

December 6, 2000

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 2001 Energy and Water Development Appropriations Act, House Report 106-693, directed the Nuclear Regulatory Commission (NRC) to continue to provide a monthly report on the status of its licensing and regulatory duties. The initial reporting requirement arose in the Fiscal Year 1999 Energy and Water Development Appropriations Act, Senate Report 105-206. The FY 2000 Energy and Water Development Appropriations Act, House Report 106-253, expanded the scope of the report requirement to include regulatory reform efforts affecting power reactor operations beyond 10 CFR Part 50, particularly NRC efforts to evaluate NRC security regulations. In FY 2000, we also expanded the monthly report to include the status of all license renewal applications that are under active review and other NRC initiatives in developing implementation guidance for the license renewal rule. I am pleased to transmit the twenty-third report, which covers the month of October (Enclosure 1).

The September report provided information on a number of significant NRC activities, including a regulatory conference with Consolidated Edison Company of New York (Con Edison) relative to the preliminary Red inspection finding concerning deficiencies in the 1997 Indian Point Unit 2 steam generator inspection program. Also during the September reporting period, the staff issued a Safety Evaluation Report (SER) on Private Fuel Storage's (PFS) application to build a spent fuel storage facility on the Reservation of the Skull Valley Band of Goshute Indians near Tooele County, Utah. Highlights of the SER are discussed in the enclosed report.

During this reporting period, the staff continued to monitor Con Edison's steam generator replacement activities. Also, in a letter dated October 10, NRC informed Con Edison that the Indian Point 2 facility has been found to have multiple degraded cornerstones. These degraded cornerstones are associated primarily with the performance problems identified during an August 1999 reactor trip with electrical distribution system complications and a February 2000 steam generator tube failure. In response to deficiencies at the Indian Point 2 facility, the staff is following guidance in the NRC Action Matrix, which includes oversight of Con Edison's performance improvement plan and conduct of a significant team inspection. In a letter dated November 20, the staff also provided Con Edison with the final results of NRC's significance determination of the preliminary Red inspection finding relating to deficiencies in the 1997 steam generator inservice examinations of Indian Point 2. This is the first Red inspection finding at any U.S. commercial reactor since NRC began initial implementation of the revised reactor oversight process in April of this year. The NRC revised its risk estimate

downward after considering additional information provided by Con Edison during and subsequent to a September 26 regulatory conference. However, the revised NRC risk estimate remained above the threshold for classifying this finding as Red, an issue of high safety significance. Con Edison must respond within 30 days of issuance of the notice of violation.

Also during this reporting period, the NRC dispatched a special inspection team to review a crack in a pipe at the South Carolina Electric & Gas Co. (SCE&G) V. C. Summer nuclear power plant. The crack was discovered during an entry into containment in early October after the reactor was shut down for a routine refueling outage, and is located at a weld where a large pipe attaches to the reactor vessel. The licensee plans to identify the root cause of the crack and repair the pipe during the outage. The NRC special inspection team was chartered to review the circumstances surrounding the crack, determine the implication to the plant's in-service inspection program, and determine potential generic implications for other pipes at the Summer plant and other nuclear plants. On October 25, the NRC held a public meeting with licensee representatives. The licensee discussed the initial evaluation of the extent of the crack, the potential root causes, and repair plans. As a precautionary measure, the NRC issued Information Notice 2000-17 on October 18, 2000 to inform all reactor licensees about this crack. Additionally, the NRC staff has received preliminary information that a foreign plant recently found crack indications in a reactor coolant hot leg weld during an in-service inspection. The NRC has also received preliminary information that another foreign plant found a weld crack indication at the interface of the reactor coolant system piping and the residual heat removal piping. The staff has asked the foreign regulatory bodies for more information about these and has also asked other foreign regulatory bodies to provide information about any similar conditions.

On October 2, the staff published a notice in the Federal Register announcing the establishment of the Reactor Oversight Process Initial Implementation Evaluation Panel (IIEP). The IIEP has been formed in response to Commission direction in the Staff Requirements Memorandum from SECY-00-049, "Results of the Revised Reactor Oversight Process Pilot Program." The IIEP will function as a cross-disciplinary oversight group to independently monitor and evaluate the results of the first year of initial implementation of the Reactor Oversight Process. On October 17, the staff filed the IIEP charter with the General Services Administration's Committee Management Secretariat, Library of Congress, and U.S. Nuclear Regulatory Commission's (NRC's) Congressional oversight committees, including the Subcommittee on Energy and Power and the Subcommittee on Clean Air, Wetlands, Private Property and Nuclear Safety. The IIEP held its first meeting on November 1-2.

Since our last report, the Commission and the NRC staff also:

- ! issued on October 5 NRC approval for the merger between Unicom Corporation and PECO Energy Company to form Exelon Corporation. Exelon is now the parent company of Commonwealth Edison and PECO Energy (which owns half of AmerGen) and is therefore the largest U.S. nuclear generating company, with 17 operating units, 4 decommissioned units, and partial ownership of 2 units. The transfer of the licenses from ComEd and PECO to Exelon is expected in January 2001.
- ! issued a revision to NRC's Management Directive 8.11, "Review Process for 10 CFR 2.206 Petitions." The changes to the public petition process are a result of an ongoing

effort to improve the process and are based on staff experience as well as comments and recommendations made by petitioners and other stakeholders at public meetings and in writing. The changes are designed to increase opportunities for meaningful participation by the petitioner and to ensure the petitioner's concerns are fully understood and evaluated by the NRC.

- ! issued the draft supplemental environmental impact statement (SEIS) relating to license renewal of the Edwin I. Hatch Nuclear Plant, Units 1 and 2. The draft SEIS includes the staff's preliminary analysis that considers and weighs the environmental effects of the proposed action, the environmental impacts of alternatives to the proposed action, and mitigative measures available for reducing or avoiding adverse impacts. It also includes the staff's preliminary recommendation in favor of the proposed action. The staff has scheduled public meetings on December 12, 2000, in Vidalia, Georgia, to present its analyses and to accept public comments on the draft SEIS.
- ! issued a final rule on October 25 (65 FR 63769) that amends the event reporting requirements for nuclear power reactors. The final rule reduces or eliminates the unnecessary reporting burden associated with events of little or no safety significance and better aligns event reporting requirements with the type of information the NRC needs to carry out its safety mission.
- ! issued a final rule on October 19 (65 FR 62581) that adds the NAC Universal Storage System (NAC-UMS) cask system to the list of approved spent fuel storage casks. The amendment increases the efficiency of NRC and reduces unnecessary regulatory burden on licensees by permitting holders of nuclear power plant operating licenses to store spent fuel in the NAC-UMS cask system under a general license.
- ! published a direct final rule to amend Certificate of Compliance (CoC) No. 1008 for the HI-STAR 100 spent fuel storage system (see 65 FR 60339). The direct final rule is scheduled to become effective on December 26, 2000. The amendment principally involves seven changes to the CoC and associated technical specifications.
- ! conducted a public workshop on October 19 in Paducah, Kentucky, to review the agency's handling of complaints by nuclear industry workers who allege their employer discriminated against them after they raised safety concerns. Approximately 35 members of the public attended this workshop, most of whom were either current or former workers at the Paducah Gaseous Diffusion Plant.
- ! conducted the initial meeting of the 10 CFR Part 40 Rulemaking Working Group on October 17-18. The working group is made up of staff from the NRC and representatives from the Agreement States and Conference of Radiation Control Program Directors. The purpose of the working group is to propose options to modify Part 40 (excluding regulations specific to uranium recovery activities), in order to improve the control of distribution of source material to exempt persons and general licensees and make the regulation more risk-informed. During this meeting, the working group: (1) developed a draft charter for the working group; (2) identified problems with the existing Part 40; and (3) discussed options to resolve those problems.

! issued a report of the results of environmental surveys for Vieques Island, Puerto Rico. The surveys were conducted to determine the amount of depleted uranium contained in the sample areas outside the Naval firing range on the island. The report indicated that no depleted uranium was detected in the sample areas.

I have enclosed (Enclosure 2) the 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,

/RA/

Richard A. Meserve

Enclosures:

1. Monthly Report
2. Tasking Memorandum

cc: Senator Bob Graham

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

October 2000

Enclosure 1

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| I. Implementing Risk-Informed Regulations | 2 |
| II. Revised Reactor Oversight Process | 2 |
| III. Status of Issues in the Reactor Generic Issue Program | 3 |
| IV. Licensing Actions and Other Licensing Tasks | 3 |
| V. Status of License Renewal Activities | 9 |
| VI. Status of Review of Private Fuel Storage, Limited Liability Corporation's Application for a License to Operate an Independent Spent Fuel Storage Installation | 9 |
| VII. Summary of Reactor Enforcement by Region | 11 |
| VIII. Power Reactor Security Regulations | 12 |

I. Implementing Risk-Informed Regulations

The staff continues to make progress on tasks involving the use of probabilistic risk information in many areas. The milestone schedule for the more significant risk-informed activities are included in the Commission Tasking Memorandum (Enclosure 2 to the letter from Richard A. Meserve, NRC Chairman, forwarding the October 2000 monthly report to Congress on the status of NRC licensing and regulatory duties). The following activity has seen substantial progress since the last report.

Probabilistic Risk Assessment (PRA) Quality in Risk-Informed Activities

The issue of PRA quality in risk-informed activities has been raised in several forums. In their March 1999 report ("Nuclear Regulation: Strategy Needed to Regulate Safety Using Information on Risk," GAO/RCED-99-95), the General Accounting Office (GAO) identified a number of issues that it believed required resolution for NRC to successfully implement a risk-informed regulatory approach. Among these, GAO indicated that more work was required to "develop standards on the scope and detail of risk assessments needed for utilities to determine that changes to their plants' design will not negatively affect safety." In a briefing on March 31, 2000, the Commission raised concerns regarding PRA quality and efforts required to work with standards development organizations such as the American Society of Mechanical Engineers, the American Nuclear Society, and the National Fire Protection Association. In SECY-00-0162, "Addressing PRA Quality in Risk-Informed Activities," dated July 28, 2000, the staff identified its approach for the scope of the PRA and technical attributes necessary to give an appropriate level of confidence in the results used in regulatory decision-making. On October 27, 2000, the Commission issued their SRM on SECY-00-0162, directing the staff to continue working with stakeholders in developing consensus standards for PRA quality and to maximize the information available to the public on PRAs. On October 26, 2000, the staff forwarded SECY-00-0213, "Risk-Informed Regulation Implementation Plan" to the Commission. The latest version of the Risk-Informed Regulation Implementation Plan tied risk-informed activities to the NRC's Strategic Plan and addressed some of the GAO recommendations.

II. Reactor Oversight Process

The NRC commenced initial implementation of its Reactor Oversight Process (ROP) at all nuclear plants in April 2000. It has continued meeting with the Nuclear Energy Institute (NEI) and other interested stakeholders on a periodic basis to continue refining the ROP and collect lessons learned information. Recent activities include:

- b. NRC managers and members of the Inspection Program Branch (IIPB) are continuing to interface with the NRC staff and stakeholders to discuss ROP initial implementation issues. For example, on October 3-4, 2000, the Inspection Program Branch (IIPB) staff attended the American Nuclear Society conference in Region III and supported three breakout sessions to discuss aspects of the ROP and collect feedback from industry regarding initial implementation. The breakout sessions covered the baseline inspection program, communication, the significance determination process (SDP) (including specific focus on the fire protection and safeguards SDPs), and the subject of cross-cutting issues.

- c. The IIPB staff participated in a public meeting conducted on October 11, 2000, in the vicinity of the Indian Point Unit 2 and 3 stations in New York. At this meeting the NRC staff discussed the NRC Reactor Oversight Process and how this new process is being used at the Indian Point 2 and 3 facilities.
- d. The Working Group tasked with revising Manual Chapter 1245, "Inspector Qualifications for the NRR Inspection Program," met in Region II on October 3-4, 2000. Thirteen competency areas were identified within the inspector function. The group identified knowledge and skills supporting 55 of the 75 inspector tasks. The next meeting of the group was held on October 25-26, 2000, in the Region III office. The focus of the meeting was on identifying the knowledge and skills needed to successfully perform significance determination tasks.
- e. The IIPB staff participated in the Indian Point Unit 2 (IP2) briefing of the Executive Director of Operations (EDO) on October 5, 2000. At this briefing, the managers discussed the proposed agency actions in response to performance information collected over the past year that indicate several cornerstones in the NRC regulatory framework are degraded at IP2. These degraded cornerstones are associated primarily with the performance problems identified during an August 1999 reactor trip with electrical distribution system complications and a February 2000 steam generator tube failure. In accordance with IMC 0305, "Operating Reactor Assessment Program," Action Matrix guidance, a number of activities above the baseline oversight will be conducted. These include monitoring the licensee's performance improvement plans, performing supplemental inspection in accordance with IP 95003, "Supplemental Inspection for Repetitive Degraded Cornerstones, Multiple Degraded Cornerstones, Multiple Yellow Inputs, or One Red Input," to independently review and assess the underlying causes for the degraded cornerstone, and conducting a management meeting between the EDO and the licensee's senior management. Additional agency actions would be considered following completion of the IP 95003 inspection.

III. Status of Issues in the Reactor Generic Issue Program

Changes in the status or resolution dates for Generic Safety Issues since the September 2000 report and the reasons for the changes are described below:

| | |
|-------------|---|
| GSI Number: | 173.A |
| TITLE: | Spent Fuel Storage Pool: Operating Facilities |
| Status: | The staff will revise the design guidance documents Regulatory Guide 1.13, "Spent Fuel Storage Facility Design Basis," and Standard Review Plan Section 9.1.3, "Spent Fuel Pool Cooling and Cleanup System," after the industry completes revisions to ANS 57.2, "Design Requirements for Light Water Reactor Spent Fuel Storage Facilities at Nuclear Power Plants." The issue will be closed out in October 2001. |

IV. Licensing Actions and Other Licensing Tasks

Licensing actions are defined as requests for: license amendments, exemptions from regulations, relief from inspection or surveillance requirements, topical reports submitted on a plant-specific basis, notices of enforcement discretion, or other licensee requests requiring

NRC review and approval before they can be implemented by the licensee. The FY 2000 NRC Performance Plan incorporates three output measures related to licensing actions. These are: number of licensing actions completed per year, size of the licensing action inventory, and age of the licensing action inventory.

Other licensing tasks are 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 2000 NRC Performance Plan incorporates one output measure related to other licensing tasks. This is: number of other licensing tasks completed.

The actual FY 1998 and FY 1999 results, the FY 2000 goals and the actual FY 2000 results for the four NRC Performance Plan output measures for licensing actions and other licensing tasks are shown in the table below.

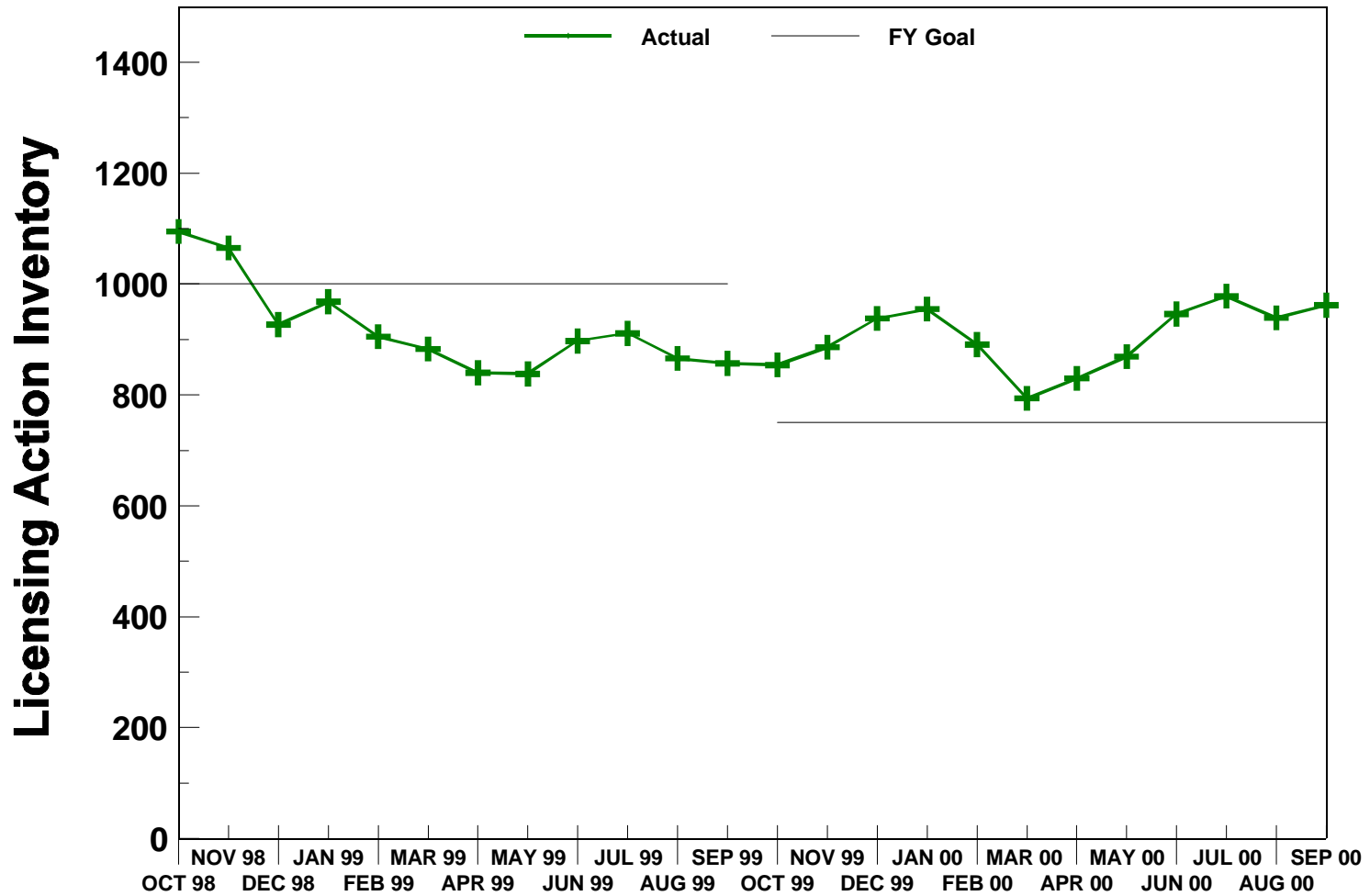
| PERFORMANCE PLAN | | | | |
|-------------------------------------|--|---|--|-------------------------------------|
| Output Measure | FY 1998 Actual | FY 1999 Actual | FY 2000 Goals | FY 2000 Actual (thru 09/30/2000) |
| Licensing actions completed/year | 1425 | 1727 | 1500 | 1574 |
| Size of licensing actions inventory | 1113 | 857 | 750 | 962 |
| Age of licensing action inventory | 65.6% # 1 year; 86.0% # 2 years; and 95.4% # 3 years old | 86.2%# 1 year; 100% # 2 years; and 100% # 3 years old | 95% # 1 year and 100% # 2 years old | 98.3% # 1 year; 100.0% # 2 years |
| Other licensing tasks completed | 1006 | 939 | 800 | 1100 |

NRC met three of the four goals in this area for FY 2000. The only goal not met was licensing action inventory size. During FY 2000, NRC recognized that the inventory goal was redundant to the age goal. The original purpose of this goal was to improve timeliness of licensing actions. Now that the age goal requires 95% of licensing actions to be completed within one year, the inventory size does not need to be monitored as a measure of NRC performance. The growth in inventory size during FY 2000 reflects the licensees submitting 300 more licensing action requests than they originally predicted, and that this prediction formed the basis for the NRC FY 2000 goals.

The following charts demonstrate NRC's FY 2000 results for the four licensing actions and other licensing task output measure goals.

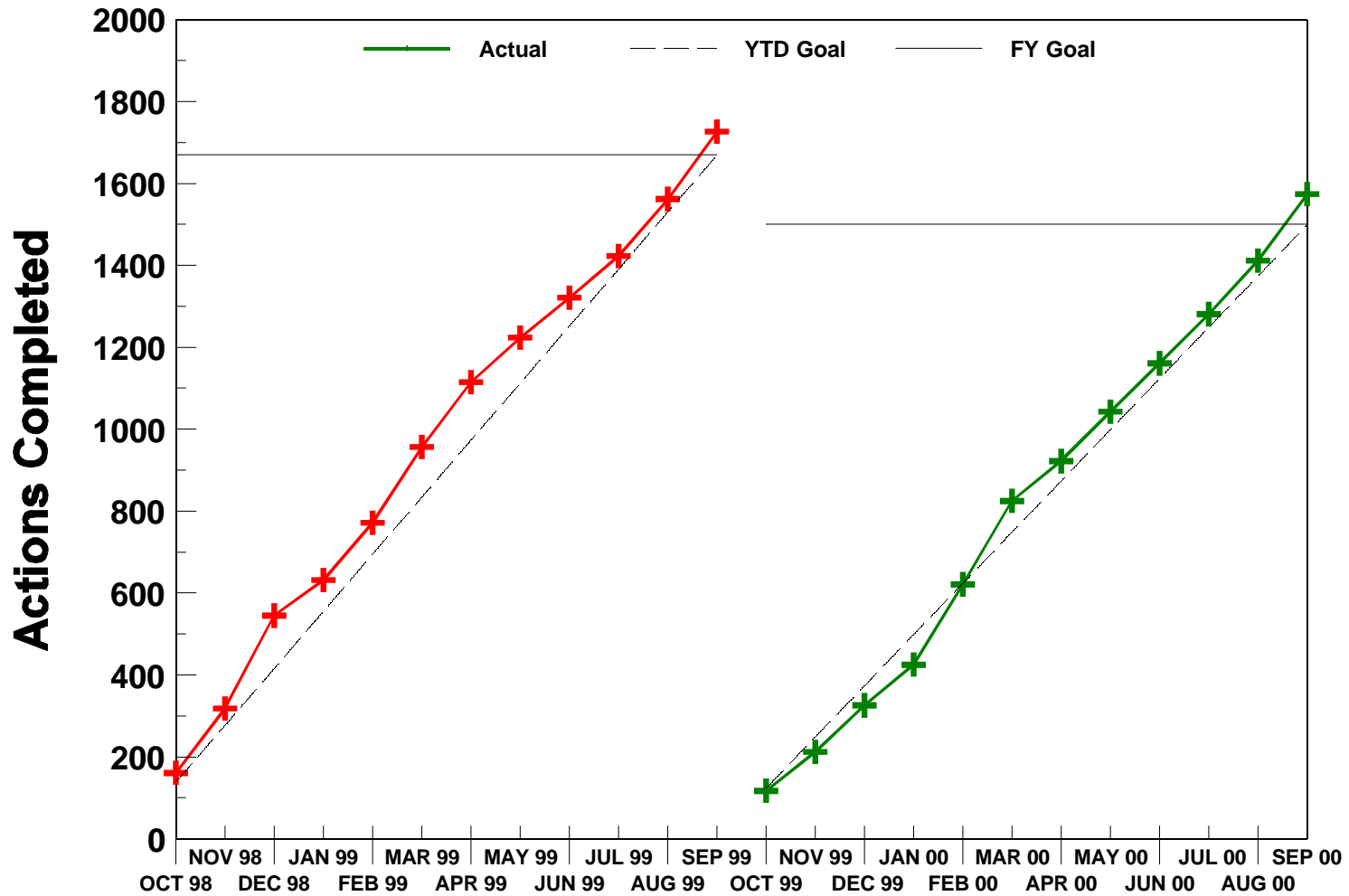
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Licensing Action Inventory



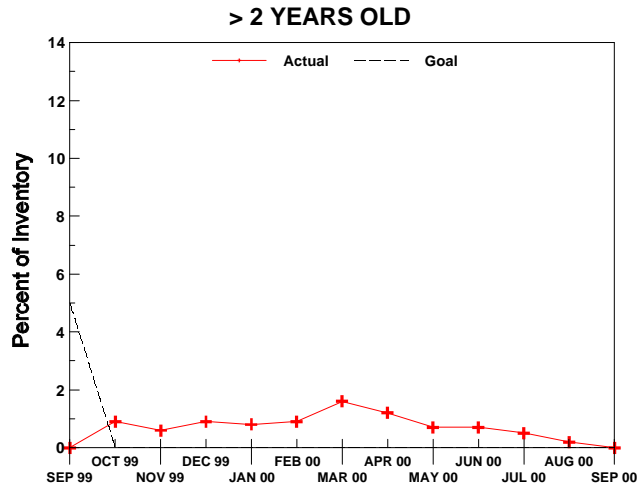
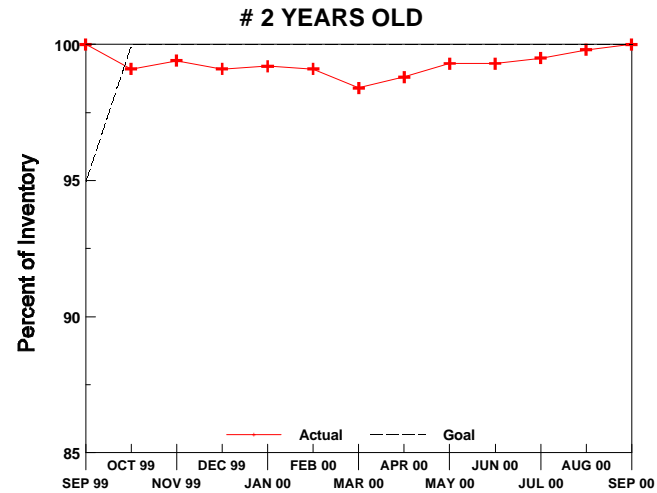
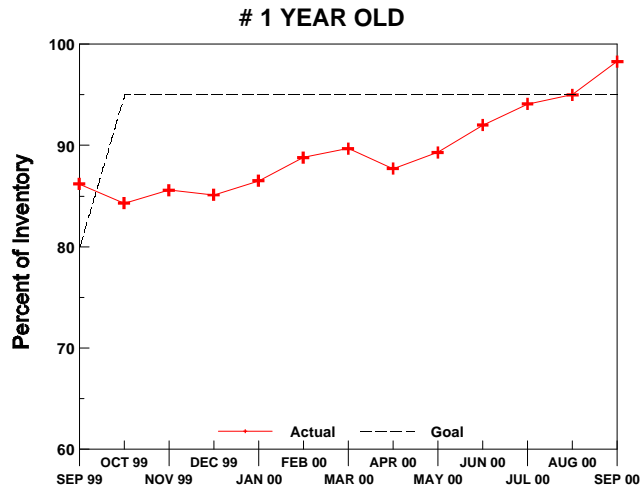
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Licensing Actions



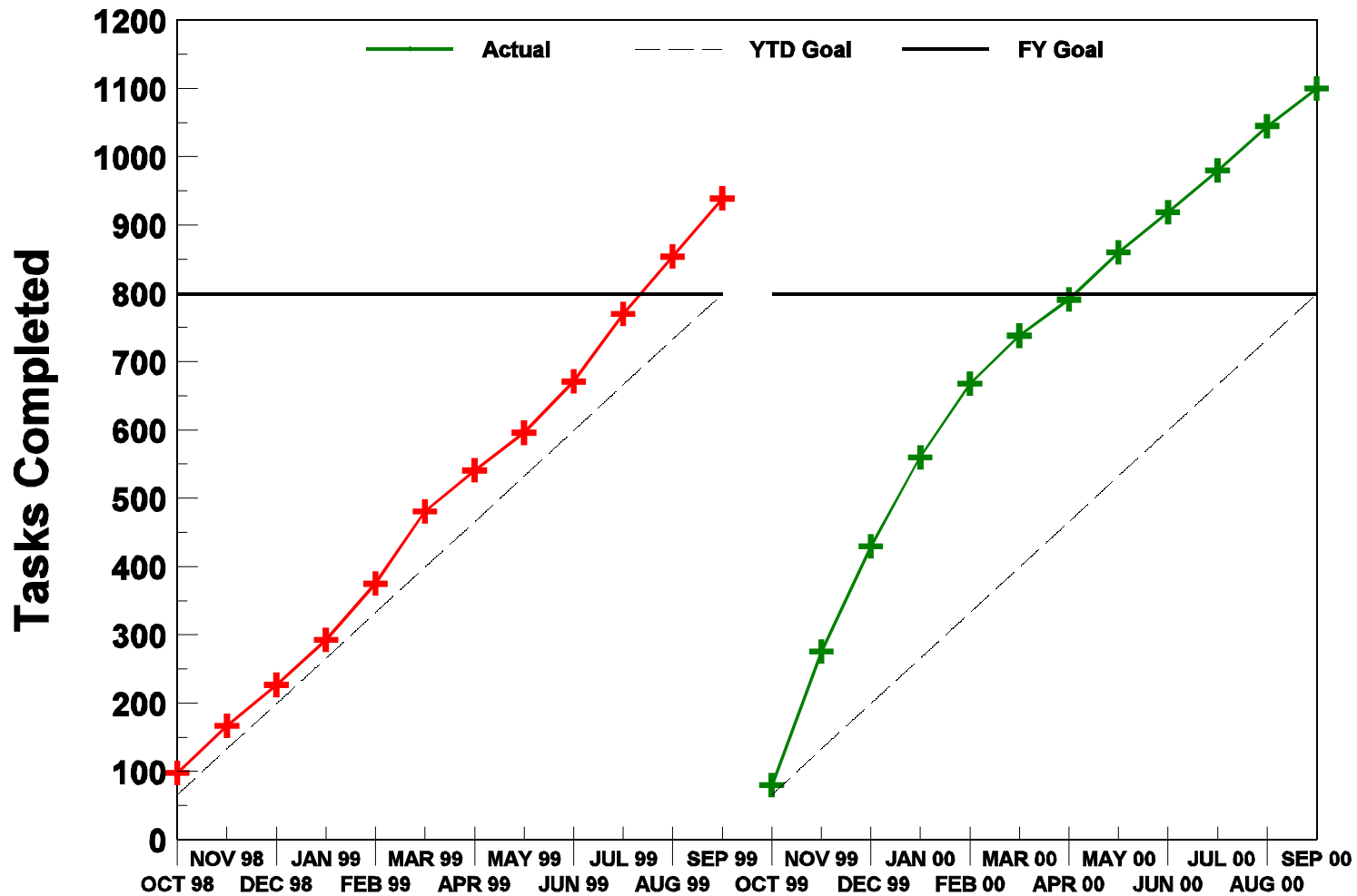
Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Age of Licensing Action Inventory



Nuclear Reactor Safety - Reactor Licensing

Performance Plan Target: Completed Other Licensing Tasks



V. Status of License Renewal Activities

Calvert Cliffs Renewal Application

The renewed licenses for Calvert Cliffs were issued on March 23, 2000, completing the NRC's review of the license renewal applications.

The Commission's denial of a request for hearing on the Calvert Cliffs application was appealed to the Court of Appeals for the D.C. Circuit. On April 11, 2000, the court issued its decision denying the petition for review. The petitioner requested a rehearing by the full Court of Appeals which was denied on June 15, 2000. On September 13, 2000, the petitioner sought review by the Supreme Court. The petitioner's request for review is still pending.

Arkansas Nuclear One, Unit 1, Renewal Application

The review of the Arkansas Nuclear One, Unit 1, renewal application is on schedule. All safety and environmental requests for additional information (RAIs) were issued and the applicant's responses have been received. The draft supplemental environmental impact statement was issued for comment on October 3, 2000. The staff is currently preparing the safety evaluation report.

Hatch, Units 1 and 2, Renewal Application

The review of the Hatch renewal application is on schedule. All safety and environmental RAIs were issued and the applicant's responses were received. The staff is currently preparing the safety evaluation report and the draft supplemental environmental impact statement.

Turkey Point, Units 3 and 4, Renewal Application

On September 11, 2000, the NRC received an application for renewal of the Turkey Point, Units 3 and 4, operating licenses. The staff has completed its acceptance review and has issued a public notice of its acceptance of the application for docketing and an opportunity for hearing. Until it is determined whether a hearing will be conducted, a 30-month review schedule has been established with a final decision on issuance of the license scheduled for March 2003. The deadline for filing hearing requests on Florida Power & Light Co.'s renewal application was extended from November 13 to November 27 in response to a request by a public citizen. The NRC does not expect that this modest extension of time will adversely impact the established review schedule since it was still in the very early stage of this license renewal proceeding.

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, the NRC staff issued its safety evaluation report on the application from Private Fuel Storage, Limited Liability Company to build an independent spent fuel storage installation on the Reservation of the Skull Valley Band of Goshute Indians. The

report concludes that the facility and the casks that would store the spent fuel would be safe and meet regulatory requirements. In its June 20, 1997, application, Private Fuel Storage proposed to store spent fuel generated from commercial nuclear power plants in the United States for a twenty-year period above ground in casks which have been certified by NRC and which are determined by the Commission staff to be appropriate for use at the proposed Private Fuel Storage Facility. Issuance of the safety evaluation report marks completion of another step in the safety and environmental review in the on-going licensing process required by NRC.

In the safety evaluation report, the staff concluded that the application demonstrates that the proposed facility would satisfy the applicable regulatory requirements during normal, off-normal, and accident conditions. Among the hazards analyzed by Private Fuel Storage were a cask drop, flood, fire, lightning, earthquake, and tornado. In addition, hazards from nearby activities also were considered, including explosions and aircraft crashes. NRC will not make a decision regarding licensing of the proposed facility until the Final Environmental Impact Statement is complete and the Atomic Safety and Licensing Board has made its findings regarding the remaining safety and environmental contentions. The Final Environmental Impact Statement is scheduled to be released in February 2001. The contentions are scheduled to be adjudicated during hearings in Salt Lake City, Utah, in July and August of 2001.

The 90-day public comment period for the Draft Environmental Impact Statement ended on September 21, 2000. The NRC staff (lead agency) and the three cooperating Federal agencies (the U.S. Department of the Interior's Bureau of Indian Affairs, the Bureau of Land Management and the Surface Transportation Board) are currently reviewing and preparing responses to the public comments received. Public comments were received during public meetings held in Utah in July and August, via electronic mail, and through various standard and express mail services.

Litigation in the adjudicatory proceeding on the Private Fuel Storage, Limited Liability Company application continued during this reporting period. The NRC staff responded to discovery requests filed by the State of Utah on environmental contentions; and various procedural motions and responses were filed before the Atomic Safety and Licensing Board.

VII. Enforcement Process and Summary of Reactor Enforcement by Region

Reactor Enforcement by Region

| | | Reactor Enforcement Actions* | | | | |
|-----------------------------|-------------|------------------------------|-------------|------------|-----------|-------|
| | | Region I | Region II** | Region III | Region IV | TOTAL |
| Severity Level I | Sep 2000 | 0 | 0 | 0 | 0 | 0 |
| | FY 2000 YTD | 0 | 0 | 0 | 0 | 0 |
| | FY 99 Total | 0 | 0 | 0 | 0 | 0 |
| | FY 98 Total | 0 | 0 | 0 | 0 | 0 |
| Severity Level II | Sep 2000 | 0 | 0 | 0 | 0 | 0 |
| | FY 2000 YTD | 1 | 2 | 0 | 0 | 3 |
| | FY 99 Total | 5 | 0 | 2 | 0 | 7 |
| | FY 98 Total | 3 | 1 | 1 | 1 | 6 |
| Severity Level III | Sep 2000 | 1 | 0 | 0 | 0 | 1 |
| | FY 2000 YTD | 5 | 0 | 4 | 4 | 13 |
| | FY 99 Total | 9 | 2 | 7 | 8 | 26 |
| | FY 98 Total | 46 | 11 | 15 | 19 | 91 |
| Severity Level IV | Sep 2000 | 0 | 0 | 1 | 0 | 1 |
| | FY 2000 YTD | 4 | 1 | 3 | 5 | 13 |
| | FY 99 Total | 52 | 42 | 57 | 60 | 211 |
| | FY 98 Total | 383 | 271 | 392 | 261 | 1307 |
| Non-Cited Severity Level IV | Sep 2000 | 17 | 0 | 28 | 17 | 62 |
| | FY 2000 YTD | 313 | 190 | 289 | 258 | 1050 |
| | FY 99 Total | 343 | 267 | 334 | 305 | 1249 |
| | FY 98 Total | 372 | 240 | 307 | 214 | 1133 |

| Escalated Reactor Enforcement Actions Associated with the Revised Reactor Oversight Process* | | | | | | |
|---|------------------|----------|-------------|------------|-----------|-------|
| | | Region I | Region II** | Region III | Region IV | Total |
| NOVs related to white, yellow or red findings | Sep 2000 -Red | 0 | 0 | 0 | 0 | 0 |
| | -Yellow | 0 | 0 | 0 | 0 | 0 |
| | -White | 0 | 0 | 0 | 0 | 0 |
| | FY 2000 | 6 | 1 | 0 | 0 | 7 |

*Numbers of violations are based on enforcement action tracking system (EATS) 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.

** Violation totals for Region II reflect a shift from a 6 week inspection period to a quarterly inspection period.

Description of Significant Actions taken in September 2000

Vermont Yankee Nuclear Power Corporation, Vermont Yankee (EA 00-165)

On September 18, 2000, a Notice of Violation was issued for a Severity Level III violation. The action was based on a former mechanical maintenance manager deliberately causing a violation of the procedure implementing the requirement to control contracted services during the 1998 refueling outage. As a result of this deliberate violation, contract valve technicians performed unsupervised work on a safety-related valve. During this evolution, technicians failed to follow the maintenance procedure and omitted a step that was required to ensure that valve testing results would accurately predict valve performance. The NRC recognizes that the omitted step was identified by licensee personnel and corrected prior to returning this component to service.

VIII. Power Reactor Security Regulations

The NRC staff is continuing its work to re-evaluate and develop proposed revisions to 10 CFR 73.55, "Requirements for physical protection of licensed activities in nuclear power reactors against radiological sabotage," and associated power reactor security regulations. In SECY-00-0063, "Staff Re-Evaluation of Power Reactor Physical Protection Regulations and Position on a Definition of Radiological Sabotage" (March 9, 2000), the staff proposed basing the new regulation on the development of performance criteria for protecting critical safety functions. The NRC staff is currently evaluating public comments and will provide recommendations for the consideration of the Commission by November 17, 2000.

On October 19, 2000, the staff held a public meeting with all stakeholders to discuss its comments on NEI 99-07, "Safeguards Performance Assessment Program," an industry initiative which would provide for force-on-force exercises similar to those being conducted under the current Operational Safeguards Response Evaluations (OSRE) program. The NRC staff is developing recommendations for the consideration of the Commission. The staff will continue with the current OSRE inspections until the OSRE follow-on program is approved by the Commission and implemented.

Identical letters to:

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

cc: Senator Bob Graham

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

cc: Representative Rick Boucher

The Honorable Tom Bliley, Chairman
Committee on Commerce
United States House of Representatives
Washington, D.C. 20515

cc: Representative John D. Dingell

The Honorable Bob Smith, Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

cc: Senator Max Baucus

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

cc: Representative Peter J. Visclosky

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

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

cc: Senator Harry Reid