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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
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BRIEFING ON STATUS OF DAVIS-BESSE
LESSONS LEARNED TASK FORCE RECOMMENDATIONS
+++++
ROCKVILLE, MARYLAND
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WEDNESDAY,
DECEMBER 8, 2004
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The Commission met in open session at 1:00 p.m., at the Nuclear Regulatory Commission, One White Flint North, Rockville, Maryland, the Honorable Nils Diaz, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

- | | |
|-----------------------|----------------------------|
| NILS J. DIAZ | Chairman of the Commission |
| EDWARD McGAFFIGAN | Member of the Commission |
| JEFFREY S. MERRIFIELD | Member of the Commission |

1 (This transcript produced from electronic caption
2 media and audio and video media provided by the Nuclear Regulatory
3 Commission.)
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5

6 STAFF AND PRESENTERS:

7 WILLIAM H. BATEMAN

8 JAMES E. DYER, Director, NRR

9 ANDREA D. LEE

10 ELLIS W. MERSCHOFF

11 TERRENCE REIS

12 LUIS A. REYES

13 STUART A. RICHARDS
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P-R-O-C-E-E-D-I-N-G-S

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CHAIRMAN DIAZ: Welcome to the Commission meeting on the Status of Implementation of the Davis-Besse Lessons Learned Task Force Recommendations. This is something that, of course, we all have great interest in.

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As I said in February 26th, when we were looking at the same topic, I think I and my fellow Commissioners, we all believe in establishing and implementing strong safety and regulatory programs.

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I'd like to emphasize again that the actions that we are taking to address the lessons learned from the Davis-Besse experience will result in precisely that, in stronger safety and regulatory programs at the NRC and a stronger safety focus by our licensees.

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In going through this recommendation it is obvious that we have learned a lot during the past two years. And I think that that is good. Of course, the reason we learned a lot -- that was not that good

1 -- because we all realized that we dropped the ball in some of these
2 issues.

3 And I think that we are determined not to drop the ball in
4 anything that ever resembles any of these issues. In response to
5 these multiple issues that actually arose and were found out on Davis-
6 Besse, the task force recommendations, I believe, have made our
7 program stronger and have provided the necessary controls to prevent
8 recurrence.

9 I also believe that self assessment and thorough
10 corrective action programs are integral to strong safety programs and
11 they are integral to strong regulatory programs. In many ways the
12 Lessons Learned Task Force is a form of self-assessment.

13 The actions to implement the recommendations is a form
14 of corrective actions. I think we all realized that we should not be put in
15 the positions where we have to have Lessons Learned Task Force
16 very frequently.

17 We want to have this as infrequently as possible. And
18 therefore, the lessons learned from this task force are not only in
19 Davis-Besse, but implies issues of communications, issues of
20 integrations, of technical matters.

21 And it has a variety of applications to our regulatory
22 programs. So, what we expect from the Staff is the same thing that we

1 expect from the licensees, is to learn not only the lessons that apply to
2 this, but apply them across the board to make sure that we have safety
3 in the right place, and that communications is not a weakness, but is a
4 strength of the way we do our regulations, the way the licensees
5 implement them. With that, Commissioner McGaffigan, Commissioner
6 Merrifield.

7 COMMISSIONER MERRIFIELD: Mr. Chairman, just a
8 couple of brief comments. I certainly agree with the comments that
9 you made in your statement. I would concur that we have made
10 significant progress and our staff has made significant progress in
11 addressing many of the challenges that confronted us coming out of
12 the Davis-Besse Lessons Learned effort.

13 One of the issues I think that we discovered during that
14 effort was the notion that in times past, in other events when we had
15 lessons learned panels, we would take a look at those concerns, come
16 up with a series of recommendations, put together a nice report.

17 Some of those lessons would be implemented, others
18 would be forgotten during some period of time after the report was
19 issued. And, indeed, some of those reports lay on shelves gathering no
20 small amount of dust.

1 I think what the Commission is demonstrating by the
2 meeting today is the fact that we are committed to keeping our very
3 able staff's feet to the fire. And we have learned our lessons.

4 We will not allow these recommendations merely to lay
5 fallow, but will indeed make sure that we follow through on them. For
6 my part, I will announce right now what will be my hope, that perhaps a
7 year from now, at the appropriate time, we can meet once again, and
8 we would be even closer to fulfilling all of the recommendations,
9 despite the significant progress we've made today in making sure that
10 we keep our focus on these issues down the road. Thank you Mr.
11 Chairman.

12 CHAIRMAN DIAZ: Thank you Commissioner Merrifield.
13 With that, Mr. Reyes, the floor is yours.

14 ME. REYES: Chairman, Commissioners, the Staff is
15 ready to brief you today on the status of the Davis-Besse Lessons
16 Learned Task Force recommendations. I just want to point out that this
17 effort was a combined effort between the Office of Research and the
18 Office of Nuclear Reactor Regulation.

19 The presentation, both from the directors and their staff,
20 has been an effort that has been connected because the lessons go
21 across boundaries in the organization. And without further delay, Jim.

1 ME. DYER: Thank you Luis. Slide two please. The
2 agenda for today's presentation will begin with my overview followed by
3 a more detailed presentation on the status of the Davis-Besse Lessons
4 Learned Task Force action items.

5 The presentation is organized around the four areas for
6 improvement, that being the stress corrosion cracking, operating
7 experience, inspection program and project management activities and
8 barrier integrity.

9 The responsible managers for each of these areas from
10 both the Offices of Research and Nuclear Reactor Regulation will be
11 making presentations from the podium behind me.

12 Following their presentations Ellis Merschoff will discuss
13 the specific regional activities, implementing lessons learned from the
14 Davis-Besse event. And then I'll summarize the status.

15 The focus of this presentation will be on the progress
16 made since the last Commission meeting in February of 2004 and the
17 remaining activities to be completed. Slide three please.

18 For background purposes, the history of the Davis-Besse
19 Lessons Learned Task Force action items began with the issuance of
20 the Task Force Report in September of 2002, followed by the review
21 and prioritization by a Senior Management review team, headed by

1 Carl Pepperily in November of 2002, and subsequent office level
2 prioritization by the Offices of Research and NRR in March of 2003.

3 Our initial project controls developed detailed action
4 plans for the 21 high priority action items that insured the resources
5 were available for these activities. The medium and low priority items
6 were managed through our normal office activities using the planning,
7 budgeting, and performance management process that would allow
8 some delays and slips in schedule.

9 We provided the Commission with semi-annual status
10 reports and conducted our last status briefing on February 26th, 2004.
11 During that status meeting, and in the ARM that followed the
12 Commission meeting, we received guidance to improve our tracking
13 and controls for accomplishing all the task force items, regardless of
14 priority.

15 As a result of this guidance we have improved our
16 oversight and implementation of these recommendations as I'll
17 describe a little later. The ARM also identified Commission concerns
18 about communications raised by the Office of Inspector General memo
19 dated February 2nd, 2004.

20 We addressed those concerns in our April 19th, 2004
21 response, agreeing that communications contributed to staff problems,

1 and outlined the additional actions we were already taking to improve
2 our internal communications.

3 Slide four please. Since February of 2004 we have
4 significantly improved our tracking and controls on the implementation
5 of the Davis-Besse Lessons Learned Task Force items.

6 The Office of Nuclear Reactor Regulation and Research
7 and staff enhanced the controls of all the action items, regardless of
8 the priority by assigning a division director, managers for oversight of
9 each of the four areas, conducting more frequent status reviews with
10 an improved status reporting format, the example in our August 31st
11 status report to the Commission is an example of that enhanced status
12 report, improving the timely completion by requiring office director level
13 approval of all scheduled changes before the due dates, requiring
14 close-out memos -- improving the quality by requiring close-out
15 memos, describing the actions taken to satisfy the action item, and
16 requiring those close-out memos to be accepted by office level
17 management prior to closing out the action item.

18 And then subsequently, scheduling and tracking
19 effectiveness reviews to be conducted some time after the close-out to
20 confirm whether the actions achieved their expected results.

1 These enhanced controls ensure that the necessary
2 resources were available and schedules are being met. I'd like to right
3 now at this point recognize Brendan Mooney. He's over in the corner.

4 He's a lead Project Manager for the Davis-Besse
5 Lessons Learned Task Force action plan. And supporting a lot of
6 these additional controls really fell on his shoulders in keeping the
7 managers well informed.

8 And he did a very, very good job of doing that so we
9 could address the issues before milestones were missed. Slide five
10 please. The current status of the action item completion shown in this
11 slide is compared to the status at our last Commission meeting in
12 February of 2004.

13 As you can see from this table, we've made substantial
14 progress in completing all of the Davis-Besse Lessons Learned action
15 items. To date, 40 of the 49 items are completed.

16 As you will hear in detail during the following discussions,
17 the changes made are improving the way the NRC conducts its
18 regulatory activities. An interesting point coming to light during the
19 implementation of the Lessons Learned Task Force action items is the
20 value added by the medium and low priority items.

21 As you may remember, the Senior Management Review
22 Team categorized the action items based on their connection to the

1 actual Davis-Besse root cause of the event. The high priority items
2 were those items that are most directly related to the problems
3 identified at Davis-Besse.

4 The medium and low priority action items were more
5 remotely associated with the event, often dealing with general training,
6 broader programmatic fixes, or secondary root causes and follow-up
7 activities.

8 I believe, in fact, that some of these activities in the
9 medium and low priority may have some of the more profound changes
10 to the way the NRC does business on the long run, improving training,
11 and our infrastructure.

12 Slide six please. This slide categorizes the remaining
13 task force action items to be completed. Of the nine remaining items,
14 seven are scheduled to be completed by next year, and two others
15 have uncertain due dates, depending on the outcome of working
16 groups on performance indicators and interactions with the American
17 Society of Mechanical Engineering to support a code case for
18 rulemaking.

19 It's important to point out that we have a clear strategy for
20 closure of all these remaining action items, and are tracking them
21 closely through completion and the effectiveness reviews.

1 At this point let me turn the presentation over to Bill
2 Bateman with a detailed discussion on stress corrosion cracking.

3 ME. BATEMAN: Thank you Jim, and good afternoon Mr.
4 Chairman and fellow Commissioners. I am Bill Bateman, Chief of the
5 Materials and Chemical Engineering Branch in the NRR Division of
6 Engineering.

7 There are five high priority recommendations under this
8 stress corrosion cracking category that are included in the action plan.
9 Two lower priority items also closely related to these are included in the
10 action plan.

11 As of this briefing, three priority items, three high priority
12 items and one lower priority item are complete. Two high priority items
13 and one lower priority item require additional actions.

14 Today it is my intention to summarize for the Commission
15 the current status of the action items, discuss values added which have
16 developed through Davis-Besse Lessons Learned Task Force
17 recommendations, and conclude with some future plans.

18 Occurrence of stress corrosion cracking and upper
19 reactor pressure vessel heads has been identified in 17 plants, of
20 which 11 plants had very small reactor coolant pressure boundary
21 leaks.

1 The largest structurally significant circumferential cracks
2 remain those that were found in the Oconee Unit 3 plant in February of
3 2001. Stress corrosion cracking has gone well beyond the upper head
4 to include the lower head, pressurizer, and other susceptible reactor
5 coolant system welds.

6 If you notice on this slide that's up there now, one thing I
7 wanted to point out at this point in time is those colored sections of the
8 reactor coolant system pressure boundary are actually links to more
9 detailed information on the external web page.

10 So, any additional information anyone might want, that
11 would be a very convenient way to go about getting it. After two
12 outage seasons of recommended inspections under Bulletin 2003-02,
13 no additional leaks through bottom mounted penetrations have been
14 identified beyond South Texas.

15 While pressurizer heater sleeve nozzle penetrations have
16 had numerous leaks over the years, the recent identification of
17 circumferential cracking at Palo Verde emphasized the need for
18 additional regulatory guidance through Bulletin 2004-01.

19 Finally, no additional reactor coolant system butt weld
20 leaks similar to those identified at VC Summer in 2000 have been
21 identified. Industry has clearly recognized the significance of materials
22 degradation issues.

1 To date, 33 plants have either replaced or plan to replace
2 the reactor vessel upper head. At least two plants have announced
3 plans to replace the entire pressurizer with more resistant materials
4 while others are replacing heater sleeves and attachment welds with
5 more resistant materials.

6 NEI, through its guideline for the management of
7 materials issues has established augmented inspections for all
8 pressurized water reactor system butt welds. Next slide please.

9 We have completed three high priority items since our
10 last briefing to the Commission in February of this year. The first of the
11 completed high priority items involved compiling stress corrosion
12 cracking and boric acid corrosion reports of national and international
13 findings, and reviewing the information to determine if additional
14 actions were required.

15 We have reviewed these reports and other supporting
16 information, including industry inspection activities, American Society of
17 Mechanical Engineers code activities, and industry material
18 degradation initiatives, and have determined that additional actions are
19 required.

20 We have developed a course of action and an
21 implementation schedule to address these problems. The other two
22 completed high priority items involve revising the NRC in-service

1 inspection procedure to add periodic inspection requirements and
2 guidance for stress corrosion cracking and boric acid corrosion control.

3 As well, we issued temporary instructions for inspections
4 of reactor pressure vessel upper and lower heads and the pressurizer.
5 It is expected as new developments are found or requirements
6 determined to be necessary, we will revise these documents in part to
7 ensure clarity of communications between headquarters and regional
8 inspectors.

9 One medium priority item was closed out last year
10 regarding the satisfactory effectiveness of our model for susceptibility
11 ranking of reactor pressure vessel upper head penetration nozzles to
12 primary water stress corrosion cracking.

13 No inspection findings or research results have
14 developed since this item's close-out which would have changed this
15 conclusion. Next slide, please. There are two high priority items and
16 one low priority item that remain open.

17 The first of the two remaining open high priority items
18 involves reactor pressure vessel upper head inspections. Through the
19 Commission's ARM in response to SECY-04-0115, the Staff is
20 pursuing activities to develop an ASME code case that will address
21 upper vessel head inspection requirements.

1 This code case, once completed, will be included in the
2 regulations through the routine 50.55A rulemaking process. At this time
3 code activity is ongoing and progress is being made.

4 Implementation of the reactor vessel upper head order
5 will continue in the interim. The other remaining high priority item
6 involves boric acid corrosion control inspections.

7 We have revised the NRC in-service inspection
8 procedure to add guidance for boric acid corrosion control. The
9 remaining open action on this item is to evaluate the adequacy of
10 inspection guidance for this inspection procedure to address boric acid
11 corrosion control.

12 This review will be completed in May of 2005, thereby
13 allowing one year of inspections under the revised guidance to be
14 performed and analyzed. The remaining open low priority item will be
15 closed out by revision to the Project Manager's Handbook, with a
16 better defined process for tracking licensee in-service inspection
17 reports for NRC staff review.

18 Next slide, please. Value added changes have occurred
19 as a result of the Agency's response to the materials degradation
20 issues that have taken place over the past three years and actions
21 taken to address the task force report.

1 These changes include a more pro-active and aggressive
2 approach to regulation of materials degradation issues. For example,
3 since August of 2001, the NRC has issued five Bulletins and an Order
4 specifically related to materials degradation issues.

5 Additionally, a number of regulatory information
6 summarizes and information notices have also been issued. In
7 conjunction with issuing these generic communications, temporary
8 instructions were issued to provide for regional inspector oversight of
9 licensee inspection activities.

10 Both the regional and headquarters staffs interacted
11 continuously throughout this process. These interactions continue.
12 And discussion of inspection results obtained by regional inspectors.

13 This gives a critical element of the NRC, the region
14 inspectors, the tools they need to perform their jobs more effectively
15 and efficiently. Stakeholder input has been aggressively sought and
16 equally provided.

17 We have held numerous public meetings to address not
18 only our regulatory actions, but our research findings and status. At
19 our public website we have grouped publicly available information on
20 materials degradation issues for the upper and lower reactor pressure
21 vessel head, pressurizer, and reactor coolant system butt welds.

1 Enhancements in inter-agency communications are the
2 focus of all groups within the Agency. The temporary instructions and
3 subsequent communications between regional and headquarters' staff
4 is one example I mentioned earlier.

5 Others include headquarters' staff providing materials
6 degradation briefings at regional seminars. Topics from reactor
7 pressure vessel head issues, coding problems within containment have
8 been discussed.

9 Headquarters staff has communicated their willingness
10 and desire to be available for regional inspectors' needs to ensure the
11 NRC as a whole succeeds in our mission. At headquarters itself, the
12 Office of Research and the Office of Nuclear Reactor Regulation have
13 established a task group consisting of members from each office to
14 address certain Davis-Besse Lessons Learned Task Force action
15 items in the barrier integrity portion of the action plan.

16 Next slide, please. In summary, three high priority items
17 and one lower priority action item are complete. Two high priority items
18 and one low priority action item remain to be closed and are on
19 schedule.

20 With respect to future plans, we have two challenges to
21 address in order to complete the stress corrosion cracking portion of
22 the action plan. First, we must continue to work with ASME to develop

1 a code case as a long term inspection plan for the reactor pressure
2 vessel upper penetration nozzles.

3 Secondly, we must perform effectiveness reviews of each
4 of the actions taken to resolve Davis-Besse Lessons Learned
5 recommendations within one year of item close-out. We will perform
6 these reviews by gathering feedback and assessing the outcomes of
7 each action to ensure its goals are effectively met.

8 We will remain vigilant to inspection results to analyze
9 trends and address issues within the materials degradation area for
10 improvements to our inspection plans. This completes my
11 presentation.

12 I would now like to turn the podium over to Terry Reis.

13 ME. REIS: Thank you Bill. Good afternoon Mr.
14 Chairman, Commissioner McGaffigan, Commissioner Merrifield, and
15 Staff. I'm Terry Reis. I am a section chief in NRR's Division of
16 Inspection Program Management.

17 My organization is the operating experience section. I
18 am here this afternoon, however, speaking for the entire Agency's
19 efforts in reactor operating experience improvements.

20 The thrust of the Davis-Besse Lessons Learned Task
21 Force items in the area of operating experience was to perform a

1 diagnostic assessment of the Agency's operating experience activities
2 and to develop a more effective program.

3 Today I am here to inform you of the progress to date
4 and to announce our near term completion of the framework for the
5 reactor operating experience program. In summary, a separate task
6 force, the operating experience task force, found that the Agency had
7 the functional elements of an effective operating experience program.

8 But those functional elements were not working
9 synergistically toward any clearly defined objective and were not
10 working in concert or in support of the core regulatory programs of
11 oversight, rulemaking, licensing, incident response, and research.

12 This separate task force developed clear objectives and
13 attributes for the Agency's Reactor Operating Experience Program and
14 made 23 recommendations to improve the existing programs to enable
15 them to better serve the core regulatory programs.

16 Those objectives and attributes are provided in your
17 background information. The staff committed in a February briefing to
18 have the framework for the revised program in place by year's end.

19 We are on track to meet that commitment. It was also
20 stressed in February that the program was expected to be dynamic in
21 nature and that continuous improvement would occur. Next slide,
22 please.

1 It is important to emphasize, however, that improvement
2 in operating experience core programs has not been idle waiting for an
3 overhaul of the program. Beginning in early 2002, significant
4 leveraging of web technology has enabled the operating experience
5 programs in both Research and NRR to efficiently make operating
6 experience information easily available to the staff and improvements
7 are continual.

8 There was very little web-based access to operating
9 experience at the time of Davis-Besse. And, to date, both
10 organizations have made substantial improvements in the access to
11 and communication of operating experience information through
12 leveraging information and web-based technology.

13 Both Research and NRR have new operating experience
14 websites which provide easy searchable access to a host of operating
15 experience information, including events, morning reports, licensee
16 event reports, generic communications, important presentations,
17 initiating event frequency databases, common cause failure mode
18 databases, systems studies, accident sequence precursor databases,
19 and even the INPO line of operating experience documents.

20 The website also includes ready access to international
21 operating experience as well. As an example of these improvements,
22 in 2002 the International Atomic Energy Agency's foreign event reports

1 were received in hard copy, and distribution was made on an ad hoc
2 basis to technical staff that might be interested.

3 Today a functioning searchable database of foreign
4 events is available on the internal website. The NRC is a principal
5 participant in the International Atomic Energy Agency's incident
6 reporting system.

7 The NRC regulates one fourth of the world's commercial
8 nuclear power reactors. Yet, over the past two years we have provided
9 40 percent of the input to this reporting system.

10 Similarly, in accordance with our memorandum of
11 agreement with INPO, we receive INPO's line of operating experience
12 documents that are known as CN documents in hard copy.

13 They had been, prior to the last eight months, received in
14 hard copy and distributed in an ad hoc manner. Today they now exist
15 in a password protected searchable database on the internal website.

16 And, according to our recent survey, they are one of the
17 most desired operating experience document collections.

18 COMMISSIONER MERRIFIELD: Mr. Chairman? I'm
19 sorry, I don't mean to -- I just want to mention something. You
20 describe two different sets of documents that are available on the
21 website. And then previously you listed a whole variety of other things

1 that were available on the website. Were those on the internal or the
2 external website?

3 ME. REIS: It is split. There's document collections that
4 are available on the external website. They generally consist of the
5 generic communications, the event reports, the morning reports, the
6 preliminary notifications, the licensee event reports.

7 And then these other things that I'm speaking of are
8 proprietary or sensitive in nature on the internal website.

9 COMMISSIONER MERRIFIELD: Thank you.

10 ME. REIS: The operating experience section has added
11 more formality to its screening and follow-up processes and has
12 developed an efficient system to rapidly and effectively keep
13 stakeholders informed of developing operating experience of interest to
14 their discipline or program.

15 The communications are not spanned to all, but targeted
16 to users based on their discipline or program orientation. We
17 presented that new tool to your staff just the other day.

18 Next slide, please. The plan for the revised operating
19 experience program was issued on April 29th and described a modular
20 approach to implementing the recommendations of the operating
21 experience task force.

1 Central to those recommendations was the creation of a
2 clearing house within a single organization that would be responsible
3 for centralized collection, storage, screening, evaluation, and tracking
4 of regulatory decisions made or to be made relative to operating
5 experience determined to be significant.

6 Additionally, the clearing house would be responsible for
7 a centralized web-based operating experience Agency information
8 gateway or portal through which the universe of operating experience
9 document collections and databases could be accessed.

10 Jointly, NRR and Research decided that the clearing
11 house would reside in NRR and the operating experience section
12 within the division of inspection program management would be
13 augmented to perform the clearing house functions.

14 The development of the clearing house was one module
15 in the plan. The information technology module involves a vision of
16 several components, the first of which will be the required development
17 of a centralized web-based gateway to provide a single point of access
18 to the universe of operating experience document collections and
19 databases.

20 This will be achieved by year end. Subsequent phases
21 will involve technology that will enable searching or mining the universe

1 of operating experience document collections without having to
2 individually search each of the individual collections.

3 In parallel with these efforts we have developed a more
4 advanced communication tool. The effect in this module will develop
5 performance metrics aligned with a strategic plan in the accepted
6 program objectives developed by the task force.

7 The program documents are all in final concurrence, the
8 new communication tools in place, and the centralized web portal will
9 be launched very shortly. Next slide, please.

10 At the most fundamental level, an operating experience
11 program involves short and long-term efforts directed at identifying
12 safety issues, evaluating their significance, and taking action to
13 address the issues.

14 To be effective, the program must work in concert with
15 core Agency programs of oversight, rulemaking, licensing, incident
16 response, security, and research. Next slide, please.

17 I want to speak briefly about the program itself. It is
18 designed around the objectives and attributes that the task force
19 developed. The attributes and objectives are provided in your
20 background information. However, without discussing the objectives
21 and attributes in detail, it can be summarized that the over-arching
22 principal of the program is to support the core Agency programs and

1 provide for informed decision-making and facilitate continuous
2 improvement in the core programs.

3 Next slide, please. In this very simplistic diagram I hope
4 to provide you an understanding of the principals of the clearing house
5 program. We will collect and store and make available operating
6 experience information.

7 We will screen operating experience based on clearly
8 defined criteria. Regardless of the screening decision, we will always
9 communicate operating experience although the level of
10 communication will be dependent on significance.

11 We will track and trend operating experience information.
12 We will evaluate screened-in operating experience information for a
13 decision to apply. We will project manage the application products.

14 An application product is synonymous with taking action
15 to address the issues. The actions will always involve appropriate
16 communication to internal stakeholders. They could additionally
17 involve formally communicating to licensees and other stakeholders
18 the information notices and regulatory issue summaries.

19 They could also involve obtaining information from
20 licensees in the form of our 50.54F vehicles. Those are our bulletins
21 and generic letters. Most importantly, they should involve changing or

1 influencing regulatory programs, licensing, oversight, incident
2 response, rulemaking, and research.

3 Next slide, please. While the Staff will meet its
4 commitment of developing the framework by year end, challenges
5 remain. As previously stated, an operating experience program
6 involves those short and long term activities focused on identifying
7 safety issues, assessing their significance, and taking action to resolve
8 the issue.

9 Additionally, communication is integral to that simplified
10 program description. We feel we've become much more adept at
11 identifying issues and communicating them, but taking action to resolve
12 the issues, or in program terms, applying the lesson learned, involves
13 choreography of the entire reactor organization.

14 And it will be a challenge. The program is designed to
15 force the organization to make the application decisions. This will
16 require continual reinforcement of the objectives of this program by all
17 organizations. We have made substantial progress in obtaining that
18 acceptance.

19 Next slide, please. I'm now going to divert from core
20 operating experience and address a separate slide which, from the
21 February 27th briefing, involved the effectiveness of our generic
22 communications program.

1 And what have we done? In an ARM following that
2 February Commission meeting, the Commission directed the Staff to
3 evaluate whether generic communications accomplished their intent to
4 inform licensees and collect information on licensee actions in
5 response to serious incidents, such as the one at Davis-Besse.

6 Related to this Commission tasking were several Davis-
7 Besse items regarding either follow-up of previous programmatic
8 generic communications, the effectiveness of generic communications,
9 assessing the effectiveness of generic communications, or periodic
10 review of operating experience.

11 The staff methodically, and with input from the entire
12 Agency reactor organization, identified the past generic
13 communications that were of most significance. We then found that
14 several of the issues identified as most significance were already under
15 staff action, such as the PWR containment sump reliability, and
16 eliminated those from follow-up consideration.

17 We performed direct follow-up of Generic Letter 8913,
18 service water system problems affecting safety related equipment and
19 Regulatory Issue Summary 2004-05, grid reliability and the impact on
20 plant risk and the operability of offsite power.

21 In general terms, the Staff found that the industry had
22 appropriately addressed the concerns raised by these

1 communications. As part of the overall reactor operating experience
2 program effort, the Staff will continually assess the need for and the
3 mechanisms for assessing effectiveness of generic communications.

4 In a separate method of addressing this issue, the Staff
5 reviewed a sample of licensee responses to both older and recent
6 generic letters and bulletins. In many cases the licensee responses
7 included license amendment requests which the Staff reviewed and
8 issued formal safety evaluations.

9 In other cases the licensee provided information that the
10 Staff accepted in a letter to the licensee. In summary, the Staff
11 determined from a review of the responses, that licensees had
12 adequately responded to the generic letters and bulletins.

13 Lastly, in addition to the direct follow-up, the Staff made
14 programmatic changes to better address effectiveness of generic
15 communications going forward. In the inspection program the problem
16 identification or resolution inspection procedure has been revised to
17 require that licensee disposition of a sample of past generic
18 communications be included in the sample of items evaluated.

19 In the past it only could be a sample. It is now a required
20 part of that sample. In the licensing program, NRR Office Instruction,
21 LIC-105 Managing Regulatory Commitments was revised to direct
22 project managers to include a sampling of licensee commitments made

1 in response to Agency generic communications, part of their required
2 tri-annual audits.

3 And, in the generic communications program, the Office
4 Instruction was revised to require that developers of bulletins and
5 generic letters address in the development stage how the short and
6 long-term effectiveness of these generic communications will be
7 assessed.

8 This concludes my prepared remarks. And I will now turn
9 the podium over to Mr. Stu Richards.

10 ME. RICHARDS: Thank you, Terry. And good
11 afternoon. I'm Stu Richards, Chief of the Inspection Program Branch in
12 the NRR Division of Inspection and Program Management.

13 I'll be discussing our Davis-Besse action items related to
14 the category of inspection programs. Can I have the first slide on
15 inspection programs? The action items assigned to this category
16 include program revisions to improve the focus of some of our
17 inspection procedures, revisions to enhance our follow-up of the long
18 standing licensee issues, enhanced inspector training, strengthening
19 the plan assessment process, enhancing expectations for review and
20 close-out of licensee actions on generic communications, enhanced
21 oversight of licensee commitments, and reinforcement of expectations
22 for site visits by project managers, communications between project

1 managers and resident inspectors, and verification of information
2 provided by licensees for licensing decision-making.

3 There are 19 action items assigned to this category, three high
4 priority, eight medium priority, and eight low priority. Of those, 17 have
5 been completed thus far. The remaining two are on track to meet their
6 due dates, one of which is a medium priority item, and one of which is
7 a low priority item.

8 Next slide, please. Examples of changes made to our
9 inspection program as a result of follow-up on the action items include
10 the addition of guidance to evaluate PWR licensee actions to identify
11 and correct boric acid deposits, guidance on conducting walk downs of
12 containment during outages, enhanced guidance on performing walk
13 downs of other areas of the plant that are restricted during plant
14 operation but more readily open to access during an outage,
15 consideration of deferred plant modifications to assess the impact of
16 the deferral on the operability of plant systems, and the addition of
17 guidance to our inspectors to evaluate plant operations with multiple,
18 repetitive or unplanned entries into technical specification action
19 statements. As part of the annual assessment of the reactor oversight
20 process the effectiveness of these changes will be reviewed.

21 Next slide, please. Additionally, in light of the knowledge
22 we gained from the Davis-Besse event, we went back and reviewed a

1 sampling of plant performance assessments conducted under the
2 previous assessment process to determine if there were issues that
3 warranted more attention than was provided at the time.

4 Our review did not identify any such issues. We have
5 modified our inspection training program to require annual reactor
6 oversight process refresher training. Our intent is to target this training
7 to a specific area each year after consultation with the regional offices.

8 The initial round of this training was accomplished in May
9 during the regional inspector counterpart meeting. We have also
10 improved our training of inspectors to the use of web-based training
11 modules.

12 We have completed our effectiveness review of Agency
13 actions from previous Lessons Learned reviews. The plant shut-downs
14 that we focused on were at Millstone, Indian Point, and South Texas.

15 Our review found that we can improve our long-term
16 follow-up of Agency corrective actions. The Staff is considering actions
17 to take in response to this conclusion. With regard to Project Manager
18 activities, expectations on site visits, coordination with the residents,
19 Project Manager assignment duration and the verification of licensee
20 provided information have all been reinforced by NRC management.

1 Next slide, please. There are two action items that we
2 are continuing to address. We are nearly complete with pilot testing
3 and metric to better track the continuity of resident inspector staffing.

4 We are also reviewing inspection procedures that we
5 removed from the program when the reactor oversight process was
6 initially stood up to assess whether in hindsight any of those inspection
7 procedures should be reinserted into the program.

8 Next slide, please. Our most significant challenge now is
9 addressing the issue of enhancing our inspection program in the area
10 of safety conscious work environment. In response to a Commission
11 paper on this topic earlier this year the Commission provided the Staff
12 guidance in the Staff Requirements Memorandum dated August 30,
13 2004.

14 The Staff has established a working group to take this
15 issue on. The Office of Enforcement is the lead office in this area with
16 representatives from NRR and the Office of Research also
17 participating.

18 As directed by the Commission, we will also be engaging
19 our external stakeholders in considering how best to move forward on
20 this issue. This completes my prepared remarks. And our next
21 speaker is Andrea Lee.

1 MS. LEE: Thank you, Stu. And good afternoon to
2 everyone. I'm Andrea Lee. And I'm Chief of the Corrosion and
3 Metallurgy Section in the Office of Nuclear Regulatory Research.

4 I'll provide an overview of the activities associated with
5 the assessment of barrier integrity requirements, which is the fourth
6 category of recommendations. The Lessons Learned Task Force
7 recommendations on barrier integrity related to four major areas.

8 There were six high priority recommendations specific to
9 reactor coolant leakage. These relate to improving current leakage
10 requirements for the reactor coolant system, to improving the
11 requirements for leakage monitoring systems, and to improving
12 existing inspection requirements and procedures.

13 A medium priority was related to the assessment of the
14 adequacy of the current risk assessment methods to take into
15 consideration aging related degradation of passive components.

16 Next slide, please. At the time of our last briefing in
17 February of 2004 we provided an update of the status on various
18 programs from NRR, Research, and the Regions addressing the
19 barrier integrity recommendations.

20 Since then we have completed two high priority
21 recommendations. Now all the PWR plants have technical

1 specifications for pressure boundary leakage that are consistent with
2 standard technical specification requirements.

3 The recommendation on alarm response procedure
4 requirements for leakage monitoring systems was also completed
5 since our last update. Inspections will now verify that licensees have
6 programs and processes in place to monitor plant-specific
7 instrumentation.

8 Plants will also be inspected to ensure that they take
9 corrective action for adverse trends and unidentified leak rates. The
10 assessment of the adequacy of licensee procedure requirements will
11 be completed as part of the annual reactor oversight self assessment
12 process.

13 Our efforts related to other recommendations are
14 continuing. The progress to date is on schedule. And I will now
15 provide a brief status report on the these continuing activities.

16 The Davis-Besse Lessons Learned Task Force
17 recommended the items that you see on this slide. In our last
18 Commission briefing we provided a plan to address these
19 recommendations through the barrier integrity research program at
20 Argonne National Laboratory.

21 The plan included conducting a comprehensive review of
22 leakage operating experience by developing a database of leakage

1 events, an evaluation of the capabilities of current leakage monitoring
2 systems, and an identification of new systems that are potentially more
3 capable than current systems.

4 The study will be published as a publicly available
5 NUREG report by the end of 2004. Based on this information and
6 other data available to the Staff, a working group of NRR and
7 Research staff is currently formulating specific responses to these
8 recommendations.

9 The Staff is taking a holistic look and will incorporate the
10 Staff action to other Lessons Learned Task Force recommendations
11 involving improved inspection to ensure pressure boundary integrity.

12 Next slide, please. A Lessons Learned Task Force
13 recommendation involved increasing NRC interaction when licensees
14 observe adverse trends of unidentified leakage. The appropriate
15 Inspection Manual chapter was revised by the Staff in May of 2004 to
16 address this recommendation.

17 The inspectors will now monitor licensees' programs for
18 trending unidentified leakage. And, if any adverse trends are noted,
19 inspectors must inform licensee management and regional
20 management.

21 The inspectors review licensee procedures for action
22 steps as unidentified leakage approaches licensee administrative limits

1 or technical specification allowed values. The development of
2 additional technical guidance, such as a tool to determine statistically if
3 a trend exists, is being pursued by NRR and Research staff.

4 The results are expected to be available in January of
5 2005, and may be incorporated into inspection guidance if such a tool
6 is found to be of benefit.

7 Next slide, please. The Staff is continuing efforts to
8 improve on the barrier integrity performance indicators. The NRC and
9 the industry have formed a collaborative working group to examine the
10 barrier integrity performance indicators for their relevance, usefulness,
11 and paths for improvement.

12 The working group will be proposing a new reactor
13 coolant leakage performance indicator or proposing modifications to
14 the existing one as appropriate to be part of the reactor oversight
15 program. The working group's paper is expect in March 2005.

16 Next slide, please. The risk assessment of passive
17 components which age and degrade over time is a difficult problem to
18 address effectively and efficiently because of the lack of adequate
19 engineering data on the properties of passive components as a
20 function of aging.

21 The NRC, industry, and worldwide researchers are
22 currently engaged in the planning and execution of detailed long-term

1 research programs to address this issue as part of the pro-active
2 materials degradation assessment.

3 The Staff discussed this with you in November 2004. To
4 address this Davis-Besse Lessons Learned Task Force
5 recommendation in a timely manner, a working group consisting of
6 NRR and Research staff was formed in July of 2004.

7 The objective was not to find immediate solutions, but to
8 perform a sound evaluation of existing methods in order to determine
9 their adequacy. The recommendations of this working group will be
10 available in February of 2005. The Staff will then examine the
11 appropriate regulatory paths to implement the recommendations.

12 Next slide, please. The remaining challenges to
13 complete the Davis-Besse barrier integrity action plan are shown on
14 this slide. The outcome of staff efforts will be input for the appropriate
15 regulatory process. Any potential revisions to existing leakage rate
16 limits will require additional study to inform the regulatory process.

17 Depending on the outcome of the joint NRC industry
18 working group on barrier integrity performance indicators, the
19 implementation of any additional performance indicators or the
20 modification of existing performance indicators may take additional
21 time for implementation.

1 The risk assessment of many passive components will
2 need additional staff work to revise and refine current models on
3 material degradation, inspection, structural analysis, and risk
4 evaluation.

5 This effort is tied to the pro-active materials degradation
6 assessment effort that I mentioned previously. You were briefed on
7 this effort, as I mentioned, in November of 2004.

8 The outcome of risk insights obtained from the working
9 group will be input for the regulatory decision-making process.
10 However, its effectiveness must be confirmed through implementation
11 and evaluation.

12 Further staff efforts will be needed to develop
13 effectiveness reviews of the implementation of these
14 recommendations. The regulatory implementation process may also
15 be refined by field data.

16 As the Staff anticipated previously, some of the efforts
17 related to the Davis-Besse Lessons Learned Task Force
18 recommendations will provide sound technical basis for longer term
19 regulatory action.

20 Next slide, please. In summary, two of the high priority
21 recommendations which are related to immediate plant operation

1 regulatory improvements were completed. All plants are now in
2 conformance with standard technical specifications.

3 The licensees have alarm response programs and
4 processes in place to monitor plant specific instrumentation that can
5 indicate potential reactor coolant leakage. The Staff efforts on other
6 recommendations are progressing on schedule.

7 This concludes my presentation on the Staff actions
8 related to the Lessons Learned Task Force recommendations on
9 barrier integrity. I will turn the presentation over to Ellis.

10 ME. MERSCHOFF: Thank you, Andrea. Next slide,
11 please. In addition to the program-wide efforts just described, the
12 regions have collaborated on a fresh look at the Davis-Besse Lessons
13 Learned Report from a day-to-day operational perspective.

14 This review yielded a number of areas that would benefit
15 from a regional comparison and an adoption of best practices. They
16 were the subject of a meeting between the Director of NRR, the four
17 regional administrators and me. At this meeting we agreed on a
18 process of bench marking and of continuous improvement to address
19 these issues.

20 Next slide, please. Since April of 2004, when we first
21 started discussing a more formalized bench marking process, we've
22 completed self assessments in two areas.

1 The first was regional morning meetings where
2 operational events and significant activities and evolutions are
3 discussed to assure appropriate connectivity and communications are
4 achieved.

5 In the second incident response to achieve a more
6 consistent approach from region to region. We have three more bench
7 marking efforts planned with one region being accountable for
8 coordinating the bench marking effort among the other three.

9 Specifically we'll look at management roles and
10 responsibilities focusing on accountability. That'll be completed by
11 March '05. Inspector field observations looking to ensure that
12 inspectors have the tools and information they need to keep them
13 connected with the merging issues. That will be completed in June of
14 '05.

15 And operating experience, looking at regional use of the
16 tool that was just described to you in terms of operating experience
17 inspection in the field. And that'll be completed in October of 2005.

18 This process will result in bench marking or self
19 assessment for bench marking or self assessment activities each year.
20 Each year's areas will be selected and agreed upon at the fall Agency
21 action review meeting.

1 We believe that the bench marking process just
2 described, along with an Agency-level corrective action program will
3 allow us to institutionalize the Davis-Besse Lessons Learned. That
4 completes my remarks.

5 ME. DYER: Thank you. Next slide, please. At this point,
6 Commissioners and Chairman, I'd like to summarize just what you've
7 heard here. First of all, we have made significant progress in
8 implementing all the recommendations.

9 We have established better controls and have made
10 much better progress than the report that we provided out to you in
11 February earlier this year. You heard also that the improved
12 communications between Research, the Office of NRR and the regions
13 as we were going about implementing this, and these are some of the
14 activities I spoke about earlier where the low and medium priority
15 activities have in fact caused us to develop infrastructure that is
16 facilitating those kinds of communications.

17 Also you've heard our increased use of technology, in the
18 operating experience area particularly. I was impressed with having
19 been an ex-inspector, and the level of detail that the operating
20 experience is now available compared to certainly 20 plus years ago
21 when I was there when it was in a notebook if you could find it.

1 And, lastly, we've worked closely with the industry to
2 develop mutual success classes as we go forward, particularly in the
3 area of stress corrosion cracking, as you were briefed by Mr. Bill
4 Bateman.

5 Our goal going forward is to institutionalize these
6 changes to make sure that they remain consistent. I think the program
7 we've outlined and the improvements we've made to our tracking
8 process are going to result in that.

9 And that concludes my presentation. I'll turn it over to
10 Luis.

11 ME. REYES: That concludes the Commission
12 presentation by the Staff. We're still with the green light. So I'm going
13 to close it and let it go to you for questions.

14 CHAIRMAN DIAZ: You just missed the electrical shock.

15 COMMISSIONER MCGAFFIGAN: You actually had 10
16 minutes and 25 seconds to spare.

17 ME. REYES: One of my degrees is in electrical engineering,
18 so I know what's going to happen.

19 MS. VIETTI-COOK. You could autograph a nice copy of the
20 Code of Federal Regulations for that.

21 CHAIRMAN DIAZ: Well thank you very much. I think
22 that the presentation and the background we received clearly shows

1 where the Staff is. As with that, I'll turn it over to Commissioner
2 McGaffigan to begin the questioning.

3 COMMISSIONER McGAFFIGAN: Thank you Mr.
4 Chairman. I first want to compliment Luis on his tie. I understand his
5 daughter bought it for him. My daughter buys most of my ties too. And
6 I think it's a darn good tie.

7 ME. REYES: I cam back from California. So I'm just
8 trend setting today.

9 COMMISSIONER McGAFFIGAN: Is California a Red or
10 a Blue state? I forget.

11 (Laughter.)

12 COMMISSIONER McGAFFIGAN: I'm going to ask
13 questions about a couple of things that haven't been discussed today,
14 just to get me up to date. I do want to compliment you for the breadth
15 of work that's being done here.

16 And I think we've made enormous progress, particularly
17 in the operating experience area. But, could somebody tell me, I think
18 it was August that we issued the accident sequence precursor
19 preliminary for the Davis-Besse set of events.

20 Where does that stand today? Are we close to a final
21 accident sequence precursor? I know the licensee, you know, comes

1 in and comments and then we put out a -- my recollection was the
2 number was something like six times 10^{-3} .

3 And so it was a significant precursor in terms of our
4 metric going from 10^{-6} up to about 10^{-3} . But, does anybody happen to
5 know?

6 ME. DYER: Commissioner, I'll have to get back to you. I
7 do not remember.

8 COMMISSIONER McGAFFIGAN: Well, I hope -- it's
9 been a long time. And I hope we can close that out reasonably soon. I
10 would note that a significant precursor is a 10^{-3} or higher event.

11 And this one, six times 10^{-3} , means there was a -- what is
12 that, one in 166 chance of something bad happening, which sometimes
13 people talk about these things, the significant near-misses.

14 When I think of a significant near-miss I think about the
15 idiot who pulls in front of me on the beltway and, but for my hitting the
16 breaks, I would have hit them. And the chances are more like 25
17 percent.

18 I had that happen yesterday. So I don't think a one in
19 167 event is necessarily as close a call as some of our critics would
20 have it. It's not something we encourage. In fact, our goal, the
21 Commission has decided, is zero significant precursors in any year.

1 And we achieved that goal every year, except for -- I
2 guess it will be 1996 and 2000. Davis-Besse will be assigned to 2002.
3 The main thing I want to ask about is this effectiveness review of
4 Lessons Learned Task Force Report that was completed in August.

5 And I thought it was a very good document. It's a narrow
6 document. It looks at how well we follow-up on lessons learned in
7 these various cases, Davis-Besse, Millstone, South Texas.

8 So, it has a focus on more the inspection process and
9 surprises in the inspection process. And, why don't I just start with a
10 question? I mean, one of their fundamental recommendations is that
11 we develop a corrective action program.

12 Where in the process are we in terms of considering that
13 recommendation?

14 ME. MERSCHOFF: I'm accountable for developing that
15 corrective action program. As you correctly stated, one of the
16 recommendations in the Davis-Besse Lessons Learned Report went
17 along the lines of some of these things are repeats.

18 And we as an Agency ought to look back at some other
19 lessons learned to see if there's a broader collection of items we've
20 missed. Thus, NRR performed or a task force performed the report in
21 front of you.

1 We've taken that on board in terms of developing an
2 Agency level corrective action program. We view this as an
3 opportunity to change the culture within the Agency. I've had a
4 meeting with the office directors of the key program and support offices
5 to assure that we move together in this effort to change the culture and
6 to implement the corrective action program.

7 I've had an executive step forward to volunteer to take
8 the lead in pulling together an implementation. We're not forming
9 another task force to look at the problem and recommend solutions.

10 We accept the recommendations in the Davis-Besse
11 Lessons Learned and the follow-up work. The next step is
12 implementation. We want to do this well rather than soon. We've put a
13 stake in the ground of January 1, 2006.

14 At that time we'll roll out a complete program to an
15 informed and trained staff, and working backwards from there to pull
16 this together. It will deal with Agency level multi-office type items,
17 lessons learned, IG, GAO, IIT types of items.

18 It will allow us to track them to completion. It will have an
19 effectiveness review component so that when the next Lessons
20 Learned occurs, and although we don't want one, we're a learned
21 organization.

1 And we'll have that opportunity. We can then challenge
2 the inventory of past lessons learned and look back as to why one
3 failed, and assure that the next corrective action is better.

4 That's the concept. We're committed to it. And I'm in
5 charge.

6 ME. REYES: Can I add something? And the individual
7 that we selected there , the executive that's going to lead this effort
8 physically was a key player on the Millstone's Lessons Learned.

9 And the reason we wanted to do that was we want --
10 when we get lessons learned, hopefully not frequently, but when we
11 get them, we want to transform them and institutionalize them.

12 So, some of the things you see in that report is that the
13 actions taken as a result of the lessons learned were sometime later
14 negated by something else we did, or it was not institutionalized in a
15 way that --

16 COMMISSIONER McGAFFIGAN: Well, one of the points
17 that -- I really think this is an excellent paper for the three staffers
18 whose name are at the front and the others who were support staff.

19 I mean, if I were their boss I'd give an award of some
20 sort. But, I'll leave it to their boss to figure that out. One of the points
21 they make is that if it's high enough activity then it gets tracked.

1 And we don't tend to forget the lessons. And I could give
2 you, during my eight year plus tenure here, a long list of things where
3 we learned lessons. We learned them promptly.

4 We were prompted by -- most of the time by the
5 Commission itself, the license renewal, power uprates, ACRS
6 suggested we have a standard review of some sort of power upgrade.

7 You all did that. It was useful. 50.59, when we were
8 doing that, 50.65 A-4, 50.69, various security things, the export-import
9 sources, Yucca Mountain, obviously we follow very, very closely,
10 licensing action inventories, cask licensing, which I think is one of the
11 few that was actually called to our attention by the Congress,
12 particularly the Appropriations Committee.

13 But we have solved all of those problems. But it was
14 because they were on a Chairman's tasking list of some sort, or some
15 other very high level focus. A lot of those are mentioned in our monthly
16 report to Congress.

17 So, I mean, there's a constant reminder on them. And
18 the paper implies that some of these other things that are at lower level
19 get lost. And I can understand how they get lost because none of you
20 were in the jobs you are in, I guess, a year ago.

21 And, we're constantly transitioning from person to
22 person. And so, a heart of this corrective action program is indeed

1 making sure that the things that don't rise to our attention -- and God
2 knows we've got enough -- are getting the constant attention from an
3 Office Director or a Division Director, and he or she is really
4 responsible and will see it to an end.

5 And, if there's a transition, as there will be, from one
6 person to another, they'll make sure the new person is fully briefed on
7 the fact that we're responsible for this.

8 ME. REYES: Well, I want you to remember this when I
9 come at mid-year budget review, because --

10 COMMISSIONER McGAFFIGAN: I've got my hand in
11 my wallet.

12 ME. REYES: No, it's a very important issue. And we
13 have identified not only here, but in other areas. Our management
14 information systems are not what we want them to be. And, if you go
15 back to that report and you look at what is Millstone's lessons learned
16 or South Texas project lessons learned, they were documented in
17 some little computer tracking system that was an island in the ocean.

18 COMMISSIONER McGAFFIGAN: Right.

19 ME. REYES: And we don't have a good management
20 information system across boundaries in the Agency to make sure we
21 don't lose that. Now, that's only a tool. But it's an important tool.

1 So, part of what Ellis talked about may sound like it's
2 going to take a long time to get this done, is that we're going to need a
3 very good management information system that's going to help us with
4 that and other things. So, we agree with you.

5 COMMISSIONER McGAFFIGAN: Well, I think you do
6 need it. I think it's particularly crucial, you know, you're looking at a
7 Commission across the table where there's three of us who are in our
8 second terms.

9 And, a couple years from now you're going to be looking
10 at a Commission across the table where everybody will have served
11 less than two years. Well, 2 ½ years or two years six months and 23
12 days. Just to be precise. And so, it's going to be terribly important. I
13 mean, we've done -- people tell us that this Commission is different
14 from previous commissions.

15 And that's partly because we have our own little tracking
16 systems of the things we monitor. Not all of us monitor everything.
17 And you all have put together, in the things we care about, excellent
18 tracking systems.

19 In the security area we had a problem for a while.
20 Nobody sees it except us. But there's an absolutely excellent
21 document that we now get that keeps us up to date on security
22 matters.

1 And it's -- I won't hold my wallet too closely if you tell us
2 that we need some sort of --

3 ME. REYES: Well, I'm coming over for money. But I will
4 --

5 CHAIRMAN DIAZ: Make him sweat.

6 ME. REYES: I want you to challenge me. But, we have
7 not only this issue that we are discussing today, but others that I'll be
8 able to show you where we could all benefit from a better management
9 information system, because you need the tools to succeed.

10 And I think we owe this to have the tools to succeed.
11 And it's readily available. Other organizations have it. For whatever
12 reason we're not there yet. And we should.

13 COMMISSIONER MERRIFIELD: Can I ask a clarifying
14 question? I think this discussion is terrific. And I know we frequently
15 talk to licensees about having an appropriate corrective action
16 program.

17 And I think it's only appropriate that we have our own.
18 Presumably, like our expectations of licensees, it will be risk informed.
19 But I guess my question -- I heard your explanation Ellis, and your
20 discussion of being a learned organization.

21 When is the Commission going to get its review of this
22 before you do your presentation to staff? I may have missed that.

1 ME. MERSCHOFF: That's a long ways off. Right now
2 we're in the formative stage. And as soon as we have a clear concept
3 and a charter developed, and a team pulled together, we'll bring the
4 Commission on board and factor in thoughts that the Commission
5 might have.

6 This is an Agency level program. It's owned at the EDO
7 level to assure that it works right. And obviously it's to serve the
8 Commission. And we'll factor in your thoughts.

9 COMMISSIONER McGAFFIGAN: Thank you. Mr.
10 Chairman, that's all I have.

11 CHAIRMAN DIAZ: Okay. Thank you Commission
12 McGaffigan. Commissioner Merrifield?

13 COMMISSIONER MERRIFIELD: Well, if I had known
14 that, I would have just taken my own time. But I'll take my own time
15 anyway. Thanks.

16 COMMISSIONER McGAFFIGAN: I don't think she has
17 the clock on now.

18 ME. REYES: I re-wired the chairs.

19 COMMISSIONER MERRIFIELD: Well, in concert with
20 your notion of our own tracking system -- I always keep my own
21 tracking system on the questions -- you talked a lot in various portions

1 of the slides today about efforts that we have to do internal, you know,
2 improve our internal communications.

3 One of the things that was mentioned, for example, by
4 Terry is that we have some databases that we can now tap into
5 through INPO and others and through IAEA to get better information
6 and share that with our staff.

7 There was a discussion later on about having to have a
8 greater consistency of the morning meetings, trying to have a greater
9 consistency in regions and headquarters. And, do I take it right that
10 you're still trying to integrate that information so that all this new
11 information we're now able to tap into, that we're disseminating it in a
12 way that's consistently implemented through the staff?

13 ME. REYES: If you look at our inspection program, one
14 of the key things is preparing and planning for the inspection. And Jim
15 mentioned that in the past what we had was a book and a batch
16 process that Terry mentioned.

17 Now, inspectors under supervisors in planning for an
18 inspection, just tap into the computer. If they're doing an engineering
19 inspection on an electrical switchgear, for example, they can now go
20 and pull that up.

21 If we're doing one of the new pilot engineering
22 inspections as part of the preparation, once you pick up the high risk

1 systems you just go to the web page where the operating experience is
2 and try to look for that kind of issues.

3 So, this is an every day available tool that now we have
4 incorporating into our processes. We always have inspection planning
5 and preparation. We always have approval by supervisors of the
6 scope of the inspection.

7 But now we have a tool to incorporate into that that we
8 didn't have before. If I'm an inspection going to do pump maintenance,
9 for example, now I can not only pick the pumps at the station that are
10 high risk from the PRA, but then I can go to the web page and look for
11 that vender of that kind of pump.

12 Has there been any problems to incorporate into my
13 inspection? So, it fits into our processes to really strengthen our
14 process. Let me look for Terry if he wants to add something to that.

15 COMMISSIONER MERRIFIELD: I would presume that
16 that would be not only for pre-planning for an inspection, but if we had
17 a team or individual at the plants and they identified something that they
18 didn't see earlier, like where we were with Davis-Besse, that then using
19 the resident inspectors' computers in the resident office they could do
20 the same thing.

21 ME. REYES: They have access to that through the
22 electronic web pages.

1 MR. DYER: And I think it even goes beyond the
2 inspection program. In the part I think of the demonstration that Terry
3 and the Staff put on for some of the Commissioners and staff, it goes
4 into -- there's mailing lists that are pre-arranged, set up that you can
5 sign up for.

6 If you're a technical reviewer who would be interested in
7 the information, trending information, or event information on an
8 auxiliary feed water system or circuit breaker failures, or they've
9 identified pre-established mailing lists so that if there's -- when there's
10 entries that are made into that database that affect those, you're
11 automatically on distribution so that you know that there's a new item
12 that's been entered.

13 And so, it's a supply side, it's also created from the
14 demand, where, as Luis just dialogued, where an inspector -- either
15 getting ready for a specific inspection or as a result of an event or a
16 question at a plant or something that emerges during the course of a
17 review or an inspection -- can go query to put it in context.

18 Like I said, given where I was as an inspector, I'm just
19 absolutely amazed at the ability and flexibility that provides.

20 MR. REYES: You touched on something. Let's take the
21 case where you're just a brand new resident inspector, just finished

1 your qualification, etcetera, etcetera. And you're at the plant and you
2 hear about a particular pump having a problem.

3 You can quickly -- just a brand new person can quickly
4 go to this web page and search all that information you need to comfort
5 yourself. And that's a knowledge transfer tool that we didn't have
6 before.

7 COMMISSIONER MERRIFIELD: Maybe after the first of
8 the year I might like to see you demonstrate that to me so I can get a --

9 MR. REYES: Gladly. In fact, we can put you on the mail
10 distribution electronically. We'll feed you information.

11 COMMISSIONER MERRIFIELD: My level of inspection
12 efforts doesn't need to go quite that far. I am still an auditor after all.
13 Let me -- on the flip side of communication, external communication, a
14 lot of discussion about the use of external website.

15 But I'm wondering what else have we done besides just
16 sort of the more -- and I don't mean to put the pejorative on it, but our
17 web site is somewhat of a passive tool to a lot of information on it.

18 It's there for people who may choose to get on it. Some
19 of our stakeholders use our web site a lot. Others don't. Do we have
20 any more active ways in which we are putting out a bit more of this
21 information about some of the changes that you've discussed today?

1 MR. REYES: We haven't advertised it exactly, if that's
2 what you're talking about. We haven't made a big splash.

3 ME. REIS: Commissioner, if I understand the question,
4 our efforts in this operating experience have been first focused on
5 getting our internal house in order. The fundamental goal of the
6 program is to use operating experience to make informed decisions
7 and continuously improve the core programs.

8 Now, if you're asking have we -- I remember at the
9 February meeting you were very interested in what have we done for
10 public outreach. I can't say we've done any formal public outreach.

11 But we have improved the tools that are available. And,
12 again, they are passive. I think in the February timeframe all the
13 publicly available operating experience information was what I'll call in
14 a static format.

15 It's now been much improved. Where the generic
16 communications, the morning reports, all those types of things are now
17 fully searchable, you know, with a Google type string search.

18 So that is the most concrete improvement that I can say
19 we've made in the public arena. Okay. In addition are, when the
20 management directive is finally approved, that will be made available
21 publicly.

1 COMMISSIONER MERRIFIELD: I think those are good
2 first steps. I do think, for the sake of achieving our Strategic Goal of
3 openness and for getting the outcomes in openness of enhanced
4 public confidence, we may need to do more to really demonstrate to
5 the public that we have indeed learned these things and we are going
6 to more forward -- just something to think about.

7 MR. REIS: If I may, I need to say one thing to keep my
8 bosses out of trouble here. There is not one single tool. I'm not going
9 to tell you that we can come up and show you one stop shopping
10 where you can go to get everything you need.

11 But there is a multitude of tools that make the job of the
12 inspector much easier.

13 COMMISSIONER MERRIFIELD: I have more than
14 limited attention span. That's okay. You can show me more than one
15 tool. Okay.

16 MR. REYES: We need a lot of that. I've got some things
17 I want to --

18 MR. BATEMAN: Just quickly, as I mentioned in my
19 presentation, we have been very aggressive in going beyond the web
20 page with respect to keeping our stakeholders involved. For all those
21 particular items that we've issued five bulletins, orders, we've had a

1 number of public meetings associated with those and the process to
2 get to the end.

3 We have had a continuing dialogue of open public
4 meetings on Alloy 600 issues, steam generator issues. We've been
5 very aggressive in the materials area to be sure we keep our
6 stakeholders involved.

7 COMMISSIONER MERRIFIELD: Thank you. We talked
8 a little bit about -- one of the outstanding issues we have right now is
9 our interactions with ASME in terms of a code change that they're
10 going to need to make.

11 Are we satisfied with the progress that's being made in
12 these? Is there more that we can do to help move this along?

13 MR. DYER: I will defer to Bill Bateman, he's been
14 working closely --

15 MR. BATEMAN: Yes, we are making progress. This
16 particular issue has been discussed at probably -- well, you know, we
17 have four code meetings a year. Okay. And it's probably been
18 discussed at code for at least a year.

19 We are getting closer. We had industry come in for a
20 public meeting several months ago at which they laid out where they
21 were with respect to a safety basis for a proposal. We had some
22 discourse with them.

1 We weren't in full agreement with their positions. We
2 gave them some comments. And that is being worked. And there will
3 be another discussion at code next week, as a matter of fact, in San
4 Francisco.

5 So I can stand before you and tell you yes, we are
6 making progress. How close we are, I'm not sure. But, I still am
7 confident. And, with respect to public health and safety, because the
8 order is out there and the order is a very rigid order with respect to
9 inspection requirements.

10 So, the interim time between when we finally come up
11 with a code case we can all agree with and now -- I mean, we can all
12 rest assured that the upper vessel head penetrations are being
13 adequately inspected.

14 COMMISSIONER MERRIFIELD: I'm glad. I'm very glad
15 and I agree with you. But, since we've got it covered from the public
16 health and safety standpoint -- that notwithstanding, and this isn't
17 anything against you.

18 Usually we -- we've made progress and we're moving
19 forward. You know, as a lawyer I understand that that doesn't
20 necessarily give me a lot of certitude. And I know it's not your point.

21 It doesn't all fall on you. But, some of these committees
22 can really drag things out. And I would certainly hope we can, you

1 know, I hope they understand the fact that we want to move this
2 expeditiously.

3 MR. BATEMAN: The one motivating factor, of course,
4 that you can take some comfort in is that whatever we agree on will be
5 less of a challenge for them, will cost them less in resources than what
6 they currently have to do.

7 So there is a driver here. Once we reach agreement with
8 industry it's going to end up being an effective reduction in the
9 resources that they need to apply to this effort. If that were not the
10 case, I wouldn't be able to stand here with any degree of confidence
11 and tell you we're going to get to the end point.

12 COMMISSIONER MERRIFIELD: Just so it's clear, so no
13 one has any doubt, the cost is not my top criterion. It's effectiveness
14 and predictability, and having it consistent, that's --

15 MR. BATEMAN: I don't disagree. But, if you're looking
16 for a driver to get to an endpoint, I think that's -- at least from the
17 industry side -- motivating them.

18 COMMISSIONER MERRIFIELD: Quickly, as my time is
19 running short, the industry and ourselves have got a working group
20 evaluating the feasibility of establishing a new performance indicator
21 for barrier integrity.

1 And I'm wondering if we're on track to complete that
2 evaluation by May.

3 MR. DYER: I believe we are. I think that's what Andrea
4 reported in her session. Yes, sir. We do believe we will.

5 MS. LEE: Yes. We're definitely on track to complete
6 that. There haven't been any complications with it. And there's an
7 effort. Everyone is working together to get that completed.

8 COMMISSIONER MERRIFIELD: Okay. I very much
9 look forward to seeing that one. That would be a potential
10 enhancement. Thank you Mr. Chairman.

11 CHAIRMAN DIAZ: Thank you, Commissioner Merrifield.
12 I think we have covered a lot of issues. So I'm going to forget this list
13 of technical details and go to the bottom line, because I was listening to
14 both my fellow Commissioners and putting myself in the place of
15 someone that is not an expert on these issues, and coming and trying
16 to listen to the details.

17 So, let me address that issue. At the present time, Mr.
18 Reyes and Jim, and Ellis, and Carl, how far have we progressed from
19 the standpoint of our understanding of the Davis-Besse program in
20 establishing a regulatory program that ensures to the people of this
21 Country that we have taken the necessary actions to prevent
22 recurrence?

1 MR. REYES: I think we've come a long way. There's no
2 question in my mind between the actual replacement of the
3 components, the rigorous inspection activities that were discussed
4 today, the indicators that we're developing.

5 I feel very, very confident that the issue is being dealt
6 with very, very effectively.

7 CHAIRMAN DIAZ: Okay. So when I said sometime ago
8 that we will not find another large hole in the head, do you think that I
9 would be supported by the findings in the next following years, that that
10 will not happen?

11 MR. REYES: That clearly is my view.

12 CHAIRMAN DIAZ: All right. Of course we're always
13 concerned with the other issues which are being addressed. I think,
14 you know, there might be an important issue in the area of
15 communications.

16 And that is, you know, we have so many different links,
17 and so much information. And sometimes we technical people --
18 myself -- you know, say, if you want information go here, go there.

19 But, we might have to get to a point where we need to
20 put a summary report that informs the American people, these are the
21 summary results, what has been achieved after the Davis-Besse.

1 And this is the status that we present, you know, really
2 put in understandable words, the results of what we have done. And
3 the fact that yes, there were mistakes made, yes we missed the boat,
4 yes the licensee this -- but right now we are on the pathway to not only
5 prevent recurrence but make sure that those actions that we have
6 taken continue as a function of time, regardless of who is, whatever it
7 is, and that they will be maintained, because those actions are
8 necessary and they are part of our job.

9 And I think that's an important thing. Rather than many,
10 many links, it might be one vital link t, there's a summary report on, you
11 know, findings and results and implementations of actions addressing
12 the Davis-Besse.

13 It might be something as simple as two or three pages.
14 But, actually, presents the case that yes, we pay attention, yes we
15 have taken actions and we have done it. And so I'm looking forward
16 for doing that.

17 Let me go again and try to get an overlook. And we've
18 got, you know, all again all of those issues in here, Every one of them,
19 some of them are operational. Some of them look at how we detect.

20 You know, and so if you look at it, we've got three things
21 that we're really trying to do with all of it. One is prevention. We want

1 to make sure that there is awareness in the licensees and in our part of
2 what stress corrosion cracking is, what boric acid corrosion is.

3 So, prevent, detect, and take appropriate actions. And
4 those are, if you look at the bottom line of what we did, those are really
5 the real generic issues of what we're doing.

6 And my question is, are every one of those issues being
7 addressed with the proper value and connectivity between those
8 issues?

9 MR. MERSCHOFF: I believe so. The Davis-Besse was
10 a significant emotional event for the inspectors, for the managers, and
11 for the licensing staff. I think probably any one of us would have
12 argued quite loudly that that just simply could not have happened
13 before it was discovered.

14 And we used that. Every region at their counterpart
15 meeting has seen pictures of that head, has used as a case study the
16 inspection failures that led for the lack of discovery of this.

17 The licensing organization has looked at itself, guidance
18 for license review has been put in place. We've taken this very
19 seriously. This isn't something that we've just worked through to
20 complete.

21 We've internalized this as an important lesson that must
22 be learned. And I believe we're learning it.

1 MR. DYER: Chairman, from my perspective, you know, if
2 you go back and look at Davis-Besse, a significant emotional event. It
3 was an institutional failure. And we implemented these changes.

4 The thing that struck me is we've gone through this
5 process -- I would agree wholeheartedly with your comment that
6 another Davis-Besse isn't going to happen, if you're talking about the
7 degraded cavity in the head.

8 The challenge that has struck me as we've gone through
9 these corrective actions -- and many of them are in the medium and
10 low priority items -- is how the infrastructure can be improved to
11 prevent the next institutional failure or create the infrastructure to
12 prevent the next institutional failure for occurring.

13 And that's, I think, the real dramatic changes. The
14 operating experience, getting this information to the inspectors and
15 reviewers, this corrective action program effort, the fact that we some
16 time institutionalize the lessons learned when the people on this side of
17 the table aren't here to remember and relate the history.

18 And it's those things that I think are really going to offer
19 the potential going forward.

20 CHAIRMAN DIAZ: All those things need to be captured
21 in a way that the outcomes can be put in a proper manner in a simple
22 document, because there's been a tremendous amount of work by the

1 Staff and the Commission to ensure that this issue is placed in the right
2 importance and that the outcomes are appropriate.

3 Let me tie them back again, prevent, detect, take
4 appropriate actions and talk about operational experience. We go
5 again and it says that you look at prevent, and take appropriate
6 actions, and you look at it, it's really taking prevent, detect, take
7 appropriate actions on both operational experience, you know,
8 maintenance and the engineering aspects of it.

9 They need to be tied in. They're not independent issues
10 that happen. And I think the bottom line when we put this thing
11 together and say what are the lessons learned, it is of course the
12 tremendous relationship -- using my latest pet peeve, the connectivity
13 between the operation, the maintenance and the engineering.

14 And I think we're seeing in the presentations today the
15 importance of each one of those. But they are not highlighted. I think
16 our staff and the industry need to see these three issues highlighted,
17 given the proper importance, because it really brings down to the fact
18 that many times in the heat of the day of operating, deltas in
19 parameters or changes might not as notable as to that real, you know,
20 sharp guy that is looking for the engineering aspects or changes.

21 So, it's how we put all those three things together. Any
22 comments on that? Mr. Reyes, I've been pushing you very hard.

1 MR. REYES: Well, the reason I didn't answer and I
2 wanted them to answer is I wanted you to know that we have
3 internalized this in the Agency. If I answered that question, I don't think
4 you would have gotten that impression.

5 The reason I told Ellis, and Jim you guys answer --
6 without any caution from me, I didn't even look there because I want
7 you to know we have internalized this, yes.

8 CHAIRMAN DIAZ: Right. Okay. And that's an important
9 message. Because that means that we are not looking at this as one
10 isolated issue. It's an issue that we all get very concerned about.

11 Of course, I do agree with the fact that my first
12 statements were self assessment, corrective action, I think that's part
13 of the accountability that we owe the American people.

14 And that's going to carry to our licensee -- if we start
15 doing that, then there is going to be feedback that's going to make sure
16 that they are also doing the right things.

17 And one last comment on oversight. I think, you know,
18 oversight sometimes we see as oversight again something happening
19 at the end of the processes. I think oversight is far more important
20 than that, that it actually has tremendous feedback in everything else
21 that we do.

1 And I think that the Agency is going the right way in
2 putting oversight in its right place. And I have put more lecture than
3 questions. But it is something that I've been looking at the past few
4 months.

5 I do not have really any additional questions. I think
6 we're going the right way. However, I do believe, like what
7 Commissioner Merrifield said, we're going to be looking at some of the
8 things.

9 There is this issue that you brought in, you know, Ellis,
10 definition of Management roles and responsibilities of March '05. I
11 think maybe before you get to the end of that you might want to have
12 some type of communication that we all know exactly where we're
13 going, because it might imply some changes.

14 So it's important that we're made aware early in the
15 process of where we're going on that particular aspect.

16 MR. MERSCHOFF: Now, I don't want to mislead you in
17 terms of how broad that is. That's focused at the regions. The four
18 regions looking at roles and responsibilities within those regional
19 organizations. And, absolutely, we'll --

20 CHAIRMAN DIAZ: I knew exactly what you meant. And
21 you just wetted my appetite by that issue. So, it's something that we

1 need to look at. I do not have any other comments except to, again,
2 thank the staff.

3 COMMISSIONER MERRIFIELD: I would only make Mr.
4 Chairman, as followup, you've raised, as you have before, the notion
5 that we not have a hole in the head again. As a further demonstration
6 on that, when I was Japan at Mitsubishi heavy industries in Kobe, there
7 were nine of us sitting, at one stage or another, getting ready to come
8 to the U.S.

9 So it certainly demonstrates to me the degree to what
10 your licensees are in a variety of ways meeting the challenge. Last
11 comment is, I was very interested in the dialogue in the corrective
12 action program.

13 Obviously one of the things that we always look in
14 evaluating our licensees in that regard is the metrics and the means
15 that they used to track that. You talked a little bit with the tracking.

16 It would be interesting to see some of the other metrics
17 you're going to use to evaluate that. Like you, my appetite is wetted in
18 that regard. Thank you Mr. Chairman.

19 COMMISSIONER McGAFFIGAN: I was just sending a
20 note to Annette, I do think that the corrective action program, the
21 development of it probably should be designated a high priority
22 Commission item, because Commissioner Merrifield made the point

1 that the Commission wanted to follow the development issue, go
2 through next year, you know, getting it in place.

3 ME. REYES: You're helping me with the mid-year
4 money request. So, yes.

5 COMMISSIONER McGAFFIGAN: I apologize for that.

6 ME. REYES: I've got one vote, I'm working on two more.

7 CHAIRMAN DIAZ: Somehow we've put on the
8 scheduling, which we're going to be revisiting the priority actions. And
9 just before the mid-year budget review.

10 COMMISSIONER McGAFFIGAN: This money doesn't
11 grow on trees. The EDO does know that every time he proposes to do
12 something extra he has to give up something.

13 ME. REYES: Yes, I'm looking at the Commission
14 budget, and I think --

15 CHAIRMAN DIAZ: All right. On that very serious note, I
16 want to thank the staff again. I know that you guys out there have
17 been doing a tremendous amount of work. And we notice, and we
18 appreciate it.

19 And we also appreciate the leadership that you have
20 provided. And with that we are adjourned.

21 (Whereupon, at 2:42 p.m. the above-entitled matter
22 concluded.)