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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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BRIEFING ON OFFICE OF NUCLEAR REACTOR REGULATION

(NRR) PROGRAMS, PERFORMANCE AND PLANS

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WEDNESDAY

APRIL 20, 2005

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The Commission met in open session, pursuant to notice, Commissioner Nils Diaz, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

- | | |
|------------------------|----------------------------|
| NILS J. DIAZ | Chairman of the Commission |
| EDWARD McGAFFIGAN, JR. | Member of the Commission |
| JEFFREY S. MERRIFIELD | Member of the Commission |
| GREGORY B. JACZKO | Member of the Commission |
| PETER B. LYONS | Member of the Commission |

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

1 STAFF AND PRESENTERS:

2 SUZANNE BLACK, NRR/ADPT/DSSA

3 JIM DYER, Director, NRR

4 ELLIS MERSCHOFF, DEDO

5 WILLIAM KANE, DEDO

6 BRIAN SHERON, Associate Director, NRR

7 CYNTHIA CARPENTER, NRR/PMAS

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P-R-O-C-E-E-D-I-N-G-S

CHAIRMAN DIAZ: The Commission is very pleased today to be meeting with NRR. We're going to find out a lot of good things this afternoon, I hope.

And, if not, well I leave it to my fellow Commissioners to make it known that you guys were actually just meeting just to let us know how you're doing.

But, no, we know that you've been doing good. We know that you have a very challenging program. You have been working not only on the reactor oversight program, which is what everybody thinks we do.

We've got a tremendous amount of licensing actions, we have the Davis-Besse Lessons Learned. We have issues of grid stability, plant agents, materials degradation.

I could go on for a little while, but then I will take most of your time. I don't want to do that. I think because of the higher level and broader scope and nature of this meeting, I think it does provide us with a good forum for discussing the excellence in management that needs to be applied at every level in NRR, which is our largest office, and our most complex office.

And the issue of also accountability that management is asking from everybody, the issue of timeliness, and many of the issues that we are confronting becomes very, very important.

1 I think starting this meeting with a discussions of NRR's
2 mission, Human Capital is appropriate, because I know that's why you
3 met your challenges.

4 With that, I'd like to see if my fellow Commissioners have
5 any comments.

6 MR. KANE: Good afternoon, Chairman, Commissioners.
7 We're very pleased to be here today to brief you on NRR programs. I am
8 filling in for Luis Reyes, our Executive Director for Operations who could
9 not be here today because of some significant personal business.

10 Joining with me at the table are Ellis Merschoff, our
11 Deputy Executive Director for Reactor Programs, and the Office of
12 Nuclear Reactor Regulation Team.

13 At this point I'll turn the presentation over to Jim Dyer.

14 MR. DYER: Thank you, Bill. Good afternoon, Chairman,
15 Commissioners.

16 COMMISSIONER MCGAFFIGAN: Could I just -- it's
17 very good business, the personal business that the EDO is on. I think he's
18 marrying a child.

19 MR. KANE: Yes, that is correct.

20 COMMISSIONER MCGAFFIGAN: So, this is a good
21 thing. It's no crisis.

22 MR. DYER: All right. Thank you, Chairman,
23 Commissioners. With me from the NRR team here today is Dr. Brian

1 Sheron, who is the Associate Director for Project Licensing and Technical
2 Analysis.

3 And, to my right is Cindy Carpenter, who is our Director
4 of Program Management Policy Development Planning Staff. And also,
5 next to Brian is Suzie Black, the Director of the Division of Systems Safety
6 and Systems Analysis, or DSSA.

7 Who is not here is Bill Borchardt, my Deputy Director
8 who is still leading the efforts in Vienna on the Convention on Nuclear
9 Safety, in particular the ongoing peer review activities.

10 Can I get slide two please? Slides two and three are a
11 list of acronyms. As we went through the presentation, I've tried very
12 hard not to over-utilize acronyms.

13 I'm getting better Commissioner. But SECY still warns
14 us we need to put them in here just in case we deviate. So, they're here.
15 Slide four, please.

16 This is the agenda for today's presentation. The first five
17 topics, as the Chairman initiated, really are -- I'll take the lead for the first
18 five topics, which are the management excellence areas and international
19 programs.

20 And then Brian Sheron will present our major program
21 accomplishments and challenges. I note that we briefed the Commission
22 five times since last November on various technical topics, including plant
23 aging and materials degradation, the Davis-Besse Lessons Learned Task
24 Force items, various reactor safety and licensing issues, and most

1 recently nuclear fuel performance and a briefing on the status of the new
2 reactor program.

3 Additionally, next week we are scheduled to brief you on
4 grid reliability. And then, after the Agency Action Review meeting, we'll
5 provide an oversight of the review of the reactor oversight program.

6 So, we developed this agenda to try to give you a status
7 update on a lot of the key programs we've discussed before and avoid
8 some of the issues that I know -- topics that we were going to be covering
9 in the near future.

10 But, as usual, I brought my management team behind
11 me. So, if you have questions on anything that we didn't cover, we're
12 ready. Next slide, please, slide five.

13 Let me start off with the NRR Mission Statement. And,
14 collectively, NRR developed a Mission Statement in the past year to help
15 improve our organizational effectiveness by articulating what we do and
16 how we do it.

17 It identifies what part of the NRC mission that NRR has
18 responsibility. That is for protecting public health and safety and the
19 environment, and for the reactor programs, non-power reactors, and the
20 power reactor programs.

21 It doesn't include activities in the materials and the waste
22 areas, or involve security directly in our Mission Statement. However, we
23 recognize that we need to make the connection with those areas to be
24 successful.

1 It also identifies how we do it by developing and
2 implementing four programs for the reactor area. The first is rulemaking
3 or developing reactor regulations.

4 The second is licensing or issuing permits to qualified
5 parties for the safe construction and operation of a reactor. The third
6 area we identified is oversight or the activities to ensure compliance with
7 our regulations and licenses as well as providing feedback on the
8 effectiveness of those regulations and licenses to see whether we have
9 adequate coverage for reactor activities.

10 And lastly, and maybe most importantly, is incident
11 response, for those activities where we work with the licensees and
12 Federal, State, and local government organizations, to respond to a plant
13 when it's in an upset condition.

14 Each of these programs is governed by a different
15 process with different internal and external stakeholders who we must
16 work with for success.

17 Our Mission Statement also identifies our goal to conduct
18 these activities in a manner that develops trust. I once read in a
19 management book that trust is developed through character and
20 competence.

21 In NRR we demonstrate character by conducting our
22 duties consistent with the NRC values. And we demonstrate competence
23 by delivering on our commitments, most importantly our operating plan
24 and strategic plan goals.

1 Collectively, these activities contribute -- are the activities
2 that govern -- attributes that govern our daily activities, our awards
3 programs, and our communications with both internal and external
4 stakeholders.

5 Slide six, please. The NRR Human Capital Action Plan
6 was first developed in June of 2002 and is now used as an integral part of
7 our operating plan.

8 The overall objective of the plan is to get the right people
9 with the right skills and the right job at the right time. As has been
10 discussed in several earlier Commission meetings, this is quite a
11 challenge given the demographics and demanding environments that we
12 work in right now.

13 In NRR, Bill Borchardt, my deputy, leads extensive
14 monthly meetings with all deputy division directors and Cindy Carpenter
15 to review office progress in the key areas of the NRR Human Capital
16 Action Plan.

17 One of those areas is striving for strategic alignment.
18 Just as developing the NRR Mission Statement helped us to align our
19 office with its role within the NRC Mission, each division, branch, and
20 section has also developed a Mission Statement that identifies their
21 contribution to the NRR and NRC Mission.

22 We also have an ongoing initiative to clarify the roles and
23 responsibilities within each level of the NRR organization. Collectively,
24 these efforts have provided a valuable input into our organization to

1 approve alignment and review organizational options to accommodate
2 long-term shifts in our work load, such as the emerging work with new
3 reactors, potential emerging work with new reactors, or declining
4 responsibilities, such as when we transferred emergency preparedness
5 the Office of Nuclear Security and Incident Response.

6 We have also developed a functioning, centralized work
7 planning center for much of our work to improve our accountability and
8 provide improved estimates for future work projections.

9 These estimates are critical for the input to the NRC
10 Strategic Workforce Planning to identify our potential demands of the
11 future. This same center has improved our workforce utilization by
12 allowing us to identify and adjust for short-term changes in our workload.

13 When emergent work calls for redirection of specific NRR
14 resources, such as the case when security plan review teams were
15 formed last year, we are now able to identify the displaced work, and
16 adjust our operating planned commitments as we did last year.

17 As a result of these activities, we now have a much
18 better -- we refer to as the add-shed process to identify what we will not
19 be able to accomplish when higher priority work emerges during the
20 execution year.

21 Additionally, as Carl Paperiello discussed with you during
22 his Research office program review, we are also working with Research
23 to improve knowledge management.

1 For NRR that includes working on a Standard Review
2 Plan update, developing a qualification program for our key technical
3 positions, such as project managers, health physicists, and technical
4 reviewers, the various technical reviewers, capturing knowledge through
5 handbooks and training guides such as the Project Manager's Handbook,
6 and utilizing web-based information forums such as our Operating
7 Experience database and our community forum for inspectors.

8 Slide seven, please. Communications was identified in
9 the 2002 Office of Inspector General cultural survey as an NRR area for
10 improvement, both directly and as it contributed to other areas for
11 improvement.

12 As with the rest of the NRC, we have focused on this
13 area, and it seems that the more we learn, the more we need to improve.
14 In 2004 we hired a professional communications assistant reporting to
15 me, conducted an internal assessment of our communication activities,
16 and developed a communication program with initiatives to improve both
17 our internal and external communications.

18 We provided this plan to all NRR staff as part of our roll-
19 out of the NRC Strategic Plan and the NRR Mission Statement. Internal
20 face-to-face communications with the entire NRR office of 600 people at
21 one time is difficult at best.

22 NRR divisions hold periodic meetings and office level
23 managers attend these meetings occasionally to provide face-to-face
24 opportunities for the Staff.

1 To compensate, NRR uses the "Have I Got News For
2 You" newsletter that is distributed internally to all its staff. And we have a
3 very active NRR internal website to highlight our accomplishments, get
4 information to the Staff and introduce new staff members to the rest of the
5 office.

6 To get feedback, we've created an email talk-back
7 system features for employees to respond with questions and comments
8 to the information we've provided.

9 We have also initiated an office level non-concurrence
10 procedure to provide a constructive mechanism to air differing views. Bill
11 Borchardt is alerted to all non-concurrence and assures descending
12 views are given due consideration without any retribution to the submitter.

13 To improve our communications with external
14 stakeholders, NRR has aggressively implemented communication plans
15 for significant activities, and conducted public outreaches for key program
16 activities such as early site permits, power uprates, and license renewals,
17 as well as sensitive rulemaking activities.

18 The NRR communications assistant also provides
19 constructive feedback to managers and staff on the conduct of all our
20 major meetings. As a matter of record, he will be critiquing my
21 performance today.

22 Overall, we are utilizing all tools that we can to best
23 improve our availabilities to communicate with both our staff and our

1 external stakeholders by providing information and listening to their
2 feedback.

3 Slide eight, please. For international activities within the
4 office of NRR our primary purpose for NRR's international activities is to
5 obtain operating experience.

6 We also contribute our experience to the other country's
7 programs. There are more than 340 operating power reactors outside of
8 the United States.

9 Most of the international operating experience is
10 potentially applicable to our reactors. As we learned with Davis-Besse,
11 this is an area that we needed to focus on and improve our understanding
12 of what's going on outside of our borders.

13 In addition, the regulatory approaches used by other
14 foreign regulators may be of benefit for NRC to consider either in a
15 confirmation of what we do, or looking at new insights as we have with
16 the oversight of safety conscience work environment.

17 So, accordingly, the international activities are very
18 valuable in assisting us with fulfilling our oversight program and the NRR
19 mission.

20 Last week the United States presented, at the
21 Convention of Nuclear Safety, the third national report meeting --
22 recognize Commissioner Merrifield was there with the EDO.

1 And, as I said earlier, Bill Borchardt's presence -- he's
2 there this week. The NRC's participation in this convention is an
3 important part of our goal of promoting nuclear safety worldwide.

4 It has also acted as an international peer review of the
5 regulatory programs for the NRC. And we find it to be quite valuable.
6 NRC's reactor licensees can also benefit directly from our international
7 colleagues by hosting the Operational Safety Assessment Review Team,
8 or OSART.

9 Next month, Brunswick Nuclear Station will be hosting an
10 OSART. The NRR staff has been working with the Office of International
11 Programs and the licensee to make sure this is -- and the International
12 Atomic Energy Agency -- to make sure this is a successful undertaking
13 that we can learn as much as possible from.

14 NRR also gained significantly from our regular bilateral,
15 regulatory, and safety information exchanges. We conduct these with a
16 number of countries predominantly each year, up to 12 countries each
17 year, and some of them every two to three years.

18 Access to the foreign operating experience is readily
19 available from our international counterparts. Early and more detailed
20 access of this experimental information is enhanced by these bilateral
21 exchanges.

22 I would note that next month Suzie Black will be leading
23 a delegation to Japan where we hope to get good information on control

1 rod drive nozzle cracking and their construction inspection program as we
2 exchange with our risk informed regulation program.

3 Slide nine, please. I think, to complete my part of
4 management excellence presentation, I'll talk a little bit to some of the
5 streamlining and efficiencies that the Office of NRR has recently
6 undertaken.

7 In addition to some of the process improvements to our
8 programs that Brian Sheron will discuss later, we have sunsetted two
9 programs, and are working to streamline others.

10 We recently sunsetted the license renewal steering
11 committee, which was originally established in 1998 to provide a forum for
12 industry and NRC Staff exchanges on the development of this new
13 program.

14 Effectively, at the beginning of this year, in February of
15 this year, this committee was dissolved. Both the Industry and the NRC
16 came to the conclusion that this is a well working program that doesn't
17 need this oversight.

18 We have also sunsetted the reactor operating
19 experience task force, which was originally established in April of 2003.
20 That was after the Davis-Besse Lessons Learned Task Force report
21 recommended major changes to this program.

22 When we came up in November of 2003 we developed
23 an action plan. And, in March, we established an effort to develop a
24 clearinghouse effect for the operating experience.

1 In January the program was put into a pilot
2 implementation with the issuance of our draft management directive and
3 our governing office procedures.

4 And so, at that point we made a decision to sunset the
5 operating experience task force report. The Staff was also reviewing our
6 internal information needs.

7 The one thing that we recognized as we went through
8 our self-assessment was the communications within NRR between the
9 EDO's office and the Commission and all our stakeholders, we are very
10 redundant and diverse.

11 We have several programs of communications vehicles
12 which duplicate, such as the Director's Quarterly Status Report, and our
13 monthly Significant Topics Report.

14 I have tasked Cindy Carpenter with looking at all these
15 reports, looking at all the directions they go in, who the stakeholders are,
16 and seeking to streamline them, come up with a common format and look
17 to make them available online to the extent that we can so that we can
18 cut down on the number of reports that we repeatedly change every
19 month.

20 Lastly, as I spoke earlier, in the Human Capital, the
21 centralized work planning initiative was initially developed to improve our
22 accountability.

23 However, we are advancing this centralized work
24 planning initiative to aid more effective use of office resources, better

1 predictability of work process and continued improvement in our overall
2 work process.

3 And we've seen this as the accountability and the
4 scheduling are more strictly accounted for. At this point let me turn the
5 presentation over to Brian Sheron to talk about some of our programs.

6 DR. SHERON: Thank you. In licensing -- I'm sorry, next
7 slide, please, slide ten. In licensing we are on target to support the
8 Agency's performance goals.

9 We are on track to complete 1,500 licensing actions this
10 year. As you know, security plan reviews in fiscal years 2004 caused
11 deferral of some licensing actions to fiscal year 2005, and a slight
12 relaxation of our timeliness metric.

13 While we generally have delivered on our timeliness
14 metric, we are improving our performance metrics to increase our
15 reliability and responsiveness.

16 We continue to give priority to license amendments
17 associated with power operates and outages and safety significant
18 licensing actions. Two years ago NRR performed a Program
19 Assessment Rating Tool evaluation, or PART, of the inspection program.

20 This year we are conducting a PART evaluation with
21 support from the Office of the Chief Financial Officer and other officers of
22 the reactor licensing program, an effort which serves to measure the
23 effectiveness and efficiency of our program.

1 Consistent with the Commission's policy statements on
2 technical specifications and the use of probabilistic risk assessments, the
3 Staff and the industry are developing risk informed improvements to the
4 current system of technical specifications.

5 Two initiatives have been approved and six are being
6 developed. We are also assessing the results of the regulatory impact
7 survey conducted by Brookhaven National Laboratory, which surveyed
8 managers at power plants.

9 The survey found that 60 percent of responders
10 expressed satisfaction with our regulatory performance. While the overall
11 results are positive, some concerns were raised about the timeliness of
12 licensing actions and a number of requests for additional information.

13 Efforts are underway to examine both issues and, if
14 appropriate, address the industry's concern. For example, in conjunction
15 with the Nuclear Energy Institute Licensing Action Task Force, we are
16 evaluating the request for additional information process.

17 There are also some challenges in our licensing
18 program. We recognize that we need to improve the Agency's integration
19 of security requirements into the licensing process.

20 We have a process in place for that integration, but we
21 need to implement it. In December we formed a safety security interface
22 advisory panel and working group to ensure safety security interface
23 issues are appropriately considered in NRR and NSIR processes.

1 With regard to the licensing process, the working group
2 and panel have the responsibility to develop a screening process for use
3 by project managers and technical review staff to identify any aspects of
4 license amendments that could involve security implications.

5 Next slide, please. I'm now going to talk about power
6 uprates. The subset of licensing actions is power uprates, which we
7 briefly addressed at our December Commission meeting.

8 To date, the Staff has approved 105 power uprates that
9 have added the equivalent of approximately four large nuclear units to the
10 Nation's electric generating capacity.

11 I want to point out the slide says 104. We just recently
12 approved Waterford since these slides were made and sent up. So,
13 there's one change.

14 Most recently we approved the Waterford extended
15 power uprate of eight percent. This was the first application in which the
16 Staff used the guidance document Review Standard for Extended Power
17 Uprates.

18 Currently there are 11 power uprate applications under
19 review. And the Staff expects to receive 28 additional applications over
20 the next five years.

21 As you know, the focus of our review of power uprate
22 applications has been and will continue to be on safety. There are some
23 challenges in this area.

1 The Industry has experienced isolated incidents of steam
2 dryer cracking, loose parts generation, and flow-induced vibration
3 problems at plants with extended power uprates.

4 The NRC Staff has taken appropriate regulatory action in
5 response to this issue. And we will take additional regulatory action as
6 necessary to ensure safety.

7 We are also following the Industry's evaluations of a
8 problem that some plants have experience using ultrasonic flow meters
9 for measurement uncertainty recapture power uprates.

10 With regard to future and ongoing activities, the Staff will
11 be evaluating the review standard for extended power uprates and
12 updating it as appropriate.

13 As we gain experience with its use, we will make the
14 appropriate changes to the power uprate program to improve efficiency
15 and effectiveness.

16 Moving to another program which is addressing
17 challenges, the research and test reactors program is expected to receive
18 ten new reactor re-licensing applications between now and fiscal year
19 2007.

20 This will necessitate increasing staffing and technical
21 assistance funding. We've established a 48 month goal for completing a
22 reactor re-licensing review.

23 Next slide, please. Reactor licensing renewal -- license
24 renewal for power reactors continues to be a highly successful program,

1 but completing the review of renewal applications on schedule continues
2 to be a challenge on staff resources due to the timing of submittals.

3 To date we have issued renewed licenses for 30 reactors
4 at 17 sites, all on or ahead of schedule. We currently have under review
5 applications to review the licenses for 18 reactors at ten sites.

6 Thus, approximately one half of the operating plants in
7 the U.S. have either received or submitted applications for renewed
8 license. To ensure quality applications we have stringent requirements
9 on the content of applications submitted and perform thorough
10 acceptance reviews of the applications.

11 Although there have been problems with two recent
12 applications, the majority of applications submitted have been of
13 acceptable quality. We completed the three pilot applications of the
14 onsite audits for aging management reviews that are consistent with the
15 Generic Aging Lessons Learned Report.

16 The audit process has improved communication and
17 reduced the number of requests for additional information. Both the
18 applicants and the Staff believe that the audit process has been beneficial
19 and has made the reviews more efficient and effective.

20 Lessons learned from the pilot audits are being
21 implemented by the Staff and applicants for the current license renewal
22 applications. The Staff is implementing process improvements to further
23 increase the efficiency and effectiveness of the license renewal program.

1 Lessons learned from the review of license renewal
2 applications and from industry input were incorporated into draft updates
3 of the license renewal implementation guidance documents that were
4 made available for public comment on January 30, 2005.

5 A public workshop was held in March to discuss the
6 updates and receive comments. The final documents are scheduled to
7 be issued by September 30, 2005 after resolution of comments received.

8 In summary, the license renewal program continues to
9 meet established schedules for license renewal reviews. We are
10 continuing to work to improve the process to achieve greater efficiencies.

11 Next slide, please. We'll now talk about rulemaking
12 accomplishments. During our program review briefing in October 2003
13 we discussed our revised approach for rulemaking in which we would
14 develop the technical basis and obtain stakeholder input before initiating
15 rulemaking.

16 We have been following this approach for newly initiated
17 rulemakings. A good example is the rulemaking that appends 10 CFR
18 50.55a to update the latest American Society of Mechanical Engineering
19 Codes and Standards.

20 However, there are instances where it has been
21 necessary to conduct these steps, that is technical basis and rule
22 language development, in parallel, such as the recent proposed rule for
23 10 CFR 50.46.

1 We continue to consider that rulemaking is best served
2 when the technical basis is well informed, peer reviewed, and publicly
3 vetted prior to entering the rulemaking process.

4 This sequential process allows for better resource
5 management and scheduler discipline. However, we remain flexible to
6 consider other options to best serve the Agency and ours stakeholders.

7 I'd like to highlight some recent successes in the
8 rulemaking area. This slide lists the higher priority proposed and final
9 rulemakings that have been completed in the past year.

10 The rules provide for risk informed performance-based
11 alternatives consistent with our strategic plan. Other lower priority
12 rulemakings recently completed have been provided to you.

13 Two of these recent rulemakings relate to fire protection,
14 which I will discuss later under that topic. Of the others, one is the 10
15 CFR 50.69 final rule that provides licensees with a voluntary alternative to
16 comply with selected deterministic requirements in the regulations with
17 respect to design, quality assurance, construction, and operation.

18 The rulemaking permits licensees to redefine the scope
19 of systems, structures, and components that are subject to the special
20 treatment requirements using risk-informed criteria set forth in the
21 amended rule.

22 Pilot activities are under way with Surrey and Wolf Creek
23 expected to submit applications in mid-2005 to implement the risk
24 informed alternative in 50.69.

1 Additionally, we recently sent to the Commission a
2 proposed revision to 10 CFR 50.46, also known as the emergency core
3 cooling system rule, that allows a risk informed treatment of break size for
4 loss of coolant accident analysis.

5 Next slide, please. We do have some challenges in the
6 rulemaking area. In the upcoming months the Commission can expect to
7 receive several complex, and in some instances controversial rulemaking
8 packages.

9 We plan to deliver on schedule in June a proposed rule
10 on Part 26, Fitness-For-Duty. The rule would revise Part 26 substantially
11 with respect to both drug and alcohol testing and would add requirements
12 related to work fatigue.

13 We are working with the Office of Nuclear Security and
14 Incident Response on reactor security rulemakings to align our
15 regulations with issued orders and to use the rulemaking process to
16 obtain stakeholder input with the proposed rule for design-basis threat
17 scheduled for June as well.

18 Finally, the Staff is preparing a proposed rule to amend
19 Part 52, early site permits, standard design certifications and combined
20 licenses for nuclear power plants to take into account experience from the
21 previous design certification rulemakings.

22 As we discussed at the April 6th New Site and Reactor
23 Licensing Commission Briefing, with regard to regulatory stability, the

1 current Part 52 is considered sufficient to proceed with any new reactor
2 licensing.

3 But the proposed changes would enhance the efficiency
4 and effectiveness of the process. Next slide, please. I'm now going to
5 talk about fire protection activities.

6 Fire protection has been a challenging area over a long
7 period due to numerous regulatory and technical issues. The
8 Commission was briefed on the status of the major fire protection
9 program activities last December.

10 The Staff has also made several major advances in each
11 of our major activities during the past few months. The risk-informed
12 performance-based fire protection rule alternative was issued in July of
13 2004.

14 Public meetings were held in January and February of
15 this year to discuss stakeholder comments on the regulatory guidance in
16 support of this alternative.

17 The Staff and the Nuclear Energy Institute are on a path
18 to endorse NEI-04-02, and will finalize development of the Regulatory
19 Guide in late summer of 2005.

20 Representing a major licensing action on February 28th,
21 Duke Energy provided a Letter of Intent to adopt the risk-informed
22 alternative in 10 CFR 50.48, which allows use of the National Fire
23 Protection Association 805 Standard for all of their plants.

1 For post-fire safe shut-down circuit analysis, revision to
2 the Regulatory Issues Summary 2004-003 as issued this past December,
3 which informed licensees of the restart of circuit inspections and the
4 enforcement discretion available for circuit findings until December 2005.

5 The regions restarted circuit inspections using the risk-
6 informed guidance this past January. We are taking steps to endorse
7 industry guidance while we continue to clarify compliance expectations in
8 this area.

9 Currently the Staff is preparing a new Regulatory Issue
10 Summary to formerly document and clarify fire protection terminology and
11 ensure consistent interpretation among the operating reactor fleet.

12 Additionally, the Staff intends to issue the appropriate
13 generic communication to resolve concerns related to the term "one at a
14 time" with respect to its application to associated circuit failures.

15 The Staff will invoke the compliance exception to the
16 backfit process as needed to ensure licensees are in compliance with
17 Agency regulations in this area.

18 The proposed rule on operator manual actions was
19 published last month. And the public comment period lasts until late May.
20 A public meeting is scheduled for April 27th to further solicit stakeholder
21 comments.

22 The Staff will address public comments under the overall
23 direction provided by the Commission Staff Requirements Memorandum
24 on the proposed rule.

1 The Staff looks to improve fire protection safety through
2 continued progress in risk informing our fire protection activities,
3 communicating clearly with our stakeholders, and by effectively managing
4 any emerging issues.

5 For example, the recent fire test performed on the
6 Hemyc fire barrier system revealed some configurations of concern. The
7 Staff is resolving the non-compliances associated with this issue using
8 regulatory tools such as the Information Notice and, if necessary, a
9 Generic Letter.

10 Next slide, please. I'm going to talk about Generic
11 Safety Issue 191. I would like to touch on the key technical issues in
12 resolving Generic Safety Issue 191, assessment of debris accumulation
13 on pressurized water reactor sump performance.

14 The Staff issued Bulletin 2003-01, potential impact of
15 debris blockage on emergency sump recirculation at PWRs, in June of
16 2003 asking licensees to confirm compliance with existing applicable
17 regulatory requirements or describe any compensatory measures
18 implemented to reduce the potential risk due to post-accident debris
19 blockage until evaluations to confirm compliance are completed.

20 From the responses to the Bulletin and the requests for
21 additional information, the Staff has concluded that plants are
22 implementing interim compensatory measures to reduce risk of operation
23 while permanent solutions are being analyzed.

1 The Staff has also reviewed the first of two responses to
2 Generic Letter 2004-02, potential impact of debris blockage on a
3 emergency recirculation during design basis accidents of pressurized
4 water reactors.

5 This letter requested licensees to perform an evaluation
6 of the emergency core cooling system and containment spray system
7 recirculation functions and, if appropriate, take additional actions to
8 ensure system function.

9 Generic Letter 2004-02 required responses by March,
10 identifying the methodology used in their analysis and responses by
11 September identifying the results of their sump analyses, their intended
12 sump modifications and the schedule for their completion.

13 The final Generic Letter responses are due from all 69
14 pressurized water reactor plants in September of 2005. From the review
15 of these responses, a sample of plants will be chosen for a more detailed
16 staff evaluation.

17 Although the industry guidance and the Staff safety
18 evaluation provide an acceptable approach that should facilitate
19 consistency, we anticipate that the very plant specific features and a
20 range of corrective actions selected, will require considerable staff effort.

21 In addition, despite the substantial experience and
22 information base regarding PWR sump performance, deficiencies in data
23 and knowledge do exist in certain technical areas, for example, codings,

1 chemical precipitation, and downstream effects. The Office of Nuclear
2 Regulatory Research has ongoing and planned testing in these areas.

3 Licensees have been strongly advised to provide
4 sufficient margin in any design modifications they propose to account for
5 these uncertainties.

6 The Staff will continue to communicate the results of
7 additional RES activities to industry as testing is completed. In the
8 interim, the Staff will continue to deal with licensee-specific performance
9 deficiencies such as degraded codings.

10 Next slide, please. I'll talk about Operating Experience
11 now. At the time of the Davis-Besse Lessons Learned Task Force
12 briefing last December, we were in the final stages of launching our new
13 Operating Experience Program.

14 The new program was implemented on January 1, 2005,
15 and is codified in draft Management Directive 8.7, which will be used on a
16 trial basis for one year to receive feedback and make adjustments.

17 All of the Davis-Besse Lessons Learned Task Force
18 Operating Experience action items have been completed. Also, a 2004
19 audit of the Operating Experience Program conducted by the Office of the
20 Inspector General provided a number of recommendations that have
21 been resolved.

22 One audit recommendation to issue Management
23 Directive 8.7 will be fully implemented following the one year trial use of
24 the draft Management Directive.

1 As discussed in the December Commission briefing, the
2 cornerstone of the new Operating Experience Program is the
3 clearinghouse, which serves as a single organization to collect, make
4 available and communicate and manage the evaluation and application of
5 Lessons Learned from operating experience.

6 We plan to strengthen the interface between the
7 clearinghouse and other technical organizations, including the regional
8 offices. At present, all four regions in NRR are participating in an
9 operating experience benchmarking task group to review regional
10 practices associated with operating experience and to identify best
11 practices which can be used by the regions to implement consistent
12 regional programs.

13 In the near future we plan to create teams of technical
14 staff that will automatically receive and systematically assess operational
15 data in their specialized areas to identify trends and recommend action
16 accordingly.

17 In the international community I am the NRC Senior
18 Management Representative on a Nuclear Energy Agency's committee
19 for nuclear regulatory activity senior level task group on regulatory
20 challenges in using operating experience.

21 This group will meet for the first time in May to examine
22 ways to improve the collection analysis and use of operational experience
23 data. This completes my part of the presentation. I would now like to turn
24 it back over to Jim.

1 MR. DYER: Thank you Brian. Slide 18 please.
2 Chairman and Commissioners, we've gone through a lot of information in
3 a short period of time.

4 In our presentation we identified a number of future
5 policy issues. Obviously there are several rulemaking activities that Brian
6 described, as well as some of the activities that may come about because
7 of our new reactor activities and plans in that area.

8 We have no shortage of challenges, as you can see.
9 These challenges I break down fall into three areas. One, are key
10 challenges in the area of planning.

11 We have the emerging issues in the security area that
12 we are working closely with the Office of Nuclear Security and Incident
13 Response as well as more on a longer term the uncertainty as to what's
14 going to happen with the new reactor area.

15 We also have technical challenges as Brian described,
16 certainly with the power uprate program, the GSI-191 sump issues, and
17 some of the fire protection emerging issues.

18 And lastly we have concerns that we fall into the Human
19 Capital area. Obviously we have an aging workforce that we're looking at
20 succession planning and knowledge transfer as well as emerging skills
21 and changing skills as the NRC becomes more advanced in the nuclear
22 reactor oversight and review areas.

23 Having acknowledged these challenges, NRR has
24 developed a number of approaches to address them, as I said earlier. In

1 coordination with the Office of Research, Nuclear Security and Incident
2 Response, and our NRC Staff Offices, we have emphasized our
3 commitment to safety and continuous improvement in our overall
4 approach to our duties and responsibilities.

5 This completes my part of the presentation. I'll turn it
6 back over to Bill.

7 MR. KANE: That completes the Staff's presentation.

8 CHAIRMAN DIAZ: Thank you, Bill, Jim, Brian. I
9 appreciate the presentation. And, of course, we appreciate the work that
10 you do. And I think today is Commissioner Lyons' turn to go first.

11 COMMISSIONER LYONS: Thank you. And thanks to
12 all of you for a very, very good briefing. The first couple of questions I
13 have would be more in the area of, Brian, that you just discussed.

14 You mentioned Hemyc and the use at 11 plants. Would
15 you just help me understand a little bit better where in the application of a
16 technology like Hemyc do we do this testing?

17 I'm curious that we're testing it now that it's installed in 11
18 plants. And why not sooner? Or were we relying on other data, or I just
19 curious.

20 MS. BLACK: Let me answer. Actually, there was testing
21 of this material over 20 years ago. But the test standards have changed
22 and we have learned additional information through the thermolag testing.

1 And so, we understood that there were different
2 materials in use. Thermolag was the one we went after first because it
3 was used in most applications.

4 And then we had Kaowool. And then this was just the
5 NRR plan, the next process we did. We asked the industry to test it. And
6 they wanted to stand behind their current test reports.

7 And so we had to take it on as an agency. It's kind of a
8 burden of proof of whether the material was good enough or not.

9 COMMISSIONER LYONS: Well, it just strikes me as
10 unfortunate to find out now. But I'm sure it strikes you that way too.

11 MR. MERSCHOFF: Actually, Commissioner, I think
12 that's a real success for the Research program. The industry is
13 responsible for the testing and assuring that this component is acceptable
14 for use.

15 We were doing confirmatory testing and found a
16 significant lapse there. Now, we can and need to go back to the
17 decisions that were made by the industry to employ it in the field.

18 But, I think Research scored a homerun here in terms of
19 doing the testing and finding the problem.

20 COMMISSIONER LYONS: Okay, thank you. A
21 comment on license renewals. Certainly a very, very impressive
22 performance, all kinds of kudos on that. But I think also it's probably
23 kudos due on the point that you emphasized that there have been two

1 recent instances where concerns have been expressed in a renewal
2 application and the Commission has acted appropriately.

3 And I hope that's sending a very strong message to
4 industry that these renewal applications have to be treated very carefully,
5 very seriously, and will be treated thus by your team.

6 So, on the one hand, a very, very impressive
7 performance on the numbers and the timeliness. But I couldn't help
8 thinking that also very impressive performance on identifying the
9 occasional outliers and saying so.

10 On the power uprates, I was curious if you could expand
11 a little bit on progress that we maybe make, that I hope we're making on
12 understanding some of the vibration issues in the steam dryer cracking
13 like has been observed at Quad Cities recently.

14 Is there a path through this to better understand this
15 issue?

16 MR. SHERON: Yes. We have been working very
17 closely with the industry, both with General Electric since these failures
18 have mostly occurred in boiling water reactors.

19 I think they have all occurred in boiling water reactors,
20 the cracking. They are working to try and improve their analysis methods
21 for predicting the loads on the dryers so they can determine where the
22 high stress points are and make design modifications accordingly.

23 Most recently, Exelon, in replacing the steam dryers in
24 Quad Cities Unit 2, has instrumented the dryers. They put a number of

1 string gauges and accelerometers within, I think, the dryer assembly, as
2 well as on the steam line -- all designed to get data to help confirm the
3 analysis methods.

4 And the approach then is to try and get confirmation of
5 the analysis methods such that we can now predict these in the future so
6 that when licensees design their new dryers they'll be able to get the
7 loads correctly, put in the right stiffeners and get the right strengths so
8 that we would avoid the cracking.

9 COMMISSIONER LYONS: Is it anticipated that the
10 problem is going to boil down to something like stiffeners in the right place
11 or perhaps heavier gauges as opposed to -- I can't imagine what else it
12 could be, but could it be more something more fundamental?

13 MR. SHERON: Well, it may just be the nature of a
14 certain type of dryer. We've only seen this cracking in the square hood
15 dryers, which are the older ones.

16 The plants that have the newer, the slant hood or the
17 rounded hood dryers have not seen the cracking. So it may just be
18 unique -- we just don't know yet -- to this kind of dryer.

19 But we're hoping that, with the analysis methods, that will
20 help confirm why we're seeing it in this one kind of dryer.

21 COMMISSIONER LYONS: On the license amendments,
22 you mentioned the research reactors, which are kind of a subject of great
23 interest to me personally.

1 I think they play a very, very critical role in the overall
2 educational process across the country. In fact, I'll be visiting the
3 University of Missouri next week and their research reactor.

4 But I was curious on one particular comment that just
5 confused me. In the text there's a statement that the FY '05 target -- this
6 is with regard to RTR licensing actions -- that the FY '05 target may not
7 be achieved due to limited inventory.

8 And I couldn't understand what inventory are we talking
9 about?

10 MR. DYER: Commissioner, I think we were looking at --
11 I think that might have -- I can't remember the exact title. We didn't have
12 that many in.

13 We didn't have that many submittals in for whatever the
14 particular licensing category that we were measuring in our operating
15 plan. I can get back to you on the exact details of that.

16 COMMISSIONER LYONS: So that's what the reference
17 to limited --

18 MR. DYER: Yes, sir.

19 COMMISSIONER LYONS: I'm sorry, okay. I was just
20 very puzzled by that.

21 MR. DYER: We estimated that we would have such a
22 demand from the industry, and, in fact, we didn't have that demand in that
23 particular area.

1 COMMISSIONER LYONS: Okay. That makes a lot of
2 sense, now that you say it that way.

3 CHAIRMAN DIAZ: The English might not be right, but --
4 (Laughter.)

5 COMMISSIONER LYONS: A question on the Human
6 Capital area, which I applaud you for. I've been very, very impressed with
7 what I've seen throughout the NRC in this area.

8 And you mentioned a similar program within Carl
9 Paperiello's area in Research. I'm just curious if you could talk a little bit
10 about how these activities you're doing, Carl's doing, is HR involved in
11 coordination? Or how are you folks coordinating these across the
12 agency? You did refer to some coordination. But, could you expand on
13 that a little bit?

14 MR. DYER: Yes, sir. I think -- and I'll let Cindy pick up
15 the details of it. Carl and I talked initially about where we have the similar
16 needs.

17 And we wanted to come up with a consistent program.
18 So, as Carl described the knowledge transfer process that he was very
19 focused on, actually, as we were starting up our program, Carl came over
20 and explained Research's.

21 He made a presentation to the Executive Team and the
22 Leadership Team, and NRR, and had all the references. And he had
23 done a lot of work on it.

1 And we chose to follow much in his footsteps in the
2 same kinds of programs as far as the knowledge transfer goes. But, at
3 the same time, we have different -- what I would say software packages,
4 such as the Standard Review Plan that Research doesn't have, such as
5 the training and qual guides that would be different for our types of
6 personnel. So I don't -- Cindy if you --

7 MS. CARPENTER: And the Office of HR is involved in
8 this also. There is an expert knowledge interview that they're doing. And
9 I know the Office of Research is involved in that, and so is NRR. And so,
10 we're following what Research is doing. And they are following what we
11 are doing. And so, we're trying to coordinate. But, we do have other
12 needs also. So, we're trying to get out ahead of all of this.

13 COMMISSIONER LYONS: I think that's very positive.
14 And I might mention that, when Commissioner Jaczko and I were down
15 on the Hill for our confirmation hearing or whatever you want to call the
16 hearing --

17 (Laughter.)

18 COMMISSIONER LYONS: But, in any case, for our
19 hearing today. Yes, it may have been a get-to-know-you hearing. In any
20 case, there were at least a couple of Senators who addressed issues with
21 Human Capital and expressed great interest, great support, strong
22 enthusiasm for the types of activities going on within NRC, and also
23 interest in the legislative vehicles that are now pending, which hopefully
24 will also help in this area.

1 MR. DYER: In his absence, I have to give a lot of credit
2 to Bill Borchardt. He really drives the program in NRR. Those monthly
3 meetings are -- whatever they are -- the first Monday.

4 And it's blocked out the calendar from two o'clock until
5 they finish. And sometimes that's around six o'clock. And they go
6 through a very thick notebook full of agenda items that's maintained by
7 Cindy's staff.

8 COMMISSIONER LYONS: One more? Or should I
9 stop?

10 CHAIRMAN DIAZ: You can do one more.

11 COMMISSIONER LYONS: Okay. On the
12 communications program, certainly I'm very, very impressed with the
13 number of different vehicles that you discussed and the much improved
14 or greater emphasis on communications, both inward and outward, very,
15 very positive.

16 But it also strikes me that the next step after improved
17 communication is to be sure, if you will, that those communications are
18 being used effectively and that they're resulting in increased collaboration,
19 more efficient work relationships.

20 So, on the one hand, I congratulate you on the
21 communications. But I'm just wondering if you're starting to see benefits
22 of that emphasis on communications in some of the other work
23 processes.

1 MR. DYER: I think from my perspective, where we've
2 seen the most benefit is what I would call rumor control. We get the
3 message out before the message comes back to us about what your
4 motives are, what your plans are, and what's going on within the office.

5 That's been the value of a lot of these communication
6 plans, is when we implement something we don't get the message out
7 piece meal or that. And, as far as working together, I think -- and I'll give
8 credit Sam Collins.

9 He initiated this team, this leadership team, which is the
10 division directors within the office. And they meet for planning purposes.
11 And so, to develop a plan, the leadership develops a plan, the divisions
12 execute it.

13 And so I think that's -- I came in and I haven't noticed a
14 significant change. But that effort, I was very impressed with in overall
15 the way NRR conducts its business.

16 MR. MERSCHOFF: If I can add one thought to that, the
17 IG will be beginning their third of a culture survey for the NRC. That has a
18 communications dimension to it.

19 And that will provide us some measurable results of
20 these communication efforts that we can compare to 1998, 2002, and
21 2005.

22 COMMISSIONER LYONS: That should be interesting.
23 And that really was the kind of point I was trying to get to, that the
24 communications are certainly very, very important.

1 But the reason for the communications is to facilitate the
2 other work processes. And hopefully that will show in the survey. Thank
3 you.

4 CHAIRMAN DIAZ: Thank you Mr. Lyons. Let me start
5 with the Mission Statement. You commented that you have a Mission
6 Statement and then every office has a Mission Statement.

7 I am bound to believe that you have used this Mission
8 Statement to clarify the roles of each one of the offices and make sure
9 that each one of them fits into each other and eventually results in your
10 overall Mission Statement.

11 MR. DYER: Yes, sir. I think the interesting thing is we've
12 gone through this cascading down of Mission Statements, is where we
13 find out we duplicated effort.

14 That's one of the things that we're looking for. And I
15 think the -- I reviewed each of the divisions all the way down to the
16 section chief statement.

17 Identifying -- I think your term -- interconnectivity, where
18 we have reached out and particularly where we're interfacing with
19 Research, and identify how we can do that better, and centralize it, and
20 look at what we need to do.

21 CHAIRMAN DIAZ: So, you're Mission Statements and
22 the way they cascade down actually do help you to improve accountability
23 and connectivity.

1 CHAIRMAN DIAZ: Okay. Right. On the issue of
2 communications, you know, I've beaten you enough on that issue. But, if
3 you want to look at slide nine -- you don't need to look at it now.

4 But, it's, I think somebody went a little bit outside of the
5 scope. And it says review of internal information. You actually mean
6 review of internal communication, don't you?

7 MR. DYER: Slide nine? Oh, yes, sir.

8 CHAIRMAN DIAZ: All right. Then I got it. No problem.
9 In the issue of power uprates and we talk about license renewals and
10 Commissioner Lyons already mentioned the fact that we are very, very
11 serious about the quality of the applications.

12 And we have been running a little late on some of the
13 power uprates because of the quality of the applications. Are we sending
14 the same message to the licensees that fundamentally where there's a
15 power uprate, we realize some of them don't have the same safety
16 significance as standard power rates that the quality of the application is a
17 very important issue, because it would allow us to do things very well, put
18 safety in the right place and within a timely manner.

19 MR. DYER: Yes, sir. I think one of the things we've
20 done as a result of the lessons learned as the first license renewal
21 package that we couldn't approve it, and in fact, at the time we finally
22 made that decision, we'd already realized we were going to miss our
23 timeliness metric, our goal for 22 months for the review.

1 And, as a result of that, we went back and started --
2 we're taking a systematic look at all our licensing actions. Do we have
3 clear acceptance criteria?

4 Are they communicated to the licensees? And do we
5 live by them? And, in particular, the Waterford 3 package, we're doing a
6 lessons learned on that.

7 It took longer than we anticipated. I can't remember how
8 long it was. It was the first time we used the new review standard for an
9 extended power uprate.

10 And we significantly over-expended our planned
11 resources to accomplish that review. And so, one of the things that we
12 need to do is to go look back.

13 But we have taken that going forward. And at the point
14 now, it's important that we do the acceptance review. And it's during that,
15 you know, 30 day period when we're reviewing that we used to just have
16 a checklist. Did they address? Now we're taking it to the next step and
17 saying up-front does it technically make sense? Is it something we can
18 work for.

19 And we need to, of course, communicate that with the
20 industry and provide that feedback when we get it.

21 CHAIRMAN DIAZ: I think it is a very important issue,
22 because timeliness is not only, you know, what we do, but it depends on
23 the quality and thoroughness, completeness of the application so we can
24 address every issue, especially every safety issue.

1 Talk a little bit about one of my favorite subjects, fire.

2 Our we there yet?

3 (Laughter.)

4 CHAIRMAN DIAZ: Are we getting closer?

5 MS. BLACK: Of course.

6 MR. SHERON: We are getting closer.

7 (Laughter.)

8 CHAIRMAN DIAZ: You are getting closer. Let me put a
9 checkmark in here.

10 MS. BLACK: Do you want more detail?

11 COMMISSIONER MCGAFFIGAN: Is the rate of getting
12 closer this or this?

13 COMMISSIONER MERRIFIELD: Suzie, you may want
14 to bring that microphone a little closer to you.

15 MS. BLACK: Okay. I think this year we have the new
16 risk informed rule. We have at least one licensee expressing interest in it,
17 another licensee expressing some interest in it.

18 We have the manual actions rule that's out for public
19 comment. We restarted the circuit inspections. And we've tested Hemyc.
20 We have one more material to test, which we're testing this month.

21 And so, I see things coming together.

22 CHAIRMAN DIAZ: I just want to repeat, we have two
23 new Commissioners now that the older Commissioners -- maybe that --
24 yes, that's right, older, been here for a longer period of time.

1 Some of us are younger than others. We do have a
2 significant interest in making sure that every one of the key issues in fire
3 protection arena is brought to closure or close to closure.

4 And this is something that I believe will receive significant
5 review in the months ahead. I want to tell you that I personally think this
6 is an area that we are due for closure, and/or significant improvement.
7 Let me just stop right there.

8 COMMISSIONER MERRIFIELD: Mr. Chairman, before
9 you stop, I'd just like to say, like you, I've had a long-standing interest in
10 fire protection especially in FPA-805. And I would concur with your
11 comments in terms of the desirability to try to come to closure on these
12 issues.

13 COMMISSIONER MCGAFFIGAN: Speaking as another
14 one of the older Commissioners, I agree. But my test is whether the STP
15 for fire protection results in timeliness less than infinity. And so that, you
16 know --

17 CHAIRMAN DIAZ: Well, that's not difficult. You have
18 taken it very --

19 MR. MERSCHOFF: We want that measure, we can
20 meet that one.

21 (Laughter.)

22 CHAIRMAN DIAZ: You shall not have it. All right.
23 Thank you very much Suzie. Commissioner McGaffigan?

1 COMMISSIONER McGAFFIGAN: Thank you, Mr.
2 Chairman. I need to check something with Ellis, namely whether he's
3 coming next week to the grid stability.

4 MR. MERSCHOFF: Yes, sir.

5 COMMISSIONER McGAFFIGAN: Okay. So, we don't
6 have to fetch you today. Beware next week. I thought they might give
7 you a day off the last couple days you're here, but I guess not.

8 CHAIRMAN DIAZ: No way, he's acting EDO.

9 (Laughter.)

10 COMMISSIONER McGAFFIGAN: Well, that perhaps
11 leads to a subject. In today's news clips -- and I do this -- it may sound
12 somewhat funny at times.

13 But, there was a staff to Clinton yesterday talking about
14 the early site pyramid. And Sandy Lindberg from "No New Nukes", did
15 the usual talking point that some public interest groups use about this.

16 Her quote was, " the NRC must become a watchdog and
17 not a lap dog for the nuclear industry." So, I'm going to ask a couple
18 questions. Whichever of you wants to answer, probably Mr. Dyer.

19 And then some of them have been anticipated by my
20 colleagues. But, I'm trying to decide which category you all think you're
21 in.

22 I know where you are. But let's just try a few. Isn't it true
23 that you returned the Beaver Valley license renewal application? I'm just
24 doing the last couple of weeks.

1 MR. DYER: Yes, sir.

2 COMMISSIONER McGAFFIGAN: The Beaver Valley
3 license renewal application.

4 MR. DYER: We did not accept --

5 COMMISSIONER McGAFFIGAN: Because it was not
6 an acceptable quality.

7 MR. DYER: We performed the acceptance review on
8 Beaver Valley and did not accept it.

9 COMMISSIONER McGAFFIGAN: Did not accept it.
10 Isn't it true that you gave the Nine Mile license renewal application a 90
11 day cooling off period or whatever, again because you were having to
12 inspect repeatedly and you weren't liking the results? You had already
13 done five inspections.

14 MR. DYER: Yes, sir. In that case we stopped the review
15 and returned it to the licensee. That was after we had performed five
16 audits, when normally we usually don't do more than three.

17 COMMISSIONER McGAFFIGAN: We've already talked
18 about Hemyc testing. I always mis-pronounce it. I'm following Brian here.
19 And, Mr. Merschoff described this as a homerun for Research.

20 And I agree. Isn't it true that your staff is now
21 aggressively pursuing the results of the Hemyc testing?

22 MR. DYER: Yes, sir. We've issued an Information
23 Notice. And we're meeting with the industry to discuss the next steps.

1 COMMISSIONER McGAFFIGAN: Isn't it true that your
2 staff is aggressively pursuing simulator fidelity issues that have come up
3 in our inspection process?

4 MR. DYER: Yes, sir.

5 COMMISSIONER McGAFFIGAN: Very aggressively?

6 MR. DYER: Yes, sir. We're working INPO, and NEI and
7 individual licensees as part of our pre-qual program and initial licensing.

8 COMMISSIONER McGAFFIGAN: Isn't it true that, you
9 know, I think Ellis himself as acting EDO praised a recent Point Beach
10 preliminary inspection finding that was NRC inspection at its absolute
11 best?

12 MR. DYER: I think that was a good teamwork effort
13 between Region III and NRR.

14 COMMISSIONER McGAFFIGAN: Right.

15 MR. DYER: Because the inspector identified the issue
16 and then the NRR staff reviewed the entire licensing basis to make sure
17 we had the full scope of it.

18 COMMISSIONER McGAFFIGAN: Isn't it true that you're
19 aggressively pursuing GSI-191, including additional research with the
20 Office of Research to fully understand the chemical codings issue.

21 MR. DYER: I think those are two examples. Hemyc and
22 GSI-191 are clearly examples where we have been linked closely with the
23 Office of Research and looking at the regulatory implications of their work.

1 COMMISSIONER McGAFFIGAN: I could go through
2 more. I think I'm making my point. But, the bottom line, I just ask you or -
3 - do you think of yourself more as a Rottweiler or a Bichon Frise. I
4 needed help on the Bichon Frise by the way from my staff.

5 (Laughter.)

6 COMMISSIONER McGAFFIGAN: Bichon Frise
7 apparently sat on Marie Antoinette's lap and quietly sat there --

8 CHAIRMAN DIAZ: They do bite.

9 MR. DYER: Commissioner, I'm not a dog owner, but the
10 acting EDO, Bill Kane, is so we'll let him answer.

11 MR. KANE: We owned Rottweilers for about 20 years,
12 considered the middle linebackers of dogs, fast, strong and intelligent.
13 But I think I would characterize -- I have difficulty in the analogy.

14 I would describe this agency and the Staff as tough, but
15 fair. Unfortunately I would describe my Rottweiler as tough but not fair.

16 COMMISSIONER McGAFFIGAN: A German Shepard
17 perhaps. Okay. But, as I get to be one of these elderly Commissioners --
18 older Commissioners, I just tell you --

19 COMMISSIONER MERRIFIELD: Seasoned.

20 COMMISSIONER McGAFFIGAN: Seasoned. That's a
21 good word. It just bothers me, and it bothers me that it's usually folks who
22 can't win a technical argument, don't even try.

1 But they want to question our motives. And this Staff,
2 based on almost eight and two thirds or whatever, and counting, this Staff
3 pursues issues.

4 They pursue them aggressively. They drop everything if
5 there's an important safety issue that comes to their attention. They find
6 important safety issues.

7 And we're very proud of them. And I'm proud of my
8 fellow Commissioners. I don't think any of us, you know, whether we're
9 German Shepards or Rottweilers, we're certainly not, as you know, we're
10 not Bichon Frises.

11 So, there wasn't really a question there, other than a
12 bunch of rhetorical questions for Jim. But I feel very strongly about that.
13 And I wish people would cut it out, but they won't, because it's a heck of a
14 talking point, even though there's no truth to it.

15 Let me ask one question and perhaps help my
16 colleague, Commissioner Jaczko. Ellis and I had a recent final meeting
17 and we were talking about a Stew Ebnetter rule, which was no guidance
18 document will reach its fourth birthday in his Regions.

19 Obviously we don't do that at headquarters. But some of
20 the regions, according to Ellis, do. What would be a reasonable goal for
21 the birthday of which guidance documents should be at least reviewed
22 and said, yes, it's okay, or let's change it?

23 I raise this particularly because of this knowledge
24 transfer issue that our two colleagues have said the Senators are very

1 interested in. A typical staffer -- and I've never been down there in the
2 typical staff -- but, an electrical engineer, mechanical engineer, he has the
3 Standard Review Plan, he has a bunch of office memos, and he knows
4 what he did on cases, or she did on cases X, Y, and Z.

5 It's written in notes probably somewhere. And those folks
6 may not be here five years from now, probably many of them. So, it
7 strikes me that keeping the guidance documents, following an amended
8 Ebnetter rule could be terribly important to the effectiveness of this agency
9 five or ten years from now.

10 So what -- this will be my final question -- what is a
11 reasonable -- I've given them time to coordinate -- a reasonable Ebnetter
12 rule for NRR?

13 MR. MERSCHOFF: Let me answer it and work
14 backwards from the perspective of a person who won't have to do it. Five
15 years is probably reasonable. The Ebnetter rule was that no regional
16 office instruction will see its fourth birthday without being revised, even if
17 it's revised with no changes, a human being will take a look at it and
18 assure that it meets our intended process and can be handed to a new
19 employee with some confidence that this is the way we do business.

20 Covey would put that work in quadrant two. It's
21 important, but not urgent. And important not urgent work is often the
22 victim of emerging important and urgent type crisis.

23 You can help us with this in budget space. As we
24 continue -- this is infrastructure work. And, with the right amount of

1 money invested in infrastructure, I'm sure that NRR as an example would
2 take that money eagerly to invest it and update the Management
3 Directives and operating instructions and keep them that way. But it's not
4 cheap.

5 CHAIRMAN DIAZ: Okay, thank you. Commissioner
6 Jaczko.

7 COMMISSIONER MERRIFIELD: I'm still here
8 Chairman.

9 (Laughter.)

10 CHAIRMAN DIAZ: Lately I am looking too much to the
11 right. That's the second time, there won't be the third.

12 COMMISSIONER MERRIFIELD: No, that's fine. Well,
13 not to continue the analogy too long with Commissioner McGaffigan's dog
14 analogy. But, as the owner of a 140 pound Bernese Mountain Dog who
15 sometimes think he's a lap dog, anybody who would like to call us a lap
16 dog and would like to have my dog sit in their lap, I would be happy to let
17 that occur.

18 Because, I think following the analogy, we're not. A
19 couple of quick comments and I'll go into questions. The first one is
20 relative to the comments that Jim Dyer made on the Convention on
21 Nuclear Safety..

22 I did have the opportunity to go over and lead the
23 delegation last week. And I would want to recognize the work that Luis

1 Reyes and the entire team put in to making what I think was an
2 exceptionally successful presentation on the part of the U.S.

3 We received 266 questions from our international
4 counterparts which, when you add up all the sub-questions, was probably
5 more along the lines of 400 plus questions.

6 There was an extraordinary amount of effort which went
7 into a very high quality National report and very open and explicit answers
8 to the questions by our international colleagues.

9 A huge amount of effort went into that. We will hopefully
10 appropriately recognize the team at some later point. But I certainly want
11 to follow-up on your comments.

12 The second comment I would make is in follow on to a
13 comment by the Chairman. That's in part related to some of the
14 applications that we have received lately.

15 And we have talked about Beaver Valley, the Waterford
16 issues that we are looking at right now. You know, at the end of the day
17 while our licensees pay our fees, because we are a fee-based agency,
18 we are cluing up their contractor.

19 And I would certainly encourage the Staff to continue
20 their review of how we accept those applications. And, where
21 appropriate, we should send them back.

22 And I think the Staff is doing the right thing. Our ability to
23 effectively manage our reviews in a timely and disciplined way is directly
24 proportionate over the quality of the work that's provided by our licensees.

1 And if they don't do the right job, they should get it sent
2 right back ASAP. The third comment I would make -- and this is -- I put
3 this on my sort of quibble scale with a comment that you made, Brian.

4 In your presentation you said that Part 26 was, quote, on
5 schedule, unquote. Now, this particular one predates me, dating back to
6 1996, I believe.

7 So I wouldn't, from a communication standpoint, ever
8 refer to Part 26 as being on schedule. But, you need not comment.

9 DR. SHERON: It's on our current schedule.

10 CHAIRMAN DIAZ: If I may add, there was a time when
11 nuclear power plant were being built in this country, and every six months
12 they were put on a new schedule.

13 And they were always announced to be on schedule until
14 the next six months. I'm sorry.

15 COMMISSIONER MERRIFIELD: Anyway, you'll get my
16 further comments on that later on. You made a -- I think the overall
17 presentation was very good. And I think we talk a lot about our Human
18 Capital Action Plan and getting the right people in the right places.

19 And I think that NRR, along with others, has done a good
20 job in that regard. But I'm interested in sort of refining this a little bit.
21 We've done a lot of work to make sure that we're replacing folks.

22 We're getting plenty of people on board, bright, young,
23 new people, mid-career people to fill vacancies. What are we doing to
24 make sure that it's not merely getting people to fill the slots but that we're

1 evaluating the skills that need to be maintained within a section to fill the
2 overall needs of the program?

3 Can you give me some greater degree of resolution on
4 how you're doing?

5 MR. DYER: Commissioner, I think it starts off -- one of
6 the things that, as we went through our planning capabilities and how
7 much was the investment, and what kind of training investment do we
8 need?

9 First of all, we had to define what the needs were. And,
10 historically we've always had a mentor-mentee type relationship. And
11 we've had that kind of staff.

12 One of the things we've found out now to define what the
13 needs are or what does it take to get somebody qualified, we're starting to
14 move into this qualification program.

15 We need to document, you know, what does it take to
16 become a technical reviewer? And not just say, okay, you follow
17 somebody around for six months and then you're doing your own
18 independent reviews.

19 We need to make sure that these people know the
20 licensing process, that they are up to date on their technical capabilities
21 and they understand the overall regulatory process and they have those
22 skills.

23 That being said, one of the things that we started looking
24 at is, as I said, the work planning center has really been trying to come up

1 to speed just to capture all of the stuff that we have working in progress
2 and hold some accountability.

3 Now, as we're looking over the horizon, we're starting to
4 see what are the major workloads coming in. And certainly license
5 renewal used to be the largest.

6 And what the skill sets were going to be needed for
7 license renewals. Now we've been able to analyze what do we expect
8 skill sets needed for the new reactor scenarios.

9 And, in fact, it was taking a look at the -- superimposing
10 just our major workloads between power uprates, license renewals and
11 perspective ESBWR design certification application later this year that
12 made us say, we need to put discipline into our process to make sure that
13 we're not over-expending our budgets.

14 We have to really start living by those budgets because
15 there are some critical skills. And, as follow-up from the new reactors
16 Commission meeting, I have an action item to go through and flush out
17 some of that background material and superimpose the schedule and
18 say, okay, where are my shortages?

19 What are they? And so, hopefully, we'll get that into the
20 strategic workforce planning and be able to forecast out what the nature
21 and types that we're going to have.

22 MS. CARPENTER: And one of the things that we've
23 done is we are using the Agency's strategic workforce planning tool. And

1 so, each section in the office has identified what are considered the most
2 critical skills for their section.

3 And we use that in we prioritized our training, our
4 external training funds so that we're looking at those most critical skills
5 and trying to maintain those skill sets.

6 MR. MERSCHOFF: And that's in Jim's performance
7 appraisal and the Regional Administrator's performance appraisal, the
8 rate at which that strategic workforce planning is employed.

9 COMMISSIONER MERRIFIELD: We talked a little bit
10 about power uprates at Quad Cities. And, clearly in this case, Quad
11 Cities, GE, and Exelon are going beyond merely adding some additional
12 reinforcements.

13 They're going to the extent of actually building new
14 steam dryers. I mean, these are -- having seen the first one that they
15 were manufacturing, U.S. Tool and Dye, this is not a small effort by any
16 stretch.

17 I mean, this is a major investment in the site. How are
18 we inspecting that process? I mean, there a significant new component
19 that's going into the plant that was constructed at U.S. Tool and Dye,
20 some additional work is being done onsite in the Quad Cities area before
21 that gets installed at some point down the line?

22 Tell me how our inspection program is following through
23 in that particular regard.

1 MR. SHERON: Well I think the region does its normal
2 inspection, the resident and so forth, in terms of when a new component
3 comes on site and everything.

4 We also had our engineering staff. They've gone out. I
5 can't remember if they actually went to the tool and dye.

6 MR. DYER: Yes.

7 MR. SHERON: They did. They were there to look at the
8 manufacturing process and so forth. And then they've been on site as
9 well. So we've been kind of following this closely.

10 We've had a number of meetings with the licensee in
11 terms of understanding the details of the design, especially the
12 instrumentation and so forth that they're installing.

13 So, I would say we've been actively involved and
14 intimately involved basically.

15 COMMISSIONER MERRIFIELD: Mr. Chairman, I'll have
16 some additional questions later.

17 CHAIRMAN DIAZ: All right, thank you so much.
18 Commissioner Jaczko?

19 COMMISSIONER JACZKO: I just want to say I
20 appreciate the comments talking a little bit about getting the guidance up
21 to date. And I hear your point about the budget.

22 And I think we talked about this at a previous meeting.
23 So, I'm sure we'll have further opportunity to discuss that in the budget
24 context. I want to talk a little bit.

1 I'm happy to see the work that's gone on in the Operating
2 Experience Program. And one of the things that I always like to talk
3 about is the NRC's Mission Statement.

4 And you've done a nice job developing Mission
5 Statements for NRR as well as the divisions. And the Operating
6 Experience Program has kind of an objective.

7 And that's to collect, evaluate, communicate, and apply
8 to support the Agency goal of assuring safety. And that's operating
9 experience information.

10 Would the program, the status that it's in now, I guess in
11 January the new Operating Experience Program has been up and
12 running. Do you have any experience so far about how it's working?

13 And specifically in that applied aspect, in getting the
14 operating experience information back into the regulatory framework or
15 kind of into the knowledge basis. If you could, comment on that a little bit.

16 MR. DYER: I do not know that I have any experience
17 where the use of our operating experience has directly resulted in an
18 inspector finding or an avoided plant transient or something like that.

19 The one thing I was extremely impressed with -- and, if
20 you go to the NRR internal website with this ROP digital city and click on
21 the inspector forum section, you know, as a former inspector who used to
22 have to carry around these notebooks and prepare for inspections.

23 Now you can go to the inspection procedure and click on
24 and it will print out, it will tell you which were the previous operating

1 experience that the NRC has issued that are relevant to that inspection
2 procedure.

3 And, you know, I would just absolutely -- that is just
4 outstanding. So, Brian, I do not know if --

5 MR. SHERON: Yes, I've just got some statistics from the
6 Staff. We had screened, since January 1st, we have screened over 200
7 items in the Operating Experience Program.

8 One hundred and fourteen items were communicated on
9 the operating experience forum, which is our internal communication
10 mechanism. Thirty-seven were opened, we call them issues for
11 resolution.

12 Nine of those have been closed. And we have issued
13 twelve generic communications that they may not have been directly
14 related from operating experience, but there was a relationship there.

15 And it evolved, so -- and as I said, the next step is to
16 actually create teams within the Agency, Office of Research, Regions,
17 Headquarters. For example, pump experts.

18 They would automatically get pump information, pump
19 operating experience. We would expect them maybe once a quarter to
20 get together, talk about the experience, ask themselves are there any
21 trends here?

22 Is there anything we need to alert management to that
23 we need to take action on? And report back to the operating experience
24 staff. So we want to make it a much more formal process.

1 COMMISSIONER JACZKO: So, you think it's working?
2 The mechanism is in place and that it's -- at this point it's successful?

3 MR. SHERON: Yes.

4 COMMISSIONER JACZKO: The Chairman and
5 Commissioner Lyons I think both addressed the issue of fire protection.
6 There's one issue that I wanted to raise on that.

7 I think, Suzie, you mentioned that we have one more
8 material to test. Is that MT or -- MT. I guess none of them have simple
9 names. What is the -- is that a material that is widely used or less widely
10 used than Hemyc?

11 MS. BLACK: There's only two plants that have that
12 application.

13 COMMISSIONER JACZKO: Okay. The expectation is
14 there will we find something anomalous with the previous work that's
15 been done, or are you expecting that that's largely the testing that's done
16 is going to confirm what we think we know about the material?

17 MS. BLACK: It's to confirm what we think we know. But,
18 based on the Hemyc test, I guess we'll find out. That testing is going to
19 be done next week. So we'll find out very soon.

20 COMMISSIONER JACZKO: Okay. The additional issue
21 that I wanted to talk about is on safety culture, this is something where I
22 think we have, certainly have a lot of work that's been done.

23 And there was a comment that was made at the RIC, I
24 think by somebody that our safety culture is not so much better than what

1 it is in the industry, which is something we can certainly discuss, whether
2 that's the case or not.

3 And I'm just wondering where you think NRR is in terms
4 of reacting to some of the issues that were raised in the Inspector
5 General survey from 2002.

6 I guess we're getting ready to do another one at the end
7 of this month, and where you think things will come out in the end of that
8 survey.

9 MR. DYER: Commissioner, I wasn't here in 2002. I was
10 out in the region at the time. I think, as a result of the IG cultural survey,
11 the office took a real hard look and initiated some action.

12 Some of these issues about the roles and
13 responsibilities, teams, the communications initiatives and that, those
14 were all a direct result of the IG.

15 They were there to develop a solution. So we put a lot of
16 energy into this. I think, going back to Commissioner Lyons' question too,
17 you know, how do you know what you got?

18 And we may find out. We get anecdotal feedback, I
19 think.

20 COMMISSIONER JACZKO: And what is it?

21 MR. DYER: That it's improving.

22 COMMISSIONER JACZKO: That it's improving?

1 MR. DYER: Yes. We're getting this talk-back feature.
2 You know, we get replies back from the Staff and I seem them and, you
3 know, what they are.

4 And so, we're trying to still improve our overall and get
5 our message out. But it's still a challenge.

6 COMMISSIONER JACZKO: Thank you so much.

7 CHAIRMAN DIAZ: The second round we've got about
8 20 minutes.

9 COMMISSIONER LYONS: Perhaps one question. Jim,
10 you went through this. On slide eight, international activities, you talked
11 about the Operational Experience Program.

12 It certainly struck me as very, very positive. I was
13 curious, perhaps you could share a little bit more about your vision on
14 how to extract the maximum value from this Operating Experience
15 Program.

16 And I was also curious -- I'm guessing that some of the
17 information you're going to extract is perhaps less relevant to the NRC
18 and more relevant to industry.

19 I'm just wondering if there is a comparable -- to your
20 knowledge -- role that industry is playing in an operating experience
21 international view or whether industry is in fact perhaps a part of what's
22 being done within the Commission.

1 MR. DYER: Yes, there is. And I think the World
2 Association of Nuclear Operators, or WANO as it's often called, has its
3 own program through INPO that there's this sharing of experience.

4 The IAEA -- part of our operating experience database is
5 the IAEA incident reporting system or IRS. And so, we get that access
6 internationally through the IAEA as part of our operating experience
7 database.

8 I think the best sense that I had -- I can give you an
9 example of where we've shared experience and are in the process of
10 following up on it. During my most recent visit to Japan in one of the
11 visits, one of the questions came up is has Japan experienced flaws or
12 bottom nozzle cracking?

13 And that's, of course, a very important to us because,
14 you know, we've had top of the nozzle cracking, but haven't explored any
15 bottom nozzle cracking.

16 And that question is raised. And that's one of the issues
17 that Suzie's placed on the agenda for her visit next month, to have a
18 regulator-to-regulator exchange to make sure that they scrub their data
19 and we fully understand what operating experience information in this
20 important area is available to the regulator.

21 At the same time we raise this issue with NEI. And NEI
22 was going through WANO to make sure that they could understand from
23 their international database whether or not this issue is the same.

1 At the same time they've got a program underway to look
2 at selected plants that are going through their ISI in the United States to
3 answer this question and to try to get out ahead.

4 This is one of the materials reliability program initiatives
5 where we're trying to get out ahead of a problem rather than waiting until
6 we find a crack or an issue and then we're in a reactive mode.

7 So, I think from my perspective it was initiated when we
8 got this potential information from Japan, which is when we -- the specific
9 example that we looked at turned out to be a construction flaw.

10 It wasn't actual cracking. But, now we're pursuing this
11 further.

12 MR. MERSCHOFF: If I could add one more thought.
13 Domestically, INPO has the NPRDS database, which is a very extensive
14 component level database that's fed by all the licensees.

15 INPO is exploring modern IT techniques to mine that
16 data and look for unexpected relationships and trends. And it's just the
17 beginning process. But that's one that may bear fruit in terms of using
18 this information.

19 COMMISSIONER LYONS: And is there some
20 coordination perhaps between the -- or is there a similar WANO database
21 and INPO database that allows similar data mining on an international
22 basis?

1 MR. MERSCHOFF: I can't answer that. I can find out.
2 But that question is the heart of the real problem. Most of the databases
3 are separate. NPRDS is separate from our 50.72 and 50.73.

4 The IAEA IRS is separate. And then most countries
5 don't release their 50.72 and 50.73 data the way we do. So,
6 internationally, there are many separate databases that we could be more
7 effective in combining.

8 MR. DYER: And I think one of the real successes of
9 Operating Experience Program is we've worked at liaison with INPO as
10 well as the international community to have access to that information.

11 But we've got to build the firewalls up so the industry
12 can't use our database. Because of its connections with the international
13 reporting system.

14 CHAIRMAN DIAZ: There are firewalls that are built in.
15 Some of those are more difficult to handle than others. Okay. Thank
16 you.

17 COMMISSIONER LYONS: Thank you.

18 CHAIRMAN DIAZ: I just have two quick questions. And
19 I'd like to get some specific quick answers because I do not have much
20 time. Let's see, on the issue, Brian, of the sump performance, which I
21 used to call long-term recirculation cooling.

22 This issue is both an issue of accomplishing some
23 improvements that the plants need to do which are probably easier to
24 define and a series of complex issues that are coming in, whether it's the

1 chemical effects or where there is debris actually decreasing the
2 capability of the pumps.

3 A lot of these issues are what I call either dynamic or
4 time dependent issues. I think we need to come to a point where we
5 need to say we are now making a determination that the plan of the
6 licensee is adequate. How close are we to that point?

7 MR. SHERON: Well, the licensee's plans are not
8 supposed to be submitted, you know, their actual design plans until
9 September.

10 CHAIRMAN DIAZ: I know. But, are we ready when they
11 submit it to be able to make that determination?

12 MR. SHERON: We believe we will be ready to be able
13 to make that determination.

14 CHAIRMAN DIAZ: Okay.

15 MR. SHERON: As I said there are still some
16 uncertainties. We will be getting some Research information in over the
17 next several months. And we have talked to the industry extensively
18 about making sure they include margin in their designs to account for
19 some of these uncertainties.

20 CHAIRMAN DIAZ: Some of these uncertainties might be
21 on the fourth or fifth significant figures. It is the one that are in the second
22 significant figure that we are to be concerned about.

23 The other one is an interesting issue. And I just really
24 want to go back to something you said, Jim, regarding how inspectors do

1 the work. And it goes back to the central question that many years ago it
2 was being debated in here that the things that the NRC does maintain
3 safety.

4 And I strongly came out and said no, practically all of the
5 things that we do when we do a review, when we do a research analysis,
6 whenever we improve the inspection procedures, is to improve safety or
7 enhance safety, or increase safety.

8 And you were just talking about how an inspector now
9 when he's going to perform an inspection he not only has his own little
10 book with a manual, but he has a reference that he can go back and
11 compare what is happening.

12 Is that maintaining safety? Or is that increasing safety?

13 MR. DYER: I would say it's increasing safety.

14 CHAIRMAN DIAZ: You would say?

15 MR. DYER: I wouldn't say, it's the right answer, I know.

16 (Laughter.)

17 MR. DYER: And I would say it because it improves
18 inspector efficiency and effectiveness.

19 CHAIRMAN DIAZ: Is that a category guess, Jim?

20 MR. DYER: Yes.

21 CHAIRMAN DIAZ: All right. Thank you very much.

22 Commissioner McGaffigan?

1 COMMISSIONER MERRIFIELD: Thank you, Mr.
2 Chairman. I do want to -- I should have done this earlier. But I was so
3 tied up in my Rottweilers and Bichon Frises.

4 I do want to compliment Commissioner Merrifield and
5 Luis, and Bill Borchardt, and Tom Hiltz, and everyone else who worked
6 on the Convention on Nuclear Safety.

7 I know it's not over. Bill is still there. I particularly want to
8 compliment them on something that isn't in our country report but
9 Commissioner Merrifield has reported to us.

10 We often times get challenged on the fact that we don't
11 have periodic safety reviews. And the response -- which I compliment
12 Commissioner Merrifield and Luis, the team for -- is we do continuous
13 safety reviews.

14 We have the most aggressive reactor oversight
15 licensing, etcetera program on the face of the earth. There's nobody that
16 comes close as far as I'm concerned.

17 And it's often times a matter of how you communicate
18 that. And so, I compliment the whole team. And I think we should adopt
19 continuous safety review as part of our lexicon because I think it's what
20 we do.

21 The question I have is for Ellis. You, in December,
22 talked to us about a NRC corrective action program. And I think our SRM
23 said something to the effect that the Commission enthusiastically
24 supports this and looks forward to it being done by December of 2005.

1 We didn't know at the time. And Luis turned to you and
2 said Ellis is in charge. We didn't know at the time -- at least I do not
3 remember when I knew -- that you were leaving.

4 And I'm a little concerned about this March 31st memo to
5 us that looks like it may have morphed a little bit into -- the word
6 corrective action program is mentioned at one stage in there -- but it's
7 morphed into more of a lessons learned thing. And I think that's different.
8 I mean, I think they're not identical. Can you tell us as you leave -- I may
9 be already over -- no, not quite -- the status of what we talked about in
10 December and whether or not it has morphed to something different.

11 MR. MERSCHOFF: I don't think so. We believe we are
12 developing the corrective action program that the Agency needs. We're
13 trying to link it very closely to knowledge management because, at the
14 end of the day, that's what it's really all about, to assure that we capture
15 the lessons worth learning.

16 That's the corrective action program part of it, but then
17 keep them, learned. And we changed the name to an Agency Lessons
18 Learned System. And we're partnering with HR to assure that we move
19 forward in one front on the Agency's knowledge management approach
20 to this.

21 But, it's not a working level deficiency capturing system.
22 This was not envisioned. Nor will it be a system that says the lights are
23 out on the third floor.

1 This is a higher level for those islands that were
2 discussed like Millstone and Davis-Besse and other issues that they get
3 learned there. You verify periodically that you've kept learning them, that
4 they're available to train new inspectors and to transfer that knowledge.

5 So we think that we've met the original intent and the
6 original description to the Commission. But we have changed the name.

7 COMMISSIONER McGAFFIGAN: Well, Mr. Chairman, I
8 guess I'll stop. My only concern is that a licensee corrective action
9 program is fed in, has a low threshold for things to be considered.

10 And it isn't -- the threshold seems to be quite high to put
11 something in the system. And I do not know. I just say that.

12 CHAIRMAN DIAZ: It might very well be that's an issue
13 that the Commission will review. Commissioner Merrifield?

14 COMMISSIONER MERRIFIELD: Thank you, Mr.
15 Chairman. When we had the last review of the safety culture issues, and
16 I remember back in '02 we were really looking quite hard at the results
17 that IG had come up with, and we had certainly been looking at the
18 differences between different offices. And, in that review NRR in the main
19 did pretty well. But more recently -- just recently I had a chance to see
20 sort of the break down between different divisions within NRR.

21 And there are some -- and I'm surprised at the degree of
22 variation between some of those. Division of System Safety Analysis
23 was -- didn't do quite so well.

1 Division of Reactor Improvement Programs did a whole
2 lot better. But there were variations. There were variations. And I'm
3 wondering how, if you could just briefly explain how your strategies go to
4 seemingly, in some cases, significant differences in the way that different
5 people within NRR understand where we're going as an Agency relative
6 to our future, job satisfaction, our mission, or commitment.

7 MR. DYER: Yes, sir, Commissioner. I'm more familiar
8 with the overall office initiatives in that. But I asked for this breakout when
9 I got here because we found it particularly useful when I was in Region III
10 and we had much worse scores.

11 So, one of the things it did is you recognized that you
12 have pockets within the organization that are in different levels. And it
13 appears to compare and contrast.

14 I think we've provided separately the Division of
15 Engineering assessment of some of their specifics. As we did this, when
16 we picked the two division directors to be in the front table, Suzie is the
17 Division Director for DSSA.

18 And, at the time Cindy was the Deputy Division Director
19 for the Division of Inspection and Program Management. So let me ask
20 Suzie to address some of the specific things that they did in response to
21 the -- back in 2002 with DSSA.

22 MS. BLACK: When we got the survey we had an offsite
23 retreat with our managers to discuss the possible causes and solutions to
24 that. But one of the things that I think the reason that the technical

1 divisions have a worse score is there's always a sort of a natural tension
2 between the production people, the projects people, and the technical
3 people who feel like they're being pushed to meet a schedule in spite of
4 maybe safety concerns they have.

5 So, we have done a few things like we recognize the
6 technical value that our staff has by -- we have a weekly electronic
7 newsletter where we'll highlight like a good technical finding or things like
8 that.

9 We have technical brown bag seminars where we let
10 people, you know, expound on their findings, that type of thing. And we
11 also have taken potential pockets of -- with the disconcerted staff you
12 might say who thinks he doesn't agree with a policy decision that's been
13 made.

14 And we allow that person to express that position to the
15 actual leadership team to say, do the division directors understand that
16 this is what their decisions are at the implementation level and to get the
17 feedback?

18 And so, I think we've been attempting to improve the
19 communications two ways, to explain why decisions aren't made to the
20 technical staff and vice-a-versa.

21 MS. CARPENTER: And, in the inspection program
22 branch, the management team took a hard look at what we did well and
23 what it was we weren't doing so well.

1 We tried to continue to do the things well that we were
2 doing. But we found some other things that we needed to improve on.
3 We needed to allow the section chiefs to do more, to have more of a
4 voice.

5 We wanted to emphasize walking around and talking
6 with the Staff. Sometimes they felt that the senior managers stayed in
7 their office and they didn't reach out to the Staff.

8 We try to be more open to innovative ideas of the Staff if
9 they wanted to try some things. Some of the things that came out that
10 were the inspector newsletter, the electronic library that the inspectors
11 have, some ideas that were tried.

12 And, again, as DSSA did, more communications with the
13 Staff. And one of the other things that the Division does is every week
14 the division Director and the division Director meet with the section chiefs.

15 It's their hour to talk to the division Director one on one
16 about what's going on, what's on their mind. There are no restrictions on
17 that. So, more open communications with the Staff with the section
18 chiefs, and to be more open to innovative ideas that the Staff might bring
19 forward and just to point those ideas.

20 CHAIRMAN DIAZ: All right. Thank you. Commissioner
21 Jaczeko?

22 COMMISSIONER JACZKO: One other really positive
23 thing I think I heard during the briefing is some of the good collaboration
24 that's gone on with NRR and Research.

1 I think Hemyc is a good example of where that's
2 happened. And also just in the Human Capital area. I was wondering if
3 you can comment a little bit on how NRR is working with NSIR and what
4 that coordination is like in areas where there may be need for better
5 coordination and improvement in that area and things that are working
6 well.

7 MR. DYER: Well, Commissioner, I think one of the key
8 areas, of course, is the effort that Brian alluded to and Suzie heads up
9 with our security safety interface panel where we look at where are we
10 going to tread on each other?

11 Where are we going to initiate a security change that
12 impact safety? Where are we going to initiate a safety change that may
13 impact security?

14 And so that's been something that really evolved to the
15 point now where this group has now got criteria to get out to both offices
16 to try to flag and raise the kinds of issues that need to get brought before
17 this panel.

18 I think also Roy and I have been -- Roy Zimmerman, the
19 Office Director in Nuclear Security and Incident Response -- and I have
20 been working closely with a lot of these initiatives.

21 They're not just security folk requiring security talent.
22 They require a lot of engineering talent. And, to the extent that we can
23 understand and work with each other to understand what are the
24 demands going to be?

1 What is the scope of work in where we're headed? I
2 think that that's an area that we're working on. The security area is still
3 very much an evolving issue.

4 And it's one that I think we need to continue to try to look
5 forward and predict where we're going to be in that particular area.

6 COMMISSIONER JACZKO: One kind of specific
7 question I have too, how does the interaction -- NRR has a responsibility
8 for kind of oversight and then the licensing, and then the regulatory
9 aspect.

10 If there are, for instance, safeguards advisories and
11 things -- I think there was something recently with access control and
12 identity falsification.

13 How does NRR follow-up or incorporate those kinds of
14 things into the --

15 MR. DYER: We issue any generic correspondence.
16 [Note for clarity: NRR issues all generic correspondence; however,
17 safeguards advisories are not generic correspondence and are issued by
18 NSIR. Further clarification indicates that Commission Jaczko was
19 specifically interested in NRR's role in Safeguards Advisories. NRR's role
20 includes reviewing and concurring on all Safeguards Advisories to ensure
21 that operational safety and safeguards activities are appropriately
22 integrated.] If that's -- we're the choke flow or the funnel that goes and
23 communicates with the industry through our Operating Experience
24 Program.

1 MR. KANE: I just wanted to add, that is a very important
2 area. But I don't want to leave out the third leg of the triangle, which is
3 emergency and preparedness.

4 And it's a challenge as you separate the organizations to
5 make sure that the interfaces are sound. And I think it works both ways
6 as you have noted.

7 You can do things for operational safety that can in fact
8 have an impact on security. And certainly the challenge that we have is
9 looking at things that we do in security or changes that are made in
10 security that can have an impact on operational safety.

11 And we must -- as well as emergency preparedness. So
12 we need to continue to have strong and vital interfaces to make sure
13 we're constantly testing those.

14 COMMISSIONER JACZKO: Do you --and this is very
15 specific -- is there an equivalent to the safety security interface panel for
16 emergency preparedness? Or do emergency preparedness issues get
17 wrapped up in that panel?

18 MR. KANE: It certainly should be in the same panel. It's
19 one meeting with all the issues.

20 COMMISSIONER JACZKO: Thank you.

21 CHAIRMAN DIAZ: Thank you Commissioner Jaczko. I
22 want to thank my fellow Commissioners for their questions and their very,
23 very good wrap-up of the many issues that are facing NRR.

1 I want to thank the Staff for their very good work and also
2 for the presentation today. I had as my closing remarks to bring the issue
3 of the Convention of nuclear safety and how that represents many of the
4 things that we have done.

5 But I have been already superceded three times. So, I'm
6 not going to go there anywhere. But that was a very good work of
7 everybody. And, of course, I thank Commissioner Merrifield and Luis and
8 everybody that contributed to that effort.

9 I wonder if, Ellis, is this your last meeting with the
10 Commission?

11 MR. MERSCHOFF: No, sir. Well, with you, yes. The
12 grid meeting next week that I think you'll be --

13 CHAIRMAN DIAZ: Oh, okay. And you know that I'm not
14 going to be here.

15 MR. MERSCHOFF: Yes, sir.

16 CHAIRMAN DIAZ: Okay. I'll make sure that my fellow
17 Commissioners treat you well at that time.

18 (Laughter.)

19 COMMISSIONER McGAFFIGAN: Speak for yourself.
20 When the cat's away, the mice do play.

21 CHAIRMAN DIAZ: But, since this is my last opportunity
22 across this table with you, and hopefully not the last opportunity to deal
23 with you I personally want to thank you on behalf of the Commission for

1 your efforts all these years and your dedication to the work and to the
2 safety of the American people.

3 I say that sometimes very frequently -- and I think you've
4 done a wonderful job. And we want to make sure that you're fully
5 recognized in this Agency and outside for what you have done.

6 MR. MERSCHOFF: Thank you very much Chairman.

7 CHAIRMAN DIAZ: And with that -- oh. Yes, sir?

8 COMMISSIONER MERRIFIELD: No, I'm sorry. I just
9 have comments. I'm going to hold my fire. I just want to say, Mr.
10 Chairman, I appreciate all the comments about the convention.

11 And, on behalf of Luis and the Staff I certainly want to
12 thank you for that. I didn't get a chance to ask the question. And I'll have
13 the Staff get back to this later on.

14 I'm interested, now that we, you know, had a great
15 presentation and also learned a lot. And there's a lot that we received
16 from the convention. I would be interested to get an answer of how we're
17 going to incorporate that into our continuous movement for improvement
18 and how that's going to be presented to the Commission.

19 But that will be a question that they can answer at some
20 later point.

21 CHAIRMAN DIAZ: And I believe that you focused this
22 meeting on what I will call an integral process, which is driving the NRR
23 processes toward excellence or increasing not only the connectivity but
24 the communications.

1 And that certainly will enhance your efforts and the
2 efforts of the Agency. And with that, we are adjourned.

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