete review of the second application before the end of the year (San Onofre). Several additional IST change requests are expected in the near future. The increasing number of change requests indicates that the industry is gaining confidence that risk-informed changes are useful and cost effective.

II. Nuclear Plant Assessment, Inspection, and Enforcement Processes

The staff has continued to meet on a biweekly basis with NEI and other stakeholders to refine the proposed changes to its assessment, inspection and enforcement processes. Activities include the following:

- ! The pilot program of the revised reactor oversight process described in Commission Papers SECY-99-007 and SECY-99-007A for nine (9) plants began on May 30, 1999. The NRR staff is monitoring implementation and reviewing results of the pilot program. The date for full implementation of the revised oversight process has been extended to April 1, 2000 by the Commission to allow additional time for staff to review results of the pilot program, develop lessons learned, and solicit feedback on the new process.
- ! A request for public comment on the pilot program of the revised oversight process will be published in the Federal Register in the near future.
- ! Development of the supplemental inspection procedures is continuing. These procedures will provide guidance for the assessment, inspection, and enforcement

processes when licensees cross the performance thresholds as described in the Action Matrix in SECY-99-007A.

- ! Changes to the enforcement policy to make it consistent with the revised oversight process will be published in the Federal Register in the near future. The Office of Enforcement is presently incorporating comments received from the Commission on the interim enforcement policy guidance contained in SECY- 99-146.
- ! NRR managers and members of the Inspection Program Branch are continuing to interface with NRC staff to discuss the revised oversight process, answer questions, and obtain feedback.
- ! NRC completed the planned public meetings in the vicinity of all pilot plant sites, as part of its efforts to communicate with external stakeholders regarding the revised reactor oversight process. At these meetings, the NRC staff explained to members of the public the new risk informed oversight program and answered questions from the audience.

III. Status of Issues in the Reactor Generic Issue Program

Changes in the status or resolution dates for Generic Safety Issues since the June 1999 report and the reasons for the changes are described below:

GSI Number:	158
TITLE:	Performance of Safety-Related Power-Operated Valves Under Design Basis Conditions
SCHEDULED RESOLUTION DATE:	Had been under staff review, without a specific scheduled resolution date being determined.
STATUS:	GSI-158 is closed and will no longer be tracked as a generic issue. No additional regulatory requirements were found to be necessary. The staff concluded that existing regulations are adequate to address the performance of safety-related power-operated valves under design basis conditions.

GSI Number:	156.6.1
TITLE:	Pipe Break Effects on Systems and Components
SCHEDULED RESOLUTION DATE:	TBD
STATUS:	Prioritization of this issue is now complete and resulted in a HIGH-priority designation.

IV. Licensing Actions and Other Licensing Tasks

Licensing actions may be defined as requests for: license amendments, exemptions from regulations, relief from inspection or surveillance requirements, plant specific topical reports, notices of enforcement discretion, or other issues requiring NRC review and approval before implementation by the licensee. The FY 1999 NRC Performance Plan incorporates three

output measures related to licensing actions. These are: size of the licensing action inventory, number of licensing action completions per year, and age of the licensing action inventory.

Other licensing tasks may be defined as: licensee responses to NRC requests for information through generic letters or bulletins, NRC responses to 2.206 petitions, NRC review of licensee topical reports, NRR responses to regional requests for assistance, and NRC review of licensees' 10 CFR 50.59 analyses and FSAR updates. The FY 1999 NRC Performance Plan incorporates an output measure related to other licensing tasks (number of other licensing tasks completed).

The actual FY 1998 results, the FY 1999 goals, and the FY 1999 results, through June 30, 1999, for the four NRC Performance Plan output measures are shown in the table below.

PERFORMANCE PLAN			
Output Measure	FY 1998 Actual	FY 1999 Target	FY 1999 Actual (thru 6/30/99)
Licensing actions completed per year	1425	1670	1321
Size of licensing actions inventory	1113	1000	897
Age of licensing action inventory	65.6% # 1 year; 86.0% # 2 years; and 95.4% # 3 years old	80% # 1 year; 95% # 2 years; and 100% # 3 years old	85.3%# 1 year; 98.2% # 2 years; and 99.7% # 3 years old
Other licensing tasks completed per year	1006	800	671

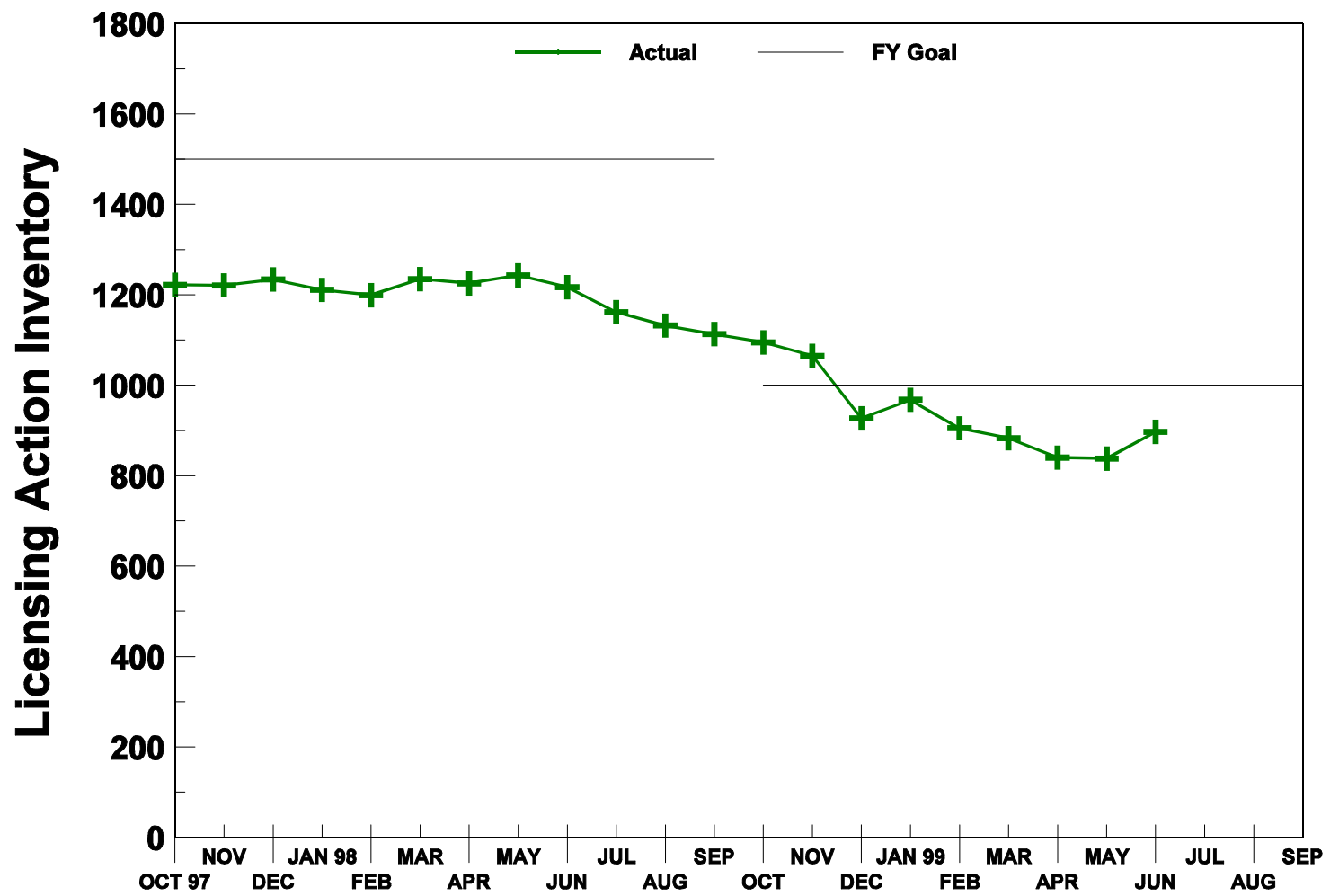
In FY 1999, NRC increased resources for completing licensing actions, such that given the current size of the inventory and the estimated number of licensing action requests, the inventory size and number of completions goals should be met by the end of the fiscal year. However, the goal for the age of the inventory has historically not been met. NRC has undertaken several initiatives to reduce the age of licensing action inventory. For instance, a special effort was initiated in mid-1998 to conduct a management review of the older items in the inventory. For each item, status was assessed, success paths for resolution were identified, and completion schedules were established. Monthly progress reports have been published and follow up management meetings have emphasized the need to meet established schedules. The NRC has made substantial progress towards meeting the licensing action age goal.

The NRC continued to process reactor licensing actions at a rate consistent with previous months, and exceeding the FY 1999 year-to-date goal for NRC licensing action completion. The inventory of licensing actions increased since the June report. However, the increase was not unexpected, as licensing action requests vary from month-to-month, based on factors such as refueling and outage schedules.

The following charts demonstrate NRC's progress in meeting the licensing action and other licensing task output measure goals.

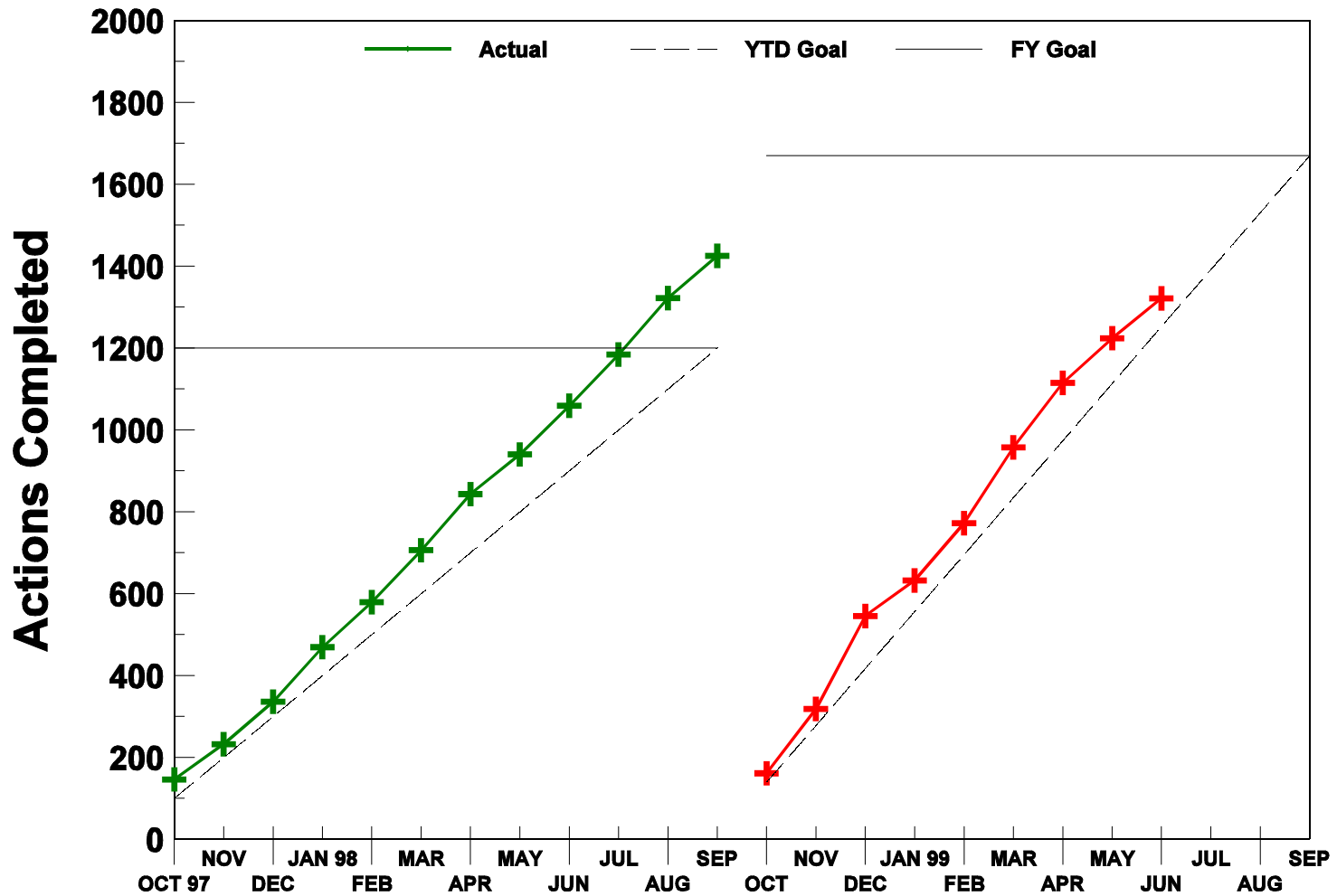
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



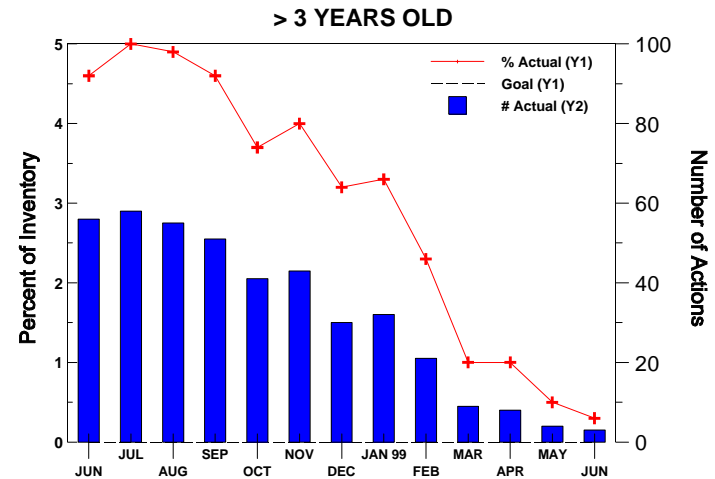
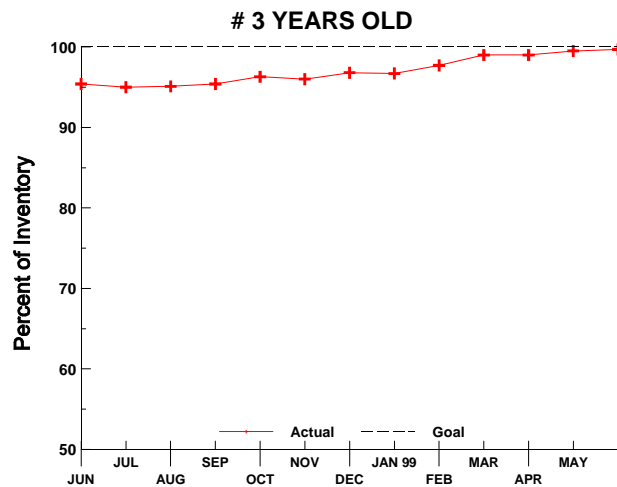
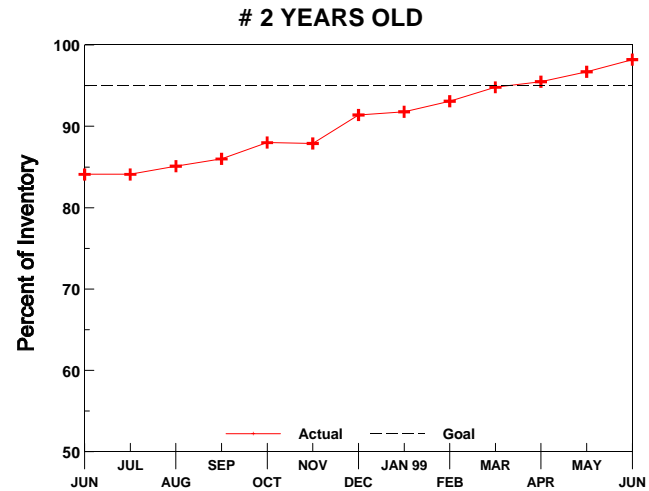
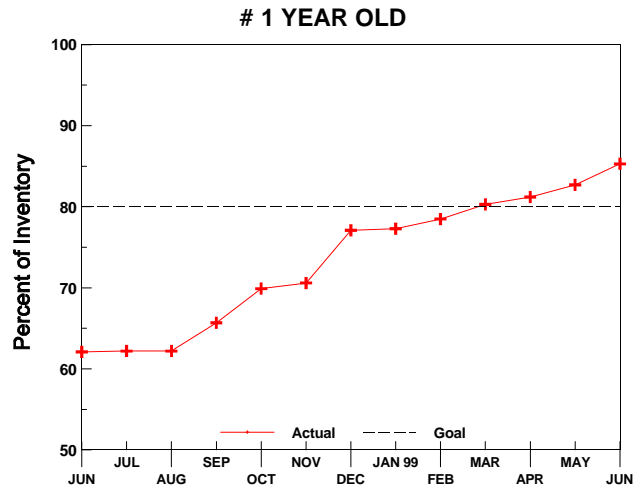
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Licensing Actions



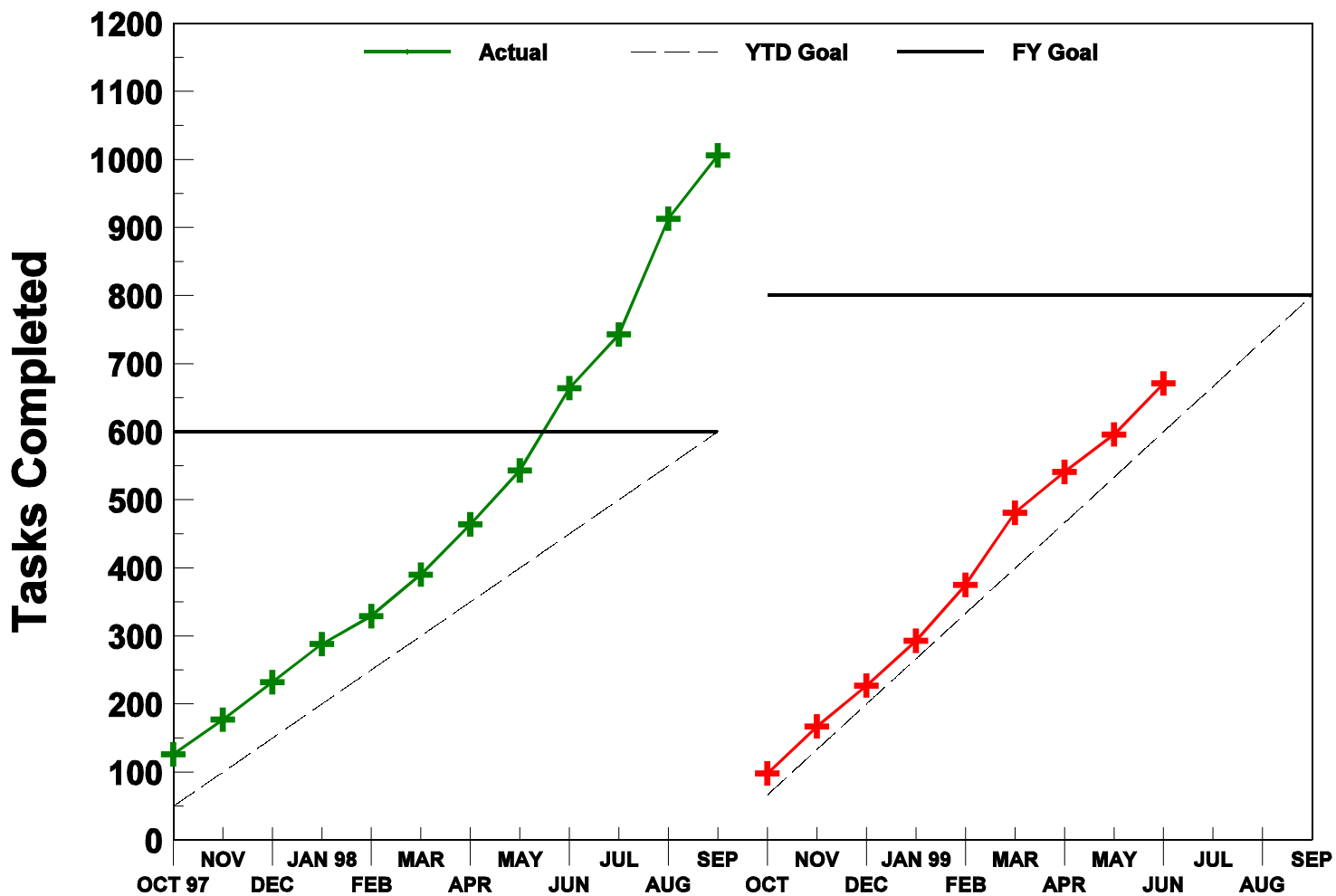
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Age of Licensing Action Inventory



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



V. Status of Calvert Cliffs License Renewal Application

The status of the Calvert Cliffs license renewal application has not changed since the June update, and all activities associated with the review of the license renewal application are on schedule. The safety evaluation report representing the results of the NRC's review was issued on March 21, 1999. The NRC and Baltimore Gas & Electric are currently working to resolve the open and confirmatory items and issue the completed report by November 16, 1999.

The Calvert Cliffs draft supplemental environmental impact statement for license renewal was issued for comment on February 24, 1999, and the public comment period closed on May 20, 1999. The staff is currently addressing the comments received and preparing the final supplemental environmental impact statement for issuance by November 1999.

The National Whistleblower Center has appealed the Commission's denial of its request for hearing to the District of Columbia Circuit Court of Appeals. The appeal is being briefed, and oral argument is set for October 6, 1999.

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

During this reporting period, litigation in the adjudicatory proceeding on the Private Fuel Storage application continued. The Applicant filed motions for summary disposition of numerous safety contentions, which are currently pending before the Atomic Safety and Licensing Board. A Board decision on these motions, which is expected later this summer, could reduce the number of issues that require evidentiary hearings in the proceeding.

Also during this reporting period, the NRC staff, with the Department of Interior's Bureau of Indian Affairs and Bureau of Land Management, met with representatives of the Environmental Protection Agency to discuss the Private Fuel Storage environmental impact statement. The Bureau of Indian Affairs and the Bureau of Land Management are cooperating agencies with the NRC in the preparation of the environmental impact statement for the Private Fuel Storage project. At the meeting, an overview of the project, the scope of the environmental impact statement, and each agency's federal action were discussed. The representatives of the Environmental Protection Agency discussed its permitting responsibilities under the Clean Water Act and the Clean Air Act, and its environmental impact statement review process. Section 309 of the Clean Air Act authorizes the Environmental Protection Agency to review National Environmental Policy Act documents prepared by other federal agencies and to make those reviews public. In addition, the Environmental Protection Agency regulates the disposition of storm water from large construction sites through its National Pollution Discharge Elimination System permit program. EPA also enforces the Clean Air Act Title V compliance regulations. Additional meetings between the agencies are contemplated as preparation of the environmental impact statement proceeds. All agree that this will facilitate each agency's understanding of, and input to, the environmental impact statement.

VII. Summary of Reactor Enforcement by Region

		Reactor Enforcement Actions*				
		Region I	Region II	Region III	Region IV	TOTAL
Severity Level I	June 99	0	0	0	0	0
	FY 99 YTD	0	0	0	0	0
	FY 98 Total	0	0	0	0	0
Severity Level II	June 99	0	0	0	0	0
	FY 99 YTD	5	0	2	0	7
	FY 98 Total	3	1	1	1	6
Severity Level III	June 99	1	0	0	1	2
	FY 99 YTD	8	1	4	8	21
	FY 98 Total	46	11	15	19	91
Severity Level IV	June 99	0	0	0	0	0
	FY 99 YTD	50	42	54	60	206
	FY 98 Total	383	271	392	261	1307
Non-Cited Severity Level IV	June 99	41	25	34	29	129
	FY 99 YTD	241	175	258	240	914
	FY 98 Total	372	240	307	214	1133

*Numbers of violations are based on enforcement action tracking (EATS) system data that may be subject to minor changes following verification. The number of Severity Level I, II, III listed refers to the number of Severity Level I, II, III violations or problems. The monthly totals generally lag by 30 days due to inspection report and enforcement development.

Description of Significant Actions (Severity Level I, II, III) taken in June 1999

Entergy Operations, Inc., Waterford-3 Supplement III, (EA 99-104)

A Notice of Violation for a Severity Level III violation was issued on June 15, 1999. This action was based on a violation of NRC requirements related to granting unescorted access to the Waterford-3 facility to an individual whose background investigation showed that he had recently failed another employer's pre-employment drug screening. Specifically, information regarding illegal use of a controlled substance without adequate evidence of rehabilitation is required to be considered in making access authorization determinations. In this case, derogatory information of this nature was missed and was not considered until 30 days after temporary unescorted access was granted. Since the Waterford-3 facility has received escalated enforcement action in the past two years, the NRC considered both identification and corrective actions in determining whether a civil penalty should be assessed for this violation. Because Entergy identified this violation and took comprehensive corrective actions, credit for both factors is warranted, resulting in no civil penalty being assessed.

Niagara Mohawk Power Corporation, Nine Mile Point Nuclear Power Plant Supplement VII (EA 99-010)

A Notice of Violation for a Severity Level III violation was issued on June 29, 1999. This action was based on a violation of an NRC requirement related to an unqualified Senior Reactor Operator (SRO) who assumed the position of Assistant Station Shift Supervisor. The SRO who assumed the watch was not considered qualified in that he had not completed remedial training after failing an evaluated requalification scenario the previous day. An Office of Investigations investigation concluded that the SRO had deliberately violated license conditions and caused Niagara Mohawk Power Corporation to be in violation of Technical Specification requirements. The violation existed for approximately four hours while Unit 1 was at 100% power. Officials in the licensee's organization were aware of the requirement, and had knowledge of the examination failure, yet failed to prevent the violation of the Technical Specification staffing requirements. Specifically, both the SRO and the General Supervisor of Operations were aware that a licensed operator could not stand watch following a requalification failure without being retrained. Also, the training supervisor was aware of the requirement and aware that the SRO had failed the evaluation. However, without questioning whether the SRO would be standing watch, he granted permission for the SRO to miss training on June 16, 1999, so that he could work in the plant. Because the facility had been the subject of escalated enforcement action within the last 2 years, the NRC considered whether credit was warranted for Identification and Corrective Action. Credit is warranted for identification because the licensee identified, investigated, and promptly reported the violation. Credit was also warranted for corrective action because the corrective actions were considered prompt and comprehensive. As a result, no civil penalty was proposed in this case.