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General Wage Determination Publication

General Wage determinations issued under the Davis-Bacon and related Acts, including those noted above, may be found in the Government Printing Office (GPO) document entitled ''General Wage Determinations Issued Under The Davis-Bacon and Related Acts.'' This publication is available at each of the 50 Regional Government Depository LIbraries across the country.

The general wage determinations issued under the Davis-Bacon and related Acts are available electronically by subscription to the FedWorld Bulletin Board System of the National Technical Information Service (NTIS) of the U.S. Department of Commerce at 1–800–363–2068

Hard-copy subscriptions may be purchased from: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, (202) 512–1800.

When ordering hard-copy subscription(s), be sure to specify the State(s) of interest, since subscriptions may be ordered for any or all of the seven separate volumes, arranged by State. Subscriptions include an annual edition (issued in January or February) which includes all current general wage determinations for the States covered by each volume. Throughout the remainder of the year, regular weekly updates are distributed to subscribers.

Signed at Washington, D.C. this 30th day of July 1998.

Carl J. Polesky,

Chief, Branch of Construction Wage Determinations.

[FR Doc. 98–20930 Filed 8–6–98; 8:45 am]

BILLING CODE 4510–27–M

NUCLEAR REGULATORY COMMISSION

Public Comment on the Integrated Review of the Assessment Process for Commercial Nuclear Power Plants

AGENCY: Nuclear Regulatory Commission.

ACTION: Request for public comment.

SUMMARY: The Nuclear Regulatory Commission (NRC) is performing an integrated review of the assessment process (IRAP) to develop a new method for assessing licensee performance at

commercial nuclear power plants. In parallel with this effort, the staff is developing several new assessment tools that can be used in an integrated process. These additional assessment tools include risk-informed assessment guidance, trending methodology, and financial indicators. Public comments are requested on the development of a new assessment process and these associated assessment tools. The NRC is soliciting comments from interested public interest groups, the regulated industry, States, and concerned citizens. The NRC staff will consider comments received in developing a final proposal for a new assessment process.

DATES: The comment period expires October 6, 1998. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received on or before this date.

ADDRESSES: Submit written comments to: Chief, Rules and Directives Branch, Division of Administrative Services, Office of Administration, Mail Stop: T–6D–59, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001. Hand deliver comments to: 11545 Rockville Pike, Rockville, Maryland, between 7:45 a.m. and 4:15 p.m. on Federal workdays. Copies of comments received may be examined at the NRC Public Document Room, 2120 L Street, NW. (Lower Level), Washington, DC.

FOR FURTHER INFORMATION CONTACT: Timothy J. Frye, Mail Stop: O–5H–4, Inspection Program Branch, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Telephone 301–415–1287.

SUPPLEMENTARY INFORMATION:

Background

Over the years, the NRC has developed and implemented different licensee performance assessment processes to address the specific assessment needs of the agency at the time. The systematic assessment of licensee performance (SALP) process was implemented in 1980 following the accident at Three Mile Island to allow for the systematic, long-term, integrated evaluation of overall licensee performance. The senior management meeting (SMM) process was implemented in 1986 following the loss-of-feedwater event at Davis-Besse to allow those plants whose performance was of most concern to be brought to the attention of the highest levels of NRC management in order to plan a coordinated agency course of action. The plant performance review (PPR) process was implemented in 1990 to allow for periodic adjustments in NRC inspection focus in response to changes in licensee performance and emerging plant issues.

Each of these assessment processes serves a useful purpose and has evolved individually over time through separate reviews and improvements. However, overlaps between these processes now exist such that they (1) have multiple structures for data analysis and different assessment criteria, (2) have different outputs which can send mixed messages on licensee performance, and (3) place significant administrative burdens on the NRC staff. Although each of the current assessment processes has been individually successful at meeting its particular purpose, an integrated review of these processes has not been performed.

Integrated Review of the Assessment Process

In September 1997, the NRC began an integrated review of the assessment processes used for commercial nuclear power plant licensees. A cross-disciplinary team of NRC staff members was assembled to identify and evaluate potential improvements to how licensee performance is assessed by the NRC. A process re-engineering approach was taken by the team to identify the desired objectives of a new assessment process, the attributes it should possess, and criteria to measure improvement over the existing assessment processes.

The team developed a conceptual design for a new integrated assessment process and presented it to the NRC Commissioners in Commission paper SECY–98–045, dated March 9, 1998. This Commission paper requested the Commission's approval to solicit public input on the proposed concepts. On April 2, 1998, the staff briefed the Commission on the concepts for a new assessment process as discussed in the paper.

On June 30, 1998, the Commission issued a staff requirements memorandum (SRM) in response to SECY–98–045 that approved the staff's request to solicit public comment on the concepts presented in the Commission paper. The SRM, the Commission voting record, and the comments of the Commissioners regarding SECY–98–045 are attached. Upon completion of the public comment period, the NRC will develop a final recommendation to the Commission for changes to the assessment process.

Risk-Informed Assessment Guidance

The NRC issued a policy statement on the use of probabilistic risk assessment (PRA) methods in nuclear regulatory activities in SECY–95–126, dated May 18, 1995. The statement presents the policy that the use of PRA technology in NRC regulatory activities should be increased to the extent supported by the state of the art in PRA methods and data and in a manner that complements the NRC's deterministic approach. Consistent with that policy, the staff has developed guidance, based on risk insights, for assessing the findings and issues contained in the Plant Issues Matrix. This guidance is entitled ''Guidance for Assessing the Risk Inherent in Plant Performance'' and is available as Appendix B to the report ''Concepts Developed by the Integrated Review of Assessment Process for Commercial Nuclear Power Plants,'' dated July 29, 1998. The guidance is intended to help NRC staff develop a risk-informed perspective on plant performance so that that perspective will be part of the NRC's process for reviewing licensee performance.

Indicators

In an SRM dated June 28, 1996, the Commission directed the staff to assess the SMM process and evaluate the development of indicators that can provide a basis for judging whether a plant should be placed on or deleted from the NRC Watch List. In response to this request, the staff developed several new assessment tools, such as trending methodologies and economic indicators.

Studies were undertaken to develop trending methodologies that provide more objective and scrutable information on plant performance. The trend model is recommended as a tool for quantitatively identifying candidate plants for further discussion by senior NRC managers during the licensee performance review process. The trend methodology is based on the trend model suggested by the Arthur Andersen Company in its original review of the SMM process (Arthur Andersen, ''Recommendations to Improve the Senior Management Meeting Process,'' December 30, 1996.) The regression model is recommended as a quality control measure for the trend model, as well as possibly identifying additional plants that warrant further discussion. The regression model estimates the probability that a plant's current performance should be further discussed during the SMM, based on the experience with plants that were discussed during previous SMMs.

A set of site-related financial variables was developed for use in the licensee performance review process. Comparison of the trends of these

financial variables to earlier single-unit and multi-unit median trends in the nuclear industry pointed to financial trends and patterns that had often preceded decisions to discuss a plant at past SMMs. However, no financial model is recommended for use alone in determining those plants that warrant further discussion during the SMM.

These methodologies were originally developed for use by the SMM process, but are equally applicable in an integrated assessment process. The use of the trending methodologies can be one part of a larger integrated assessment process that may consider both quantitative and qualitative information during the licensee performance review process. The trending methodologies and financial indicators are not intended to be the precise definitive identifying elements. Rather, they are designed to help identify candidate plants for further discussion by senior NRC managers and rely on the remaining elements of an integrated assessment process to complete the identification process.

Details of the development efforts for the various trending methodologies and financial indicators are described in three draft reports that are contained in Appendices A and E of the report ''Concepts Developed by the Integrated Review of Assessment Process for Commercial Nuclear Power Plants,'' dated July 29, 1998. Specifically, details of a trend model are contained in ''Draft Report—Development and Findings of the Performance Trending Methodology,'' dated February 27, 1998. Details of a regression model are contained in ''A Modeling Approach for Identifying Plants for Senior Management Discussion Using Performance Indicator Data,'' dated March 1998. Details of a set of financial trend variables are contained in ''Draft Special Study—Methodology for Identifying Financial Variables for Trend Analysis,'' dated May 1998.

Industry Proposal

In parallel with staff work on the IRAP and the development of other assessment tools, the industry has independently developed a proposal for a new assessment and regulatory oversight process. This proposal would take a risk-informed and performance-based approach to the inspection, assessment, and enforcement of licensee activities based on the results of a set of performance indicators. This proposal is being developed by the Nuclear Energy Institute and is further described in ''Minutes of the July 28, 1998 Meeting With the Nuclear Energy Institute to Discuss Performance Indicators and Performance Assessment,'' dated July 30, 1998.

Scope of the Public Comment Period

The NRC staff has developed a concept for an integrated assessment process as presented in SECY–98–045. Additional information on the integrated assessment process is described in the report ''Concepts Developed by the Integrated Review of Assessment Process for Commercial Nuclear Power Plants,'' dated July 29, 1998. This report provides additional draft details of an integrated assessment process and describes how new assessment tools such as the trending methodology and risk-informed assessment guidance could be factored into the process.

The Commission has provided its views on this concept, along with its general views on licensee performance assessment in the attached SRM, the Commission voting record, and the comments of the Commissioners. This public comment period will focus on obtaining industry and public comments on how the NRC should assess licensee performance and other potential changes to the regulatory oversight process.

As part of the public comment period, two public workshops are tentatively scheduled to be held in September 1998. One is currently planned to be held at the NRC Headquarters office with the other one held in the vicinity of the Region III office. Additional details on the dates, locations, and scope of these workshops will be provided at a later date, as they become available.

The NRC seeks specific public comment and feedback on the topics highlighted in the questions below. Commenters are not limited to, or obligated to address every issue discussed in the questions. In providing comments, please key your response to the number of the applicable question (*e.g.*, ''Response to A.1.a.''). Comments should be as specific as possible. The use of examples is encouraged.

Comments are requested on the following issues:

A. Regulatory Oversight Approach

1. The NRC currently has a low threshold for initiating increased interaction with licensees above the core inspection program. For example, procedure adherence errors or program implementation weaknesses with low actual safety consequence may result in increased inspection activity in these areas. Alternatively, if these regulatory oversight thresholds were raised, the NRC would wait until actual safety significant events occurred (such as those measured by performance indicators) before increasing interaction with licensees.

a. At what threshold should the NRC take action to assure the adequate protection of public health and safety?

b. What is the basis for this threshold?

2. What range and specific types of NRC actions should be taken if licensees exceed the regulatory thresholds discussed in Question A.1?

3. The current regulatory oversight process focuses discretionary inspection resources on a selective sample of all aspects of licensee performance, such as human performance, procedure quality, and program implementation.

a. Could an enhanced use of high level performance indicators (*e.g.* operational transients and safety system availability) reduce the need for discretionary inspection if particular levels of licensee performance are achieved?

b. Would this approach result in a regulatory oversight process which is timely and comprehensive enough to assure the adequate protection of the public health and safety?

4. What should the role of licensee audits, inspections, and self-assessments be in the regulatory oversight process?

5. Would an enhanced use by the NRC of licensee audits, inspections, and self-assessments (and a corresponding reduction in NRC discretionary inspection) result in a regulatory oversight process that was sufficiently independent?

B. Integrated Assessment Process

1. Objectives and Attributes

a. The objectives developed by the staff for an integrated assessment process include the following: (1) Provide early warning of declining licensee performance and promote prompt, timely corrective action; (2) provide checks and balances with other processes; (3) allow for the integration of inspection findings and other relevant information; (4) focus NRC's attention on those plants with declining or poor performance; (5) effectively communicate assessment results to the licensees and the public; and (6) allow for effective resource allocation. What changes could be made to these objectives and why?

b. The new integrated assessment process would not formally recognize superior licensee performance, nor would it include a Watch List. Should the NRC recognize superior licensee performance?

c. The integrated assessment process would not provide a measure of how

good licensee performance was. This was due in part to the significant resources involved and the lack of clear guidance against which good performance can be measured. Therefore, performance issues involving solely good or neutral licensee performance would not be included in the evaluation. To what extent and how should positive inspection findings be factored into an assessment process?

d. The integrated assessment process would include an assessment report for each licensee and a public meeting with the licensee to review this assessment. How should the NRC's assessment results be communicated to the licensees and to the public?

e. The integrated assessment process would provide several opportunities for the licensee and the public to be made aware of the issues being considered and to provide feedback and input on these issues and assessment results. What are the most desirable ways to include licensee and public input and feedback during the implementation of the assessment process?

2. Assessment Criteria

a. In the integrated assessment process, a plant performance matrix is used to categorize performance findings into assessment areas in order to provide better structure for the information and to better communicate assessment results. What additional or alternate information should be used and how should it be integrated?

b. Under the integrated assessment process, individual performance issues were numerically graded on the basis of safety and regulatory significance. As stated in the SRM for SECY–98-045 dated June 30, 1998, the Commission did not approve of this approach. Are there alternate methods by which the NRC could provide a quantitative input into the assessment process so that the significance of issues can be assigned in a scrutable way?

c. In developing a new assessment process, it was essential that the results of the assessment could be clearly communicated to the licensees and the public. The staff chose color category ratings for each assessment area for the integrated assessment process. As stated in the SRM for SECY–98–045 dated June 30, 1998, the Commission did not approve of this approach. What alternate presentations could be used to clearly convey the results of licensee performance assessments?

3. Decision Model

The staff developed a decision model to provide for a structured and predictable application of NRC actions in response to assessment results. Are there additional or better ways to optimize the scrutability and predictability of the NRC outcomes of the assessment process?

4. Assessment Periodicity

The staff recommended that an annual performance assessment be performed for each plant to allow for a periodic assessment report and a public meeting to discuss the assessment results. Is there a more appropriate periodicity for accurately assessing changes in licensee performance?

5. Success Criteria

a. The integrated assessment process was designed to produce NRC assessments that are more scrutable and predictable. For comparison, how scrutable, predictable, and objective are the current assessment processes?

b. The integrated assessment process was intended to be less resource intensive for both the NRC and the licensee. How do the estimated licensee costs compare with the costs of the existing assessment processes?

C. Risk-Informed Assessment Guidance

1. Effective risk management is necessary to ensure the safe operation of nuclear power plants. How should indications of risk-management performance be considered in the assessment of plant safety?

2. One aspect of a risk-informed regulatory process is that plant performance measures are considered commensurate with their impact on plant safety and risk. Are the questions presented in ''Guidance for Assessing the Risk Inherent in Plant Performance'' sufficient to ensure that inspection findings are interpreted in a risk-informed manner?

3. Regulatory Guide 1.174, ''An Approach for Using Probabilistic Risk Assessment in Risk-Informed Decisions on Plant-Specific Changes to the Current Licensing Basis,'' presents a framework, principles, and staff expectations relative to regulatory decisionmaking.

a. What role, if any, should such guidance play in risk-informed assessments of plant performance?

b. What role should PRA techniques and risk metrics play in the assessment of plant performance?

4. How should patterns of degrading human performance, equipment performance, and risk management at a nuclear power plant be factored into the plant performance assessment process?

5. Are the questions raised in ''Guidance for Assessing the Risk Inherent in Plant Performance'' sufficient to provide a risk-informed assessment of plant safety that addresses the influence of human performance and equipment performance on plant safety?

D. Indicators

1. General

The trending methodologies can be used as part of an integrated assessment process that uses both quantitative and qualitative information. The trending methodologies are not intended to be used in isolation as the only definitive identifying element in plant performance assessment.

a. How should the NRC use quantitative measures of performance?

b. What methodologies and/or performance measures would be useful to quantitatively monitor plant performance trends?

2. Trending Methodology

a. The staff considered more than 20 variables during the development of both the trend and the regression models.

1. Are there other variables that should be considered?

2. Are the data for the suggested variables publicly available?

3. Are the data for the suggested variables reported to the NRC?

4. How frequently are the data for the suggested variables available (e.g., daily, weekly, quarterly, annually, etc.)?

b. The staff considered a variety of time periods for monitoring plant performance during the development of the trend model. The proposed trend model uses a four-quarter moving average. Should a different time period be used?

c. The proposed trend model uses a ''hit'' threshold that is based on a fixed 2-year average of one standard deviation beyond the quarterly industry mean for the period from July 1995 through June 1997. Should a different threshold be used?

d. The proposed trend model uses a discussion candidate threshold value of two hits. Should a different threshold be used?

3. Financial Indicators

a. Financial indicators can be used to gain insight into licensee performance in conjunction with other assessment measures. They would not be relied upon solely to draw conclusions on licensee performance in an integrated assessment process. How should financial indicators be used in the assessment of licensee performance?

b. Are there other financial methodology processes that will provide a more useful set of financial variables?

c. The financial variables are based on publicly available data. Are there other financial data that could be made available that would be more useful?

E. Additional Comments

In addition to the previously mentioned issues, commenters are invited to provide any other views on the NRC assessment process that could assist the NRC in improving its effectiveness.

Dated at Rockville, MD, this 3rd day of August 1998.

For the Nuclear Regulatory Commission.

Michael R. Johnson,

Acting Chief, Inspection Program Branch, Division of Inspection & Support Programs, Office of Nuclear Reactor Regulation.

BILLING CODE 7590–01–P

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE SECRETARY

June 30, 1998

COMMISSION VOTING RECORD

DECISION ITEM: SECY-98-045

TITLE: STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS

The Commission (with Chairman Jackson and Commissioner McGaffigan agreeing and Commissioner Diaz agreeing in part) approved the subject paper as recorded in the Staff Requirements Memorandum (SRM) of June 30, 1998. Commissioner Diaz disapproved in part. Commissioner Dicus disapproved the issuance of the paper for formal public comment at this time.

This Record contains a summary of voting on this matter together with the individual vote sheets, views and comments of the Commissioners, and the SRM of June 30, 1998.

John C. Hoyle
Secretary of the Commission

Attachments:
1. Voting Summary
2. Commissioner Vote Sheets
3. Final SRM

cc: Chairman Jackson
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
OGC
EDO
PDR
DCS

Attachment

VOTING SUMMARY - SECY-98-045

RECORDED VOTES

	APRVD	DISAPRVD	ABSTAIN	NOT PARTICIP	COMMENTS	DATE
CHRM. JACKSON	X				X	4/9/98
COMR. DICUS		X			X	5/5/98
COMR. DIAZ	X	X			X	5/6/98
COMR. McGAFFIGAN	X				X	5/19/98

COMMENT RESOLUTION

In their vote sheets, Chairman Jackson and Commissioner McGaffigan approved the staff's recommendation to issue the paper for formal public comment. Commissioner Diaz approved in part and disapproved in part, recommending some changes to the paper before issuance for comment. Commissioner Dicus disapproved issuance of the paper for comment. Subsequently, the Commission approved soliciting public comments on the new assessment process as presented in SECY-98-045. The Commission also directed the transition to an annual senior management review process with additional guidance to staff as reflected in the SRM issued on June 30, 1998.

NOTATION VOTE

RESPONSE SHEET

TO: John C. Hoyle, Secretary

FROM: CHAIRMAN JACKSON

SUBJECT: **SECY-98-045 - STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS (SRM 9700238)**

Approved w/comments X Disapproved _____ Abstain _____

Not Participating _____ Request Discussion _____

COMMENTS:

SEE ATTACHED COMMENTS

Shirley Ann Jackson
SIGNATURE

Release Vote / X /

April 9, 1998
DATE

Withhold Vote /___/

Entered on "AS" Yes X No ____

Chairman's Vote on SECY-98-045, "Status of the Integrated Review of the NRC Assessment Process for Operating Commercial Nuclear Reactors"

I approve the staff begin soliciting, by May 1998, public comments on the proposed new conceptual assessment process provided the paper is modified to reflect the following concerns:

> I recognize that some regulatory concerns may not be as important to safety as others. Certain patterns of regulatory concern may be symptomatic of emerging safety problems. The staff should, therefore, ensure that these issues are treated appropriately in the assessment process.
>
> I recognize that the enforcement program is valuable for the NRC; However, the staff should address the perception that it is being used as a driver of the assessment process.

Independent of soliciting public comment at this early stage of the process, the staff should develop a clear statement of goals, objectives, strategies, and clear linkages between them. This linkage requires defining the role of each of the template categories in supporting the fundamental objectives of the assessment process. In addition, trial applications of the proposed process would be helpful for benchmarking and to ensure that the assessment process is viable and meets all expectations. Results of these trial applications should be provided to the Commission.

As part of its final proposal on the Integrated Assessment Process due in the fall of 1998, the staff should also inform the Commission on how it has addressed the recommendations in the March 13, 1998, ACRS letter on proposed improvements to the Senior Management Meeting Process. Further , the staff should clarify any differences in objectives of the template and assessment tools being developed by AEOD along with how potential differing results from the two processes are to be reconciled.

NOTATION VOTE

RESPONSE SHEET

TO: John C. Hoyle
Secretary of the Commission

FROM: COMMISSIONER DICUS

SUBJECT: SECY-98-045

Approved __ Disapproved _X_ Abstain _____

Not Participating _____ Request Discussion _____

COMMENTS:

See attached.

Greta Joy Dicus
SIGNATURE

May 5 1998
DATE

Release Vote /_X_/

Withhold Vote /___/
Entered on "AS" Yes ____ No ____

Commissioner Dicus' vote on SECY-98-045, "Status of the Integrated Review of the NRC Assessment Process for Operating Nuclear Reactors"

I disapprove issuance of this paper for formal public comment in its present form. I believe the paper needs substantial revision in order to address some significant concerns and to help ensure that meaningful comments can be reviewed once the paper is released for formal public comment.

While I disapprove issuance of the paper at this time, the staff is to be commended for its willingness to address an issue of this magnitude and importance. While I have substantial concerns about some of the concepts advanced in the paper and concerns about concepts that have not been addressed, I recognize that the paper represents an important first step in a thorough reappraisal of our reactor oversight program.

The staff should revise the paper prior to releasing it for public comment and so doing consider the following:

1) The staff should develop the hierarchical structure of the new process to clearly define how the process will arrive at conclusions of plant performance. The staff should address the concerns raised by the ACRS.

2) The staff should also address how the new system will equitably treat those plants that receive a large number of inspection hours compared to those plants that receive a normal number of inspections hours.

3) I believe the staff should consider positive as well as negative inspection findings in the new assessment process. In the benchmarking activity, the staff should assess how the new process would handle both positive and negative Plant Issues Matrix (PIM) entries. The staff should provide their conclusions concerning a) differences in inspection effort and b) including positive and negative inspection findings in a paper to the Commission.

4) The staff needs to address inter and intra regional consistency in the new process. While the new process will identify inspections that do not find the same number of issues as other similar inspections, consistency between the regions is not assured with this process. The staff should prepare for Commission consideration their plans for monitoring equity among the regions.

5) With performance indicators showing a trend of better industry performance, it is not clear to me why Level IV violations have doubled in the past two years. The staff should report to the Commission on why this disparity exists. The staff should continue their efforts to benchmark the new process against existing PIMs. The staff should test the new assessment system to determine the sensitivity of the new system to enforcement, perhaps by a comparison of current PIM data to PIM data from two years ago for the same group of plants. The staff should report to the Commission on whether

the new process retains the desired safety focus of the assessment process or becomes compliance oriented based on the overemphasis on enforcement.

6) The assessment process cannot be separated from the inspection process. The staff should continue their development of the IRAP and develop the necessary changes to the inspection program so that a combined package of changes to the assessment process and inspection program can be presented to the Commission for consideration. Because of the recent changes to the Senior Management Meeting process, I am comfortable using that system until the IRAP and corresponding changes to the inspection program can be approved by the Commission.

7) The assessment process must assure that it provides a method to help focus our resources where they are most needed and can give early warning of declining performance through the use of leading (technical) indicators of safety performance.

8) The staff should provide revised milestone dates for IRAP including a public comment period following Commission review.

NOTATION VOTE

RESPONSE SHEET

TO: John C. Hoyle, Secretary

FROM: COMMISSIONER DIAZ

SUBJECT: **SECY-98-045 - STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS (SRM 9700238)**

Approved XX with comments Disapproved XX Abstain _____

Not Participating _____ Request Discussion _____

COMMENTS:

See Attached Comments

SIGNATURE

Release Vote /___/

May 6, 1998
DATE

Withhold Vote /___/

Entered on "AS" Yes ____ No ____

COMMISSIONER DIAZ'S COMMENTS ON SECY-98-045 -- STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS

I commend the staff for its significant effort in responding with a sense of purpose to the Commission's direction for conducting the integrated review of assessment processes (IRAP). The IRAP team made an effort to create an improved and less resource-intensive process, an objective with which I fully agree. In fact, the streamlined information flow (including the sequence of assessment activities) developed by the IRAP team achieves this objective to a large extent. As a positive incremental step, I believe that it is feasible to implement the proposed information flow now, using the assessment tools that the staff currently has at its disposal.

The major task facing the staff is to develop the mechanics of assessing plant performance and associated actions to achieve the fundamental objectives of the program.

I approve the issuance of SECY-98-045 for soliciting public comments provided the paper is revised to address the following issues.

1. The obvious showstopper in the proposed IRAP is that the processes for assessing plant performance and for taking associated actions appear to depend on an enforcement foundation. This would introduce an unnecessary bias into the process. It is my opinion that **informed enforcement is one of several regulatory tools, not a driving force of assessment activities.** Assessment of enforcement actions is usually straightforward, since *enforcement is an integral activity* that already encompasses multiple features of the IRAP information flow as described in the paper, and it is normally a lagging indicator of performance.

2. The definitions for the three performance rating categories (green, yellow, and red) are expressed largely in terms of compliance; these definitions should be reformulated in terms of safety. In addition, the use of color coding as a means of depicting plant performance would, given the current state of evolution of our assessment capability, oversimplify the meaning of NRC performance assessments, and could therefore lead to easy misunderstanding or distortion. The definitions themselves should serve as the labels of the various plant performance categories. For example, the three categories could be revised as shown below:

   - performance that exceeds operational safety requirements
   - performance that meets operational safety requirements (this designation would include plants that may have performance issues requiring additional agency focus beyond the core inspection program).
   - performance below safety margins and/or operational safety requirements (this designation should be reserved for plants that are shutdown under a Confirmatory Action Letter or Order).

   Using definitions such as these would better allow for accurate characterization of performance and for clearly communicating the meaning of NRC assessments.

3. Given the redundancy of the agency's enforcement processes to the proposed assessment methodology, duplicatively carrying forward enforcement will undercut the efficiencies that would be realized by the streamlined information flow. Therefore, it would be appropriate for the IRAP to have enforcement-type actions removed from the process, leaving enforcement action, if any, to be brought into the process only as a final measure and taken by the highest levels of the agency. This is not to say that the staff should not consider enforcement history at the various closure points in the process as it develops a full integral assessment of plant performance.

4. In developing a point scoring system for the PIM, the staff should ensure that the IRAP will be safety focused and risk-informed with minimal compliance orientation by emphasizing the "weight" of safety deficiencies. Such a rating scheme should result in the avoidance of "bean counting," and it would not place "paper compliance" over actual operational safety, thereby emphasizing correction of genuine safety problems. Even though the proposed template is a useful tool, we still need to have the ability to differentiate between regulatory concerns and safety issues. The population and weight of safety issues should overwhelm any flare-ups of regulatory concerns without a safety nexus. Points in a PIM, or "hits" derived from a trend chart, should for now only be triggers for further data gathering and analysis, not ends in themselves.

   Obviously, the transition to a more quantitative regime would need to be done carefully in order to minimize pitfalls. Hopefully, the learning process during this transition will converge to establish better quantification and reduce subjectivity. However, I believe that today's state-of-the-art is not capable of sound decision-making that is based only on the terms stated in the paper. This contrast between weighing safety issues and making decisions on a strictly quantitative basis is analogous to being risk-informed versus being risk-based.

5. The evolution toward a "negative-only" reporting regime, in which the only good news is an absence of bad news, would not be a step forward. While it may be worthwhile to no longer differentiate among the better plants (those that would have an overall rating of Green in the proposed system), it would be counterproductive to change the NRC assessments to something closely resembling a pass/fail system. In the interest of developing a balanced picture of licensee performance, it would be beneficial for the NRC to be able to consider in its assessments those activities that reflect implementation of a robust safety focus, especially when the margin of safety exceeds regulatory requirements.

During the public meetings on the IRAP and resolution of stakeholder comments, the staff should keep in mind that for clarity, transparency, and accountability of NRC regulatory activities, the IRAP should serve to:

- assess the **safety** performance of licensees;
- assess the clarity, ease of **implementation**, and **effectiveness** of NRC requirements;
- assist NRC management in allocating its increasingly scarce resources;
- communicate all of these **safety** performance assessments to all stakeholders;
- foster early licensee implementation of corrective actions;
- foster improved two-way communications between the NRC and its licensees;
- help agency senior managers to assess the effectiveness of the NRC inspection program and the other programs that feed the assessments (such as AEOD's performance indicators and trend methodology, enforcement program, allegations program, and so forth); and,

- establish robust efforts dedicated to making the process less punitive and more self-corrective.

Finally, the IRAP, which embodies new assessment processes and the Senior Management Meeting, should reflect that the Commission is accountable for all of it. This accountability should be assured by making the issuance of orders as a result of the annual Headquarters performance review meeting subject to negative consent by the Commission.

NOTATION VOTE

RESPONSE SHEET

TO: John C. Hoyle, Secretary

FROM: COMMISSIONER MCGAFFIGAN

SUBJECT: **SECY-98-045 - STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS (SRM 9700238)**

Approved _X_ Disapproved _____ Abstain _____

Not Participating _____ Request Discussion _____

COMMENTS:

See attached comments.

Edward McGaffigan Jr.
SIGNATURE

May 19, 1998
DATE

Release Vote /X/

Withhold Vote /___/

Entered on "AS" Yes _X_ No ____

Commissioner McGaffigan's Comments on SECY-98-045

As I indicated at the April 2, 1997 Commission briefing, I have major concerns with the staff proposal for integrating the various NRC assessment processes for commercial nuclear reactors. I appreciate the staff's effort to think "outside the box" and the initiative to come to the Commission and stakeholders early to take a sounding on whether the staff proposal is acceptable before too many resources are expended. But in the end I believe the staff may have reached too far.

I am doubtful that the process outlined by the staff is implementable or that it will save resources. Scoring every plant issues matrix (PIM) item in an assessment template with at least sixteen elements in the matrix in a consistent fashion with quasi-adjudication on each score is a monumental task. The staff has tried to narrow the task by not including good or neutral assessments in the PIM and by not attempting to distinguish excellent or superior performance from performance that meets regulatory requirements with less robustness. I disagree with both of these "boundary conditions" / "fundamental principles." I also disagree with the "fundamental principle" that "any new process must be closely aligned with the enforcement policy." By focusing only on negative items in the PIM, the assessment process and the enforcement process almost become one and the same. It is only at the annual regional and headquarters staff meetings behind closed doors where additional information such as performance indicators and AEOD trending methodology are compared and reconciled with the template assessment.

I should also note that I disagree with the need for an additional "management effectiveness" category in the performance template as discussed in my vote on SECY-98-059.

I understand that the staff considered a less radical approach to streamlining the assessment process during its deliberations. I would hope that that option might be revived during the comment period. I personally would support aligning the PPR, SMM and SALP processes in a straightforward manner. I could imagine semi-annual PPRs, an annual SMM (incorporating the ongoing improvements from the Arthur Anderson follow-up work), and an annual update on SALP scores done at the same time as the SMM preparations, all utilizing the same inspection reports, performance indicators, trending methodologies, etc. The PIM would not be scored and it would include positive as well as negative findings. The current four SALP categories and the three grades (superior, good, acceptable) would be maintained. The Commission would endorse the proposed actions resulting from the SMM by a negative consent process, as

previously proposed by Commissioner Diaz. Aligning and integrating the three existing processes to save resources in this or a similar fashion appears to me to have a greater chance to succeed in implementation than the staff proposal.

This all said, I am not opposed to seeking formal public comments on the proposal, as requested by the staff, if the staff still believes that that would be worthwhile in light of the comments received thus far (from ACRS, UCS, the Commissioners and other stakeholders). The staff can not, however, possibly keep to the schedule proposed in the paper. The staff will likely need a second round of comments if the proposal is significantly altered as a result of the comment process, and implementation of other than modest changes in the existing processes (such as an annual SMM) will likely prove impossible in fiscal year 1999.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE SECRETARY

June 30, 1998

MEMORANDUM TO: L. Joseph Callan
Executive Director for Operations

FROM: John C. Hoyle, Secretary

SUBJECT: STAFF REQUIREMENTS - SECY-98-045 - STATUS OF THE INTEGRATED REVIEW OF THE NRC ASSESSMENT PROCESS FOR OPERATING COMMERCIAL NUCLEAR REACTORS

The Commission has approved the staff soliciting public comments on a proposed new assessment process as presented in SECY-98-045, as guided by the following general principles (the Commission desires that this SRM, the Commission voting record, and the comments of the Commissioners be included in the Federal Register Notice soliciting public comments):

1. While the enforcement program is a valuable regulatory tool, the Commission does not desire that enforcement be used as a "driving force" of the assessment activities.

2. The Commission supports the position that the staff continue to identify positive, as well as negative findings in inspection reports (this should not be construed as requiring inspectors to strive for a "balance" of positive and negative findings in their reports).

3. The Commission does not support the transition to an assessment process based primarily on a quantitative "scoring" of plant issues matrix entries at this time. The Commission is interested in obtaining a quantitative "input" to the assessment process, and desires additional feedback on potential grading mechanisms during this public comment period.

4. The Commission supports the development, if possible, of leading or, at least, concurrent indicators that can identify emerging safety problems. The Commission recognizes that neither the staff nor industry has thus far been successful in developing leading indicators, and resources devoted to this effort need to be commensurate with the probability of success.

5. The definitions for the performance rating categories should not be "color coded".

SECY NOTE: SECY -98-045 was released to the public at the Commission Meeting on April 4, 1998. This SRM and the Commission voting record will be made publicly available 5 working days from the date of this SRM.

In addition to the processes discussed in the paper, the staff should remain open during the public comment period to less dramatic changes which might integrate the existing processes in a manner which saves resources and may be more readily implemented.

The staff should continue to involve the ACRS in the efforts to integrate NRC's assessment process.

The staff should inform the Commission of the results of their review of public comments and their recommendation for changes to the assessment process. The staff should address how the new process will ensure inter and intra regional consistency and the equitable treatment of plants receiving varying levels of inspection effort. The staff should include any conceptual changes to the inspection program needed to conform with the new assessment process.
(EDO) (SECY Suspense: 1/1/99)

The staff should report to the Commission the reasons that Level IV violations have doubled in the past two years while performance indicators show an improving trend of industry performance.
(EDO) (SECY Suspense: 7/31/98

The results and proposed actions associated with the senior management review should be forwarded to the Commission for an expedited (three day) review under a negative consent process under which, absent a Commission majority to the contrary, the result would be for the staff's actions to go forward as proposed.
(EDO) (SECY Suspense: 7/1/98)

In fiscal year 1999, the staff should transition to an annual senior management review.
(EDO) (SECY Suspense: 1/1/99)

cc: Chairman Jackson
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
OGC
CIO
CFO
OCA
OIG
Office Directors, Regions, ACRS, ACNW, ASLBP (via E-Mail)
PDR
DCS

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