

June 24, 1997

MEMORANDUM TO: L. Joseph Callan
Executive Director for Operations

John T. Larkins
Executive Director, ACRS/ACNW

FROM: John C. Hoyle, Secretary /s/

SUBJECT: STAFF REQUIREMENTS - BRIEFING ON STAFF RESPONSE TO ARTHUR ANDERSEN STUDY
RECOMMENDATIONS, 1:30 P.M., THURSDAY, APRIL 24, 1997, COMMISSIONERS'
CONFERENCE ROOM, ONE WHITE FLINT NORTH, ROCKVILLE, MARYLAND (OPEN TO
PUBLIC ATTENDANCE)
and
SECY-97-072 - STAFF ACTION PLAN TO IMPROVE THE SENIOR MANAGEMENT MEETING
PROCESS

The Commission was briefed by the NRC staff on the action plan to improve the Senior Management Meeting (SMM) process in response to the recommendations in the Arthur Andersen Study. The Commission approved the staff's plan to improve the SMM process, subject to the following comments.

One of the major activities during the SMM process is the identification of "discussion plants," and the ability to derive from that list an identification of those plants that warrant heightened NRC attention. It has been recognized (including the Arthur Andersen study) that the SMM process has been effective in identifying those discussion plants. The weakness in the process, however, has been in deriving the list of plants that warrant increased scrutiny in a consistent and transparent fashion from the larger population of discussion plants. The staff plan to improve the SMM process should focus on rectifying weaknesses in the process.

The staff should critically evaluate the proposed Arthur Andersen approach, assumptions, completeness, and recommendations paying particular attention to the weighing of data, use of unequal time periods, random variation in count data, and rising standards. The staff should consider development of performance indicators that provide leading or concurrent indication of plant performance, to the extent practicable, and that identify facilities that warrant increased NRC attention in a consistent manner. As such, the staff should consider the periodicity and timing of data for performance indicators and other data for use in the SMM process. The Office for Analysis and Evaluation of Operational Data (AEOD) should continue to work with the Office of Research and other program offices in these efforts, particularly to improve human performance evaluations.

The staff's evaluation of the Arthur Andersen algorithm, or any other performance algorithm should include an evaluation of the algorithm's detection capability as a function of time and an assessment of its propensity to produce false positives and false negatives. The algorithm should be peer reviewed, and should be benchmarked and trial-tested before being relied upon for making assessments or comparisons.

The staff should also describe clearly how the plant performance template and the Arthur Andersen algorithm will be used to support the SMM process. For example, the staff should indicate whether the quantitative template attributes will be included as indicators in the Arthur Andersen algorithm and how the remaining qualitative attributes will be used to focus discussions at the SMM.

The staff should strive to determine more precisely and objectively the specific criteria and thresholds for determining NRC action levels and assignment to Category 2 or 3. There should be a clearly defined threshold that differentiates in a consistent manner the plants that warrant increased NRC attention.

The Resident Inspectors' and Project Managers' views should be carefully considered as changes to the SMM process are developed by the staff.

The Commission urged the staff to move forward with the planned improvements on a timely basis.

The staff should ensure that it maintains adequate core capability and proficiency relative to the development, improvement, evaluation and interpretation of performance indicators in order to minimize reliance on contractor expertise to perform this NRC function.

The staff should provide a follow-up briefing to update the Commission on progress on the above items.

(EDO)

(SECY Suspense: 10/17/97)

The Commission requested that the ACRS review the improvements being made to the SMM process.

(ACRS)

(SECY Suspense: 10/17/97)

cc: Chairman Jackson
Commissioner Rogers
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
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CIO
OCA
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Office Directors, Regions, ACRS, ACNW, ASLBP (via E-Mail)
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