

August 29, 1997

MEMORANDUM TO: L. Joseph Callan
Executive Director for Operations

FROM: Kenneth R. Hart, Acting Secretary

/s/

SUBJECT: STAFF REQUIREMENTS MEMORANDUM:

SECY 97-144 -

POTENTIAL POLICY ISSUES RAISED BY NON-OWNER
OPERATORS

The Commission approved the proposal to incorporate in the Standard Review Plan the staff's position concerning the general criteria it will use in determining whether a nuclear power plant licensee's use of a non-owner service company for operational management requires NRC review and approval under the provisions of 10 CFR 50.80. The Commission also concurred in the continued use of a case-by-case approach in reviewing situations involving independent, non-owner operators in view of the potential variety of operational and contractual arrangements likely to be adopted in such cases.

Although approving the staff's approach, the Commission nevertheless expressed reservations about the lack of precision in the staff's proposal in defining such key terms as "extent of control", "significant control and autonomy over operations," and "ultimate power to direct the day-to-day activities of the contractor" as well as the absence of specific criteria to be used in evaluating additional examples of operational and contractual arrangements. To address these concerns, the Commission requested that the staff:

Notify licensees that in cases

where

service companies are contracted to provide operations management support, the licensee should seek early NRC threshold review of the proposed agreement to determine whether a formal NRC consent review under 10 CFR 50.80 will be required.

Ensure that specific criteria

used to

evaluate the extent of control transferred to the non-owner operator in directing day-to-day operations of the facility are, to the extent practicable, incorporated in the Standard Review Plan.

specific

Provide a discussion, with

examples, of the criteria the staff would use in making a determination of whether a section 50.80 review is necessary. In developing these specific criteria, the staff should ensure coordination of and consistency between criteria to be applied by NRR in evaluating nuclear power plants and those to be applied by NMSS to materials licensees, the gaseous diffusion plant operators, and any contractors operating DOE facilities that may be subject to NRC regulatory oversight. This discussion could be included in the paper being developed regarding NRC's financial qualifications review process or may be developed in conjunction with the Standard Review Plan Update.

(EDO)(SECY Suspense:12/31/97)

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